**BUSINESS PLAN FOR STARCIA CAFÉ**

**THE TECHNICAL UNIVERSITY OF KENYA**

**FAUCALTY OF SOCIAL SCIENCE AND TECHNOLOGY**

**SCHOOL OF BUSINESS AND MANAGEMENT STUDIES**

**DEPARTMENT OF BUSINESS ADMINISTRATION AND ENTERPRENEUSHIP**

**DIPLOMA IN BUSINESS STUDIES**

**STARCIA CAFÉ**

**P.O BOX 7706104**

**Tel: 0724219619**

**Email: annastaciaoki7@gmail.com**

**PRESENTED BY : ANNASTACIA REBECCA OKISEGERE**

**REGISTRATION NUMBER: ABBE/O4891P/2021**

**PRESENTED TO THE TECHNICAL UNIVERSITY OF KENYA IN PARTIAL FUILFILMENT FOR THE AWARD OF A DIPLOMA IN BUSINESS STUDIES.**

**APRIL 2023**

Contents

[DECLARATION i](#_Toc130548623)

[DEDICATION ii](#_Toc130548624)

[ACKNOWLEDGEMENT iii](#_Toc130548625)

[EXECUTIVE SUMMARY iv](#_Toc130548626)

[BUSINESS DESCRIPTION iv](#_Toc130548627)

[MARKETING PLAN iv](#_Toc130548628)

[ORGANIZATIONAL PLAN iv](#_Toc130548629)

[OPERATIONAL PLAN iv](#_Toc130548630)

[FINANCIAL PLAN iv](#_Toc130548631)

[CHAPTER ONE: BUSINESS DESCRIPTION 1](#_Toc130548632)

[1.0 INTRODUCTION 1](#_Toc130548633)

[1.1 BUSINESS SPONSORS 1](#_Toc130548634)

[1.2 BUSINESS NAME 1](#_Toc130548635)

[1.3 BUSINESS LOCATION AND ADDRESS 1](#_Toc130548636)

[1.4 FORM OF BUSINESS OWNERSHIP 2](#_Toc130548637)

[Disadvantages of sole proprietorship 2](#_Toc130548638)

[1.5 TYPE OF BUSINESS YOU WANT TO DO 2](#_Toc130548639)

[1.6 PRODUCTS AND SERVICES 3](#_Toc130548640)

[Products 3](#_Toc130548641)

[Products and their Prizes 3](#_Toc130548642)

[Services 5](#_Toc130548643)

[1.7JUSTIFICATION OF THE BUSINESS 6](#_Toc130548644)

[1.8 INDUSTRY 6](#_Toc130548645)

[1.9 BUSINESS GOALS AND OBJECTIVES 6](#_Toc130548646)

[1.10 ENTRY AND GROWTH STRATEGY 7](#_Toc130548647)

[Entry Strategy: 7](#_Toc130548648)

[Growth Strategy: 7](#_Toc130548649)

[CHAPER TWO: MARKETING PLAN 8](#_Toc130548650)

[2.0 INTRODUCTION 8](#_Toc130548651)

[2.1 CUSTOMERS 8](#_Toc130548652)

[Students 8](#_Toc130548653)

[Working Professionals 8](#_Toc130548654)

[Tourists 8](#_Toc130548655)

[Locals in the area 8](#_Toc130548656)

[2.2 MARKET SHARE 9](#_Toc130548657)

[The expected share at starts up 9](#_Toc130548658)

[The expected share after three years 9](#_Toc130548659)

[2.3 COMPETITORS 10](#_Toc130548660)

[Analysis Table 10](#_Toc130548661)

[Threats 10](#_Toc130548662)

[Opportunities 10](#_Toc130548663)

[2.4 ADVERTISING AND SALES PROMOTION 11](#_Toc130548664)

[Sales Promotion 11](#_Toc130548665)

[2.5 PRICING STRATEGY 11](#_Toc130548666)

[2.6 SALE TACTICS 12](#_Toc130548667)

[2.7 DISTRIBUTION STRATEGY 12](#_Toc130548668)

