# Egger's Roast Coffee Daniel Egger, Duke University **Business Metrics for Data-Driven Companies**

# Egger's Coffee Roasters

Business Plan:

Invest \$800,000 cash savings - \$540,000 for capital equipment and \$260,000 reserve.

Capital Equipment (roasting and packaging machine) is depreciated over 36 months at \$15,000 per month.

Buy green (unroasted) coffee beans for Cash on Delivery (COD) at \$2/pound (variable cost)

\$2/pound additional variable cost for fuel, labor, packaging, transportation, et to deliver beans to retailer.

Total Variable Cost \$4/pound

Total variance Cost 3-yillon and Variance (2014) and Variance (2014) and Variance (2014) and Variance (2014) and Variance, Bookkeeping, etc. \$10,000/month - \$120,000/year Self roasted, packaged, and delivered beans to retailer for \$6/pound Average time from delivery until when retailer pays is 2 months (Typical "Net 60" Payment Terms)

### Scenario 1 - Profit and Loss Statement - Calculated Monthly

Profit & Loss (P&L)	Organizing Period	January	February	March	April	May	June	July	August	September	October	November	December
Unit Sales (in pound	ds)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Sales Revenue	0	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
General & Administ	0	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
Variable Costs of G	0	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Depreciation (3 year	0	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)
Net Profit (calculate	0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Aggregate Profit	0	\$25,000	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000	\$275,000	\$300,000

Scenario 1 - Cash Flow Statement - Calculated Monthly

	Scenario 1 - cash riow statement - calculated Monthly												
Statement of Cash	Organizing Period	January	February	March	April	May	June	July	August	September	October	November	December
Unit Sales (in pound	is)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Cash Received	\$800,000				\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Capital Purchases	(first order placed in January, first product delivered in February, first cash payment received in April)												
General & Administ	rative (Fixed) Expen	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
Variable Expense fo	r Current Month's P	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
					[April - Point of Cas	h Flow Breakeven]							
Net Cash flow for M	\$260,000	(\$110,000.00)	(\$110,000.00)	(\$110,000.00)	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00
Aggregate Net Cash	(\$540,000)	(\$650,000.00)	(\$760,000.00)	(\$870,000.00)	(\$830,000.00)	(\$790,000.00)	(\$750,000.00)	(\$710,000.00)	(\$670,000.00)	(\$630,000.00)	(\$590,000.00)	(\$550,000.00)	(\$510,000.00)
				[March - Point of M	laximum Total Cash	Drawdown]							
Cash on Hand	\$260,000	\$150,000.00	\$40,000.00	(\$70,000.00)	(\$30,000.00)	\$10,000.00	\$50,000.00	\$90,000.00	\$130,000.00	\$170,000.00	\$210,000.00	\$250,000.00	\$290,000.00
	Put it on my credit card!												

## Scenario 2 - Assume Rapid Increases in Sales

All assumptions the same as Scenario 1 Above, but assume sales of: 25,000 pounds per month for months 1-3 50,000 pounds per month for months 4-6 100,000 pounds per month for months 7-9 200,000 pounds per month for months 10-12 months 200,000 pounds per month for months 200

Scenario 2 - Profit and Loss Statement - Calculated Monthly

	Scenario 2 - Profit and coss Statement - Calculated Monthly												
Profit & Loss (P&L)	Organizing Period	January	February	March	April	May	June	July	August	September	October	November	December
Unit Sales (in pound	ds)	25,000	25,000	25,000	50,000	50,000	50,000	100,000	100,000	100,000	200,000	200,000	200,000
Sales Revenue ma	0	\$150,000	\$150,000	\$150,000	\$300,000	\$300,000	\$300,000	\$600,000	\$600,000	\$600,000	\$1,200,000	\$1,200,000	\$1,200,000
General & Administ	0	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
Variable Costs [app	0	(\$100,000)	(\$100,000)	(\$100,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$800,000)	(\$800,000)	(\$800,000)
Depreciation 3 year	0	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)
Net Profit (calculate	0	\$25,000	\$25,000	\$25,000	\$75,000	\$75,000	\$75,000	\$175,000	\$175,000	\$175,000	\$375,000	\$375,000	\$375,000
Aggregate Profit	0	\$25,000	\$50,000	\$75,000	\$150,000	\$225,000	\$300,000	\$475,000	\$650,000	\$825,000	\$1,200,000	\$1,575,000	\$1,950,000

Under this scenario, total orders equal \$6.75 million and total profits equal \$1.95 million. What a great business, right?

