**** **HARAMAYA UNIVERSITY**

**COLLAGE OF COMPUTING AND INFORMATICS**

**DEPARTMENT OF INFORMATION TECHNOLOGY**

**ENTREPRENEURSHIP AND SMALL BUSINESS**

**TITLE =ORMIA RESTAURANT SMALL BUSINESS PLAN**

SUBMITED BY:

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Submitted to: Dr.Dhamodaran

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# Business profile and Excutive summary

Haramaya University, which is one of the most famous and prestigious universities in Ethiopia, has no any good restaurant or hotel around its compound which is not owned privately. As a result of this, the university students, employers and the community are forced to go to neighbor cities such as Haramaya, Dire Dawa and Harar to get services, which is provided by restaurant or hotel found in those cities. The unavailability of restaurant in a close position makes one student and employee to pay for transportation and waste his/her time.

Oromia restaurant will be launch nearby the university to alleviate this problem by offering various restaurant service and additional services such as internet service and recreational facilities in the best way and affordable price. Compared to other restaurants that found in other cities our restaurant will have many competitive advantages, this is because of the price, quality, variety of foods and proximity to the university. Even if there is one or two restaurant in the university compound the quality and variety of the service is not pleasing and the price is very expensive. Our business is focused on those groups that are found in the university and the people in the Bate kebele.

The business will be run as partnership among Edris Mohammed, Sitotaw Mluneh, Semira Sherefa, Jema Ali, Zebiba Mohammed and Mabrate andarge.

In the first year the business forecast a profit of birr 88,000. The reason for obtaining such positive gain or profit can be mainly attributed to

* The profitability of the business
* The presence of good market price
* Absence of strong competitors due to economies of scale
* Usage of few qualified permanent workers
* The proximity of the restaurant compared to others
* The variety of services

In the 3nd year and 4rd year we expect and predict that there will be increment of profit due to further increases in sales. The overall objectives of the business are firstly to achieve and exceed sales forecasts to enable the business to be operating at a full capacity, so that the business extends the number and types of services that enables the business to meet the market demand. We would also claim in the future to open new branches to other locations and expand the existing one.

Oromia restaurant business will require loan of birr 200,000 at 10% interest rate to be repaid over six years. The fund (debt) will cover house rent, furniture, computer, pool, food raw materials and advertising costs.The business need to hire some labor force to

carry out operations properly. There is no need of pre-requisite of higher educational achievement except for the computer assistant. But there are some criteria such as

* He/she must be able to write hear, see and read
* He/she must be attractive (good looking)
* He/ she must be confident enough and ability to adopt some changes
* He/she must be knowledgeable and experienced in the area rendering business services

The business will stop functioning if there is a loss in a continuous manner.

# The Business0rganization

1.1 THE BASIC STRACTURE OF BUSINESS ORGANIZATION.

## 1.2. Current status and requirements

Currently, the students and employers of Haramaya University are facing lack of a good restaurant closer to their location. Even though there are two private restaurants in the university, they do not offer a satisfactory service and the price for the service is not affordable. Due to these, the university community has to go to other places such as Haramaya, Dire Dawa and Harar to get appropriate restaurant services. This makes them to spend a lot of money and waste their time. To avoid these problems, the solution will be to open a restaurant which provides good and quality services at a reasonable price. In addition to these the business will require a place which is nearer to the university.

## 1.3. The opportunity

As we stated out previously, the university students, employers and the community are forced to go to neighbor cities such as Haramaya, Dire Dawa and Harar to get services, which is provided by restaurant or hotel found in those cities. The unavailability of restaurant in a close position makes one student and employee to pay for transportation and waste his/her time.

## 1.4. Competitive advantage

Our good service and reasonable price makes the restaurant preferable compared to other restaurants that are found in the university and in other places like Dire Dawa and Harar. In addition to the price and service, the proximity to the university plays a great role in raising the customers, because the customers do not have to pay for transportation and he or she use their time effectively.

## 1.5. Description of the business

The first objective of our business is to give a good restaurant services in affordable price to the university students, employer and the community around the university. The business includes services which takes student, employer, and residents’ needs into account. The existing restaurants are not working with the exact need of the customers,For instance, the quality and variety of services as well as the price of the food does not comply with the customer need. The other is that to function in a full capacity to other parts of the country by using the name as a brand and create job opportunities for the residents that found around Haramaya University. This consequently decreases the unemployment rate.

Our restaurant business provides services such as food and drink. In addition to these, we will offer a comprehensive range of complementary services to support the customers, ensuring that they will have a safe, enjoyable, and memorable experience. These services will include entertainment, recreational facilities like DSTV, pool rooms and internet rooms.