[CHAPTER THREE ORGANIZATION OR MANAGEMENT PLAN 13](#_Toc130548669)

[3.0 INTRODUCTION 13](#_Toc130548670)

[3.1 ORGANIZATIONAL CHART/STRUCTURE 13](#_Toc130548671)

[3.2 BUSINESS MANAGER 14](#_Toc130548672)

[Qualifications 14](#_Toc130548673)

[Duties and Responsibilities 14](#_Toc130548674)

[3.3 KEY MANAGEMENT PERSONNEL 14](#_Toc130548675)

[3.4 Recruitment Training and Promotion 16](#_Toc130548676)

[Recruitment 16](#_Toc130548677)

[Training 16](#_Toc130548678)

[Promotion 16](#_Toc130548679)

[3.5 REMUNARATION AND INCENTIVES 17](#_Toc130548680)

[Incentives 17](#_Toc130548681)

[3.6 LEGAL REQUIREMENTS 18](#_Toc130548682)

[3.7 SUPPORT SERVICES 18](#_Toc130548683)

[Insurance Services 18](#_Toc130548684)

[Electricity 18](#_Toc130548685)

[Water 18](#_Toc130548686)

[Banking 18](#_Toc130548687)

[Marketing and Advertising 18](#_Toc130548688)

[CHAPTER FOUR OPERATIONAL/ PRODUCTION PLAN 19](#_Toc130548689)

[4.0 INTRODUCTION 19](#_Toc130548690)

[4.1 PRODUCTION FACILITIES AND CAPACITY 19](#_Toc130548691)

[4.11 OTHER EQUIPMENTS AND MATERIALS 21](#_Toc130548692)

[4.12 PLANT LAYOUT 22](#_Toc130548693)

[Key 22](#_Toc130548694)

[4.2 PRODUCTION STRATEGY 23](#_Toc130548695)

[4.21 MAINTAINACE SCHEDUELE 24](#_Toc130548696)

[4.22 MONTHLY COST OF RAW MATERIALS 25](#_Toc130548697)

[4.23 MONTHLY COST OF LABOUR 26](#_Toc130548698)

[4.24 PRODUCTION OVERHEAD 26](#_Toc130548699)

[4.25 TOTAL COST OF PRODUCTION PER MONTH 27](#_Toc130548700)

[4.3 PRODUCTION PROCESS 27](#_Toc130548701)

[4.4 RULES AND REGULATIONS AFFECTING THE BUSINESS 29](#_Toc130548702)

[CHAPTER FIVE FINANCIAL PLAN 30](#_Toc130548703)

[5.1 PREOPERATIONL COSTS 30](#_Toc130548704)

[5.2 WORKING CAPITAL REQUIREMENT 32](#_Toc130548705)

[5.3 STARCIA CAFÉ PROJECTED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2024 33](#_Toc130548706)

[5.4 PROFORMA INCOME STATEMENT AS AT 31ST DECEMBER 2023 34](#_Toc130548707)

[5.5 PRO – FORMA BALANCE SHEET AS AT 31 DECEMBER 2023 35](#_Toc130548708)

[5.6 CALCULATION IN BREAK EVEN POINT 36](#_Toc130548709)

[5.7 PROFITABILITY RATIO 37](#_Toc130548710)

[5.8 DESIRED FINANCING 37](#_Toc130548711)

[5.9 PROPOSED CAPITALIZATION 37](#_Toc130548712)

[APPENDIX I: LOCATION MAP 39](#_Toc130548713)

# DECLARATION

This business plan is my original work and has not been submitted anywhere other than the Technical University of Kenya

**NAME**  Annastacia Rebecca Okisegere

**SIGN**

**DATE**

This business plan has been submitted for examination with the approval of my supervisor

**NAME**

**SIGN**

**DATE**

# DEDICATION

This business plan is dedicated to my loving and caring parents Mr. and Mrs. Okisegere, my lovely brothers and sister for their financial support and the support they gave me throughout my Diploma course.