Scenario 2 - Cash Flow State

	Scenario 2 - Cash Flow Statement - Calculated Monthly												
Statement of Cash	Organizing Period	January	February	March	April	May	June	July	August	September	October	November	December
Unit Sales (in pound	is)	25,000	25,000	25,000	50,000	50,000	50,000	100,000	100,000	100,000	200,000	200,000	\$200,000
Cash Received	\$800,000				\$150,000	\$150,000	\$150,000	\$300,000	\$300,000	\$300,000	\$600,000	\$600,000	\$600,000
Capital Purchases	(\$540,000)												
General & Administ	rative (Fixed) Expen	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
Variable Expense fo	r Production	(\$100,000)	(\$100,000)	(\$100,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$800,000)	(\$800,000)	(\$800,000)
Net Cash flow for N	\$260,000	(\$110,000.00)	(\$110,000.00)	(\$110,000.00)	(\$60,000.00)	(\$60,000.00)	(\$60,000.00)	(\$110,000.00)	(\$110,000.00)	(\$110,000.00)	(\$210,000.00)	(\$210,000.00)	(\$210,000.00)
Aggregate Net Cash	(\$540,000)												
Cash on Hand	\$260,000	\$150,000.00	\$40,000.00	(\$70,000.00)	(\$130,000.00)	(\$190,000.00)	(\$250,000.00)	(\$360,000.00)	(\$470,000.00)	(\$580,000.00)	(\$790,000.00)	(\$1,000,000.00)	(\$1,210,000.00)
Start to Borrow from emergency sources - friends & family									start to panic		exhaust reserves	unable to pay for b	eans delivered - go ban

Year 2
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January	February	March	April	May	June	July	August	September	October	November	December
\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00
(\$470,000.00)	(\$430,000.00)	(\$390,000.00)	(\$350,000.00)	(\$310,000.00)	(\$270,000.00)	(\$230,000.00)	(\$190,000.00)	(\$150,000.00)	(\$110,000.00)	(\$70,000.00)	(\$30,000.00)
\$330,000.00	\$370,000.00	\$410,000.00	\$450,000.00	\$490,000.00	\$530,000.00	\$570,000.00	\$610,000.00	\$650,000.00	\$690,000.00	\$730,000.00	\$770,000.00

[Return of original Capital invested - Jan

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January	February	March	April	May	June	July	August	September	October	November	December
\$400,000	\$400,000	\$400,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
\$1,200,000	\$1,200,000	\$1,200,000	\$2,400,000	\$2,400,000	\$2,400,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000
(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
(\$1,600,000)	(\$1,600,000)	(\$1,600,000)	(\$3,200,000)	(\$3,200,000)	(\$3,200,000)	(\$3,200,000)	(\$3,200,000)	(\$3,200,000)	(\$3,200,000)	(\$3,200,000)	(\$3,200,000)
(\$410,000.00)	(\$410,000.00)	(\$410,000.00)	(\$810,000.00)	(\$810,000.00)	(\$810,000.00)	\$1,590,000.00	\$1,590,000.00	\$1,590,000.00	\$1,590,000.00	\$1,590,000.00	\$1,590,000.00
(\$1,620,000.00)	(\$2,030,000.00)	(\$2,440,000.00)	(\$3,250,000.00)	(\$4,060,000.00)	(\$4,870,000.00)	(\$3,280,000.00)	(\$1,690,000.00)	(\$100,000.00)	\$1,490,000.00	\$3,080,000.00	\$4,670,000.00
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Does it get better, ever? no...only if... sales level off...