## 1.6 . Legal structure

Oromia restaurant is incorporated in partnership form under the law of Article 211 of commercial code of Ethiopia. The restaurant has authorized a capital of 230,000, which is owned by the general manager Endris Mohammed, operational manager Sitotaw muluneh, finance manager Semira sherefa, human resource manager Zebiba Mohammed , and purchasing officer Kedir Mohammed, marketing manager Jema ali, Accounting Officer Mebratae andarge.

### 1.7. *The size of the business*

Service industries represent the fastest growing sector of the national economy, and restaurant firms are poised to flourish in the midst of today’s economic growth. These services are projected to grow at an average annual growth rate of 13 percent over the period from 2010 to 2015 E.C (Appendix 1). The restaurant and hotel industry thrives in a vital economy.

## 1.8. Management team

The restaurant business will be run by those people described below:

|  |  |  |
| --- | --- | --- |
| No | Name | Position |
| 1 | Endris Mohammed | General Manager |
| 2 | Sitotaw muluneh | Operational Manager |
| 3 | Semira sherefa | Finance Manager |
| 4 | Zebiba Mohammed | Human Resource manager |
| 5 | Jema ali | Marketing Manager |
| 6 | Mebratae andarge | Accounting Officer |

All the above persons are partners in the business and have a B/sc degree in computer science.

1. THE GOAL OF THE BUSSINESS

Oromia restaurant has desire to satisfy the university community needs in restaurant in the best and affordable price and to earn profit for our business.

# 

# 2. Marketing plan

## 2.1. Product feasibility and strategy

Due to the lack of satisfactory restaurants in the university compound the service we provide can have a great feasibility because of our low price and quality servicing strategy. To test the usability, for the first two or three days the services will be given at an advertisement price (reducing the price) to detect how the customers perceive the restaurant. In addition to this the restaurant business is an ever increasing business in Ethiopia, Africa and worldwide.

### 2.2. Pricing strategy

The basis for our restaurant service prices is the market price and cost-benefit analysis. Therefore, due to the presence of small competition, the business cannot set high prices. Even if the business operates at lower cost it would not price below the market prices just because of the necessity of the service. In addition to this, the mental satisfaction we gain by providing good and affordable services to customers, in this case, students, employers and residents surrounding the university made us to make the price reasonable.

### 2.3. Channels of distribution

The distribution of our service would be in two ways. Firstly, the business its self needs customers to come and order their selection. Secondly, for those who do not have a time to sit and use the service we provide a take-away service so that the customer can have a choice to use the service (food and drink) in any suitable place.

### 2.4. Promotion and advertizing

The promotion activity will be done once in a year through notices to be posted at public places and also through

* News paper and magazines
* Radio(can be HUFM 91.5 and Fana FM 94.8)
* Pamphlets
* Flyer

# 3. Production plan

## 3.1. Methods of production or service delivery

Our services will be delivered by providing customers with healthier meal dishes, soft drinks, hot drinks and entertainment and recreational facilities. To make these services available there are many manufactured materials such as chairs, tables, cooking machines, dishes, cups and other materials that are needed for restaurant services. For entertainment and recreational facilities the needed materials include pool, DSTV and internet service. The manufacturing materials could be purchased from the market through the least cost method. The service can be given based on consumer preference, for instance, if the customer comes to get some food, the customer asked for his /her selection by waiters and the selected food prepared by cookers and make available by waiters. Finally the customer pay for the service(s)he /she obtain.

## 3.2. Availability of qualified labor

As long as the restaurant is in operation, there is a need for qualified labor such as waiter, reception, cashier, cooker, guard, and janitor etc. Because the labor force is cheap we can get them from the location where the business is running and any needed training will be given to them. For the work that need a professional person like computer technician the required person can be obtained from the labor market.

## 3.3. Business partnership

The supply for raw materials such as vegetables, meat and spices for our service can be obtained from local market and there will be a direct supply from producers like farmers and merchants in a continuous manner.

## 3.4. Quality controls

The quality of our service can be controlled by quality supervisor from our organization and by any respective government body that are responsible for this type of quality control. The service quality can be measured through asking customers about the service and analyzing their feedback.

## 3.5. Customer support

The customer can be supported by providing quick and suitable services that met the customer needs. Therefore, the customer will have a willingness to use our service. In order to attract the customer any complain issued by the customer in the given service should be solved quickly. We will encourage customers to give us feedback on our services.