# ACKNOWLEDGEMENT

I owe immense appreciation to the Almighty God for the wisdom, strength, and favor that saw the completion of this work.

I sincerely express my gratitude to the entrepreneurship lecturer Mr. Ochieng for giving us this assignment to prepare and I greatly appreciate his insight and guidance he gave us while writing the business plan.

A Special thanks also goes to my entire family for their financial support and moral back up they gave me.

# EXECUTIVE SUMMARY

## BUSINESS DESCRIPTION

The proposed business Starcia café is a new and exciting café concept that offers a unique experience for coffee and food enthusiasts. Our café aims to provide high quality coffee, fresh and healthy food options and a comfortable and welcoming atmosphere to our customers.

This café will be in a prime commercial area in the city, at Westlands. Our business will operate as a sole proprietorship company, with Annastacia Okisegere as the owner who has experience in the food and beverage industry.

## MARKETING PLAN

Our marketing strategy will focus on creating a strong brand identity for Starcia café, emphasizing the quality of our products, the unique experience we offer, and our commitment to ethical and sustainable practices. We will use social media platforms to promote our business, offer special promotions and discounts, and engage with our customers.

## ORGANIZATIONAL PLAN

The management team of Starcia café will consist of the manager who is also the owner, and the assistant manager who have an experience in the food and beverage industry. We will hire a team of trained food service staff who are passionate about providing excellent customer service.

## OPERATIONAL PLAN

Starcia café will be opened six days a week from 7am to 5pm. We plan to hire fifteen full-time employees to assist with operations, including accounting, customer service, food preparation, cleaning, and security. We will work with local suppliers to ensure that we have a steady supply of fresh ingredients.

## FINANCIAL PLAN

The project startup costs are Kshs 2,000,000 including rented property, equipment’s and inventory, and operating expenses. I will finance the startup cost with combination of personal savings and a business loan.

Our monthly operating expenses are estimated at Kshs 838,295 and we expect to generate a revenue of Kshs 1,000,000 per month.

# CHAPTER ONE: BUSINESS DESCRIPTION

## 1.0 INTRODUCTION

Starcia café is a startup business which is located in Westland’s, Nairobi. The aim of the business is to provide high quality coffee, fresh and healthy food options, and comfortable, welcoming atmosphere to our customers.

## 1.1 BUSINESS SPONSORS

The owner of the business is a Kenyan Citizen born in 2002 and hails in Western Province. The owner of the business attended St Scholastica Catholic School for a period of eight years where she was awarded her Kenya Certificate of primary education in the year 2015.

In the year 2016 she was enrolled in St Ann’s Gichocho High School for her secondary education. Later in 2018 she enrolled in Mt Laverna High School where she was awarded her Kenya Certificate of Secondary Education in the year 2019.

After four exams, the owner joined Kenya Utalii College where she pursued food and beverage management for One and a half years.

Currently the owner is taking a Diploma course in Business Administration at The Technical University of Kenya and also working part time at her mum’s hotel as an assistant food and beverage manager. The business owner is aspiring to further her education up to Master level in both Business Administration and food and beverage management. Currently most the units she is taking will help her acquire more knowledge on how to run the business smoothly and be able to expand it in future.

## 1.2 BUSINESS NAME

The business name will be Starcia café, where Starcia has originated from the owner’s name. The name is unique and very easy for the customers to recall. There is no other café that bears the same name as this one.

## 1.3 BUSINESS LOCATION AND ADDRESS

The business will be located in Westlands, West Park Towers ground floor, Muthithi road. The business address will be:

**STARCIA CAFÉ**

**P.0 BOX 7706104**

**NAIROBI**

**PHONE: 0724219619**

**EMAIL:** [**annastaciaoki7@gmail.com**](mailto:annastaciaoki7@gmail.com)

## 1.4 FORM OF BUSINESS OWNERSHIP

The ownership of the business will be a sole proprietorship owned by Miss Annastacia Okisegere. The total capital required will be 2,000,000 and will be acquired as follows.

|  |  |
| --- | --- |
| SOURCE | AMOUNT |
| Owner contribution | Kshs 1,000,000 |
| Bank Loan | Kshs 1,000,000 |

**Advantages of sole proprietorship**

* Flexibility: As the sole owner of the business, you have the flexibility to make quick decisions and implement changes.
* Profit retention: all profits generated by the business belong to the sole proprietor.
* Tax benefits: sole proprietors are not subjected to double taxation as the business income is taxed on the owner’s personal tax return.
* Ease formation: setting up a sole proprietorship is a relatively simple and straight forward process. There are no formalities or legal requirements to incorporate or register the business with the government.
* Privacy: sole proprietorship is not required to disclose financial information making them a more private entity

### Disadvantages of sole proprietorship

* Your capacity to raise capital is limited
* All the responsibility for making day-to-day business decisions is yours
* You have unlimited liability for debts as there’s no legal distinction between private and business assets
* You’re taxed as a single person the life of the business is limited.

## 1.5 TYPE OF BUSINESS YOU WANT TO DO

The business is purely food and beverage oriented. It will focus on offering a variety of coffee-based drinks, tea, juices, smoothies, pastries and baked goods. The business will also offer catering services, private event space and educational workshops. The status of the business is a startup and operations will commence on 1st January 2024.

## 1.6 PRODUCTS AND SERVICES

### Products

Our cafe will specialize in high-quality coffee and tea beverages. We will offer a variety of espresso-based drinks, including lattes, cappuccinos, and Americanos. To ensure the highest quality, we will source our coffee and tea from renowned companies who prioritize sustainability and ethical sourcing practices.  
  
In addition to our coffee and tea offerings, we will also offer a selection of baked goods made with locally sourced ingredients. Our baked goods will include a variety of sweet and savory options, such as croissants, cakes, cookies, muffins, and donuts.

We will also offer a selection of light fare options, such as salads, sandwiches, pancakes, breakfast pizza and soups. We will also offer different varieties of fruits, juices and smoothies.

### Products and their Prizes

|  |  |  |
| --- | --- | --- |
| **Products** | **Type** | **Prices** |
| Espresso based drinks | Lattes. Cappuccinos. Americanos. | 300 350 200 |
| Tea | Black Tea. Green Tea. Herbal Tea. White Tea. | 100 250 300 500 |
| Hot Chocolate | Milk Chocolate. Dark Chocolate. White Chocolate. | 300 200 250 |
| Freshly squeezed juice | Apple juice Pineapple Juice Orange Juice Cranberry juice | 160 160 160 200 |
| Smoothies | Strawberry smoothie. Banana smoothie. Blueberry smoothie. Mango smoothie. | 200 200 200 200 |
| **Product** | **Type/ flavor** | **Price** |
| Croissants | Plain croissant. Chocolate croissant. Ham and cheese croissant. Spinach and feta croissant. Cinnamon sugar croissant. | 100 250 200 220 300 |
| Muffins | Blueberry muffin. Chocolate chip muffin. Pumpkin spice muffin. Banana muffin. Lemon muffin. | 100 140 200 140 160 |
| Cakes | Red velvet Cake. Black Forest Cake. White Forest Cake. Mixed Fruit Cake. | 150 200 180 300 |
| Cookies | Chocolate chip cookies Peanut Butter cookie. Macadamia nut cookie. Oatmeal raisin cookie. | 100 70 120 80 |
| Donuts | Chocolate donut. Vanilla donut. Strawberry donut. Cinnamon donut. | 80 70 70 90 |
| Sandwiches | Ham and cheese sandwich. Avocado sandwich. Bacon, lettuce, and tomato sandwich. Egg salad sandwich | 200 100 320  270 |
| Salad | Garden salad. Fruit salad. Caser salad. | 250 200 300 |
| Breakfast pizza | Classic breakfast pizza. Veggie breakfast pizza. Sausage and egg breakfast pizza. Breakfast burrito pizza. | 500 500 500 500 |
| Pancakes | Omelet pancake. Apple pie pancake. Banana pancake. Blueberry pancake. Pumpkin pancake. Butter milk pancake. | 200 350 200 500 400 200 |
| Soups | Tomato soup. French onion soup. Lentil soup. Vegetable soup. Mushroom soup. Chicken soup. | 150 250 250 200 250 300 |