# 4. Financial plan

## 4.1. Capital requirement

The business plan is prepared to obtain a fund that is estimated about 200,000 birr. The supplementary financing is required to begin work on site preparation, equipment purchases and to cover expense in the first year of operations. Additional financing has already been secured in the form of:-

Birr 36,000 from personal capital 6.2. Overview of financial projection

## 4.3. Income statement

Oromia restaurant

Income statement

For month end December 31,2017

**Revenue**

Food ……………………………………………………………………200,000.00

Hot drinks………………………………………………………………..35,000.00

Soft drinks…………………………………………………………….....53,455.00

Others……………………………………………………………………42,125.00

Total…………………………………………………………………………...330,580.00

**Expense**

Salary…………………………………………………………………....44,400.00

Rent..…………………………………...………………..…........................700.00

Utility……………………………………………………………….....144,025.00

Depreciation……………………………………………………….…....10,000.00

Interest………………………………………………………….............20,000.00

Miscellaneous………………………………………………………….....8,020.00

**Total…………………………………………………………….......................227,145.00**

Earnings before tax…………………………………………………………....103,435.00

Less tax(15%)………………………………………………………….15,515.25

Earnings after tax…………………………………………………………….....87,919.75

Oromia restaurant

Owner equity statement

For the year end

Beginning capital…………………………………………………...36,000.00

Net income…………………………………………………….........87,919.75

Withdrawal………………………………………………………....34,028.00

Net increasing owners capital……………………………………....53,891.75

End capital……………………………………………………………..89,891.75

## 4.4. Cash flow projection

Cash budget Total

Beginning cash balance……………………………………………………..236,000.00

Cash collected from customers……………………………………..………174,860.75

Total cash available for need **410,860.75**

Operating expense……………………………………………………………93,435.00

Withdrawal………………………………………………………………….140,028.00

Total cash needed **233,463.00**

Cash excess deficit………………………………………………………….177,397.75

## 4.5. Balance sheets

Oromia restaurant

Balance sheet

For the month end December 31, 2017

Asset

Cash…………………………………………………….…………..….177,397.75

Supplies……………………………………………………………..…...40,000.00

Equipment…………………………………………………..…….……106,522.00

Total asset…………………………………………………………..………..**323,919.75**

Liability

A/P……………………………………………………..…………….200,000.00

Capital

Capital of Mr.Gergis Anisa.................................................................. 12,908.31

Capital of Ms. Jalatu Tadesse…………………………………………...... 12,908.31

Capital of Ms. Usman Kabeto…………………………………….... 12,908.31

Capital of Ms. Motuma Fikadu………………………………............. 12,908.31

Capital of Mr. Iyasu Abeshu………………………………………….. 12,908.31

Capital of Mr. Shiferaw Asefa................................................................. 12,908.31

Capital of Mr. Sisay Debebe........................................................................ 12,908.31

Capital of Mr. Kedir Mohammed................................................................ 12,908.31

Total liability and capital……………………………….…………………...... **303,266.48**

## 4.6. Payback and exit strategy

As we mention before, we plan to pay the entire loan during the six years of our operation. Consequently, we are free of any loan and as long as the business is well and profitable we plan to get a fund to expand our services in the existing restaurant and to open a new one in other locations. In case there will be a situation where loss becomes visible and unable to pay the loan within the specified agreement. To retreat we sell the ownership to the borrower so that we remain in the market. But, if the business continues in loss, the loss will be shared and the business we run will stop.

# 5. Critical factors

## 5.1. Management risks

The management risk will be the knowledge of management team related to the restaurant management. This risk can be reduced by providing the management team with the appropriate training and participating in short courses which is given in some institutions. This will obviously make the management team more knowledgeable about the business.

## 5.2. Marketing risks

If the university closed or stop functioning there will be a market risk that is the demands for our services will cease. The other could be competing on low cost,  
consumers can find a good service at a comparable price from just about any of the competitors. In this situation, it is important to cut down on overhead cost of service in order to make the most off of our sales.

## 5.3. Operational risks

If there is a shortage of supply for raw materials such as vegetables, raw meat and spices or in general any needed materials the operation will cease. This could be minimized by making agreement with the supplier for consistent supply.

## 5.4. Financial risks

Because our business is dependent on the loan we got from credit and loan enterprise there could be a situation where the loan could not be paid back. At this time we will sell the ownership for the enterprise and continue our business.

## 5.5. Intellectual property infringement

As a mechanism to secure the intellectual property infringement of the business, the business company will use its name as a distinctive brand. This helps the business company to be differentiated from other business companies providing the same service. In case other restaurants use this distinctive brand name of our business, the concerned body responsible for the protection of such infringements will take the necessary penalty. This would be the way in which the risk of intellectual property infringements would be minimized.

# 6. Appendix

## 6.1. Supporting documents

### 6.1.1. Resumes of founders and key employees

Founders of the Business

Mr. Endris Mohammed BSc in information technology

Mr. Sitotaw muluneh BSc in information technology

Ms. Semira sherefa BSc in information technology

Ms. Jema Ali BSc in information technology

Ms. Zebiba Mohammed BSc in information technology

Mr. Mabrate Andarge BSc in information technology

### 8.1.2. Picture of products prototypes

Sample Pictures

Kurit Mahberawi



### 6.1.3. Other documents as appropriate

* F.Warren,**Principles of Accounting**,6th Edition
* GTP (Growth and Transformation Plan) of Ethiopia from 2007-2012E