### Services

1. Food and beverage service: This includes the core service of the café, serving food and beverages to customers.
2. Catering services: The café will offer catering services for events such as business meetings, parties, and weddings.
3. Takeout and delivery: to accommodate busy customers, the café will offer takeout and delivery.
4. Private event space: The cafe will offer a private event space for customers to host their own events, such as birthday parties, baby showers, or book clubs. This will include catering services and staff to set up and clean up.
5. Loyalty program: There will also be loyalty programs to reward customers for their frequent visits and purchases.
6. Educational workshops: The cafe will host educational workshops, such as cooking classes, and coffee tastings This can provide a unique experience for customers and showcase the expertise of the cafe’s staff.
7. Community outreach: To build relationships with the local community, the cafe will participate in community events and sponsor local charities.
8. Wi – Fi and internet access
9. Entertainment: The café will engage in entertainment programs such as open mic and poetry readings. This can attract a diverse customer base and keep customers coming back.

## 1.7JUSTIFICATION OF THE BUSINESS

The owner picked this business due to its high demand; cafes are known to be popular places for people to meet, relax, work, and grab a quick bite or drink. With the increase in the number of people who work remotely or from home, there is a high demand for cafes as an alternative workspace.

In addition, a cafe business has the potential to generate revenue from several sources. Not only from selling coffee, tea, and a range of food items but also, they can also generate income from catering services, private event space, and educational workshops.

The owner also chooses the café business since it can operate with a small team, which can reduce labor costs.

Finally, the owner also picked the business due to its opportunity for expansion, the café can expand its offerings by expanding to multiple locations and expand its offerings by introducing new menu offerings

## 1.8 INDUSTRY

The business will be a food and beverage industry. The industry is a highly competitive with several established players and new entrants vying for customers. To succeed in this competitive industry, Starcia café will offer unique and high-quality products and services that will cater to the local market.

## 1.9 BUSINESS GOALS AND OBJECTIVES

Our café aims to achieve the following objectives:

1. To provide a quality customer experience by offering high-quality products, exceptional customer service, and a welcoming environment.
2. To offer a diverse menu that caters to all tastes and dietary requirements.
3. To establish our brand as a preferred choice for coffee and food in the area, building a loyal customer base.
4. To maintain a profitable business model by keeping our operating costs low while delivering consistent quality to our customers.
5. To expand our business by opening additional café locations in the future.

## 1.10 ENTRY AND GROWTH STRATEGY

### Entry Strategy:

To enter the café industry, we will rent an area that is easily accessible and visible to our target market and with enough space to accommodate our customers. We will hire an experienced interior designer to create a comfortable and inviting atmosphere that will attract and retain customers. We will also invest in high quality equipment and furniture.

Lastly the café will adopt to various marketing strategies such as use of social media platforms, newspapers and participating in local events in order to attract and retain customers.

### Growth Strategy:

1. Expanding our Menu: As the cafe grows, we will expand our menu to offer new and exciting options to your customers. This will include new dishes, and drinks.
2. Open Additional Locations: Once Starcia Cafe has a loyal customer base and is profitable, we will consider opening additional locations. This will help increase our brand recognition and revenue.
3. Partnering with Other Businesses: We will also consider partnering with other businesses to offer joint promotions and discounts. This can attract new customers and increase brand exposure.

# CHAPER TWO: MARKETING PLAN

## 2.0 INTRODUCTION

To ensure the success of our business, Starcia café has developed a comprehensive marketing plan that will help us reach our target customers and build a loyalty.

Our marketing plan will focus on a combination of traditional and digital marketing strategies to reach our target customers, which include students, working professionals, tourists, and locals in the area. We will establish a strong brand identity, create a social media presence, offer loyalty programs, collaborate with other local businesses, use targeted advertising, participate in community events, and offer catering services. By implementing these strategies, we believe we can effectively promote our cafe and attract a steady stream of customers who will become loyal patrons.

Top of Form

## 2.1 CUSTOMERS

### Students

Many students enjoy hanging out in cafes to study, socialize, or grab a quick snack between classes. Our café therefore aims to target local schools and universities as our potential customers.

### Working Professionals

Businesspeople often need a place to work or meet clients outside the office. By offering them free Wi-Fi and a comfortable seating our business plans to draw this crowd.

TouristsTourists visiting a new city often seek out local cafes to get a taste of the local culture. Through offering unique, locally sourced menu items our business plans to attract this demographic.

Locals in the areaOur business also plans to attract regulars by providing welcoming atmosphere, greet coffee and food and an excellent service.

## 2.2 MARKET SHARE

The cafe industry is highly competitive, and there are many established players in the market. However, we believe that our unique value proposition and marketing strategy will enable us to capture a significant market share in our target market.  
  
Our target market consists of students, working professionals, tourists and locals in the area who are looking for a comfortable and relaxing environment to enjoy a cup of coffee or a light meal.

We estimate that our cafe's market share will be approximately 25% within our target market within the first year of operation. We plan to achieve this by leveraging our unique value proposition, which includes offering high-quality food and drinks, providing exceptional customer service, and creating a welcoming environment for our customers.

We also plan to increase our market share through various marketing and sales strategies through advertising, implementing loyalty programs, and expanding our menu offerings. By the end of the third year of operation, we expect our market share to increase to 70% after a good study of the customers behavior in the market.

The proprietor will beat the competitors in the market by first knowing their strengths and weaknesses and capitalizing on them.

### The expected share at starts up

Figure 1: Expected share at the start up

### The expected share after three years

Figure 2: Expected share after 3 years

2.3 COMPETITORSAfter carrying out our market survey, we found that there are two potential competitors that may threaten the business.

The competitors have their own strengths and weaknesses hence, our business will strongly capitalize on their weakness so that we beat them in the long run. The competitors include Art café and Bites café

### Analysis Table

|  |  |  |
| --- | --- | --- |
| Company | Strengths | Weaknesses |
| Starcia Café | * Fair prices on the products and services. * Products of high quality are offered. * The size of the firm is big enough to accommodate many people as possible. | * New in the industry and not well publicized. |
| Art Café | * Brand recognition. * Relaxed atmosphere and unique décor. * Consistency in their products. | * High pricing of their products and services. |
| Bites café | * Fair pricing of the products. * Good customer service. | * Brand not well established. * Limited marketing budgets. |

ThreatsThe Art café will be a threat to the business since it’s an already well established brand. The café may also face threats due to the consumers changing tastes and preferences.

OpportunitiesThrough our differentiation by offering unique products Starcia cafe will have an advantage in the market.  
By engaging in private events, educational workshops and catering services our café will have an added advantage in the market.  
Starcia café will also benefit due to the offering of mobile ordering and delivery services.

2.4 ADVERTISING AND SALES PROMOTIONAdvertising  
Social media platforms; The business will focus widely on use of social media to market our products. That is by utilizing platforms like Instagram, Facebook, and twitter to promote the café, share daily specials and engage with the customers.

Newspapers: The business will also place advertisement on local newspapers to reach wider audience in the local area.

Local events: The business will also participate in local events like food fairs to raise awareness of the café and attract new customers.

### Sales Promotion

Loyalty programs

We will offer loyalty programs with rewards to repeat visits.

Special deals

The business will also offer weekly specials on certain items such as discounted coffee and meals.

Sampling

We will offer free samples on new menu items to entice our customers to try them and potentially purchase them.

Happy hour

We will offer discounts on certain items during slower periods such as midafternoons.

## 2.5 PRICING STRATEGY

The following are the major factors that will affect pricing at Starcia café:

Competitor’s price

We will price our products competitively relative to other cafes in our local market. The proprietor will compare the competitor’s price in relation to the products and services offered upon which will adjust our prices to suit the customers and be able to attract more.

Customers’ income level

The proprietor will consider the local schools and universities students by giving them discounts on their products and services at the expense of the high-income earners by charging them higher to carter for the low-income earners.

Bundle pricing; the business will also offer discounts to customers who purchase multiple items together. These help increases the average purchase value and help customers try new products.

## 2.6 SALE TACTICS

Social media marketing

The business will use social media to promote its products and services. This tactic will help increase our brand awareness, reach new customers, and interact with the old ones.

Loyalty Programs

The business will encourage repeat customers by offering loyalty programs such as discounts and exclusive deals. This tactic will not only increase our customer loyalty but also sales.

Limited time offers

We will also limit time offers.

## 2.7 DISTRIBUTION STRATEGY

Starcia café will focus on optimizing the customer experience within the café and expanding sales beyond the café. Our distribution strategy aims to maximize our reach and accessibility while maintaining the quality and consistency of our products. By leveraging multiple distribution channels, we can better serve our customers and build a strong brand reputation in the local community.

Our cafe will primarily sell its products through a combination of in-house sales and external channels. In-house sales will be our main distribution channel, where customers can visit our cafe and enjoy our products in a cozy and welcoming atmosphere. We will also offer online ordering through our website, allowing customers to place orders for pickup or delivery. We will also partner with food delivery platforms such as Uber Eats to expand our reach beyond our physical location.

# CHAPTER THREE ORGANIZATION OR MANAGEMENT PLAN

## 3.0 INTRODUCTION

Starcia cafe recognizes the importance of developing a comprehensive organizational plan that outlines the qualification, roles, and responsibilities of our staff. In this organizational plan, we will outline the hierarchy of roles within our café, detail on the recruitment, training and promotion plan. Additionally it will outline the remunerations and incentives, legal requirements the business has to comply with and the support services.

## 3.1 ORGANIZATIONAL CHART/STRUCTURE

Figure 3: Organization structure

## 3.2 BUSINESS MANAGER

The manager who also the business owner will be responsible for overseeing all aspects of the café operations

### Qualifications

* O’level education at Mt Laverna High School.
* Diploma holder in Food and Beverage Management from Utalii College.
* Diploma Holder in Business Administration from Technical University of Kenya.
* Two years exeperience in assistant food and beverage manager .
* Excellent leadership skills.
* Good communication skills.

### Duties and Responsibilities

* Developing the companies policies and procedures and ensuring that they are being followed to the latter.
* Hiring,training,supervising, scheduling and evaluating employees.
* Determining pricing for products and services.
* Developing marketing strategies for products and services.
* Analyzing financial Statements and trends.

## 3.3 KEY MANAGEMENT PERSONNEL

|  |  |  |
| --- | --- | --- |
| **Title.** | **Qualification.** | **Duties and Responsibilities.** |
| Assistant Manager | * Degree Holder in Business Management. * Three years working experience as a manager. * Experience in recruiting and hiring. * Ability to plan and organize. | * Supervise other staff members. * Conduct employee performance reviews. * Assist in the hiring and training of new employees. * Keep track of the inventories. * Schedule meetings |
| Accountant | * Degree Holder in Accountancy. * Has a three years working experience as an accountant. * Good communication skills, trustworthy and God fearing. | * Publish the financial statement on time. * Compute taxes and prepare tax returns. * Managing the payroll. * Prepare budget forecasts. * Preparing and analysing financial statements. |
| **Title** | **Qualifications** | **Duties and Responsiblities.** |
| Head Chef | * Degree Holder in Culiniary Arts. * Has a four years working experience as a head chef. * Has strong passion for art and food design. | * Creating and managing the cafes menu. * Overseeing Kitchen staff. * Ensuring food quality and safety. |
| Cooks | * Degree holder in Culiniary Arts. * Three years working experience in a restraunt. * Strong cooking skills. | * Preparing and cooking food. * Maintaining kitchen equipments. * Maintaining a clean and organized kitchen. * Ensuring food safety. * Collaborating with wait staff. |
| Waiter/ress. | * Holder of a Kenya Certificate Secondary Education. * Familiarity with POS system. * Three years working experience. * Fluent in English and Kiswahili. | * Taking and processing orders. * Handling cash and credit transactions. * Serving Food and Beverages. * Ensuring excellent customer service. * Collaborating with cooks. |
| Cleaners | * Holder of a Kenya Certificate of Secondary Education * Fluent in English and Kiswahili. * Two years working Experience. | * Cleaning table and chairs and floors. * Cleaning restrooms. * Cleaning offices. * Emptying trash. |
| Security Man. | * Holder of a Kenya Certificate of Secondary Education. * Speaks fluent English and Kiswahili. * Has a six years working experience. | * Inspect and patrol the premises regularly. * Monitor Property entrance. |

## 3.4 Recruitment Training and Promotion

### Recruitment

Starcia Café will recruit its staff through the following method;

1. The job will be advertised on online job boards, social media plartforms and even on newspapers.
2. We will also encourage current employees to refer potential candidates for job vacancies.
3. After application duration is over the shortlisted candidates will be called for interviews
4. Applicants will be assesed on their experience, skills and personality fit for the café.
5. Succeding candindates on the interview will then be appointed in the business.

### Training

After appointment letter has been issued the business will organize for training for the appointed candidates. Starcia café will provide the following training opportunities :

1. On-the-job training: Our new employees will receive hands-on training from experienced staff members, including training on coffee and food preparation, customer service, and cash handling.
2. Ongoing training: We will offer ongoing training to our employees to keep them updated on the latest industry trends and best practices. This training may be provided through in-person sessions, online courses, and external workshops.
3. Cross-training: We will encourage our employees to cross-train in different roles, to ensure they have a well-rounded skill set and can fill in for each other when necessary.

### Promotion

To motivate our staff and increase employees performance Starcia café will engange in promoting and rewarding our top performing employees. To support this we will implement the following promotion strategies:

1. Performance-based promotions: We will track our employees' performance and promote those who consistently meet or exceed expectations.
2. Opportunities for advancement: We will provide opportunities for our employees to advance to higher-level positions, such as shift manager, as they gain experience and demonstrate leadership potential.
3. Recognition and rewards: We will recognize our top-performing employees through various reward programs, such as employee of the month and performance-based bonuses.

## 3.5 REMUNARATION AND INCENTIVES

All employees will be paid on a monthly basis based on their job position and level of experience. For the first three years as the business waits to pick up the remunaration guideline will take the form as indicated below and this will be increased by 50% after the business picks up.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Title** | **No of positions** | **Basic Salary** | **House Allowance** | **Transport Allowance** | **Total salary per month per person** |
| Manager | 1 | 50,000 | 10,000 | 1,000 | 61,000 |
| Assistant manager | 1 | 40,000 | 10,000 | 1,000 | 51,000 |
| Accountant | 1 | 35,000 | 10,000 | 1,000 | 46000 |
| Head chef | 1 | 30,000 | 10,000 | 1,000 | 41,000 |
| Assistant cooks | 5 | 25,000 | 10,000 | 1,000 | 36,000 |
| Waiter/ress | 5 | 20,000 | 10,000 | 1,000 | 31,000 |
| Cleaners | 3 | 15,000 | 10,000 | 1,000 | 26,000 |
| Security man | 1 | 10,000 | 10,000 | 1,000 | 21,000 |

### Incentives

Starcia café will provide the following incentives for the employees:

* Bonus payment will be given to the employees during festive seasons.
* The staff will be allowed to keep any tips they receive from customers.
* Recognition and reward opportunities for the performing employees.
* The staff will also be provided lunch in the café
* Training and development opportunities.
* The staff will be provided with a one month leave.
* An off off three days.

## 3.6 LEGAL REQUIREMENTS

For this business to start operating it must be registered and acquire licenses and permits from the respective department of government. The table below will summarize Stacia’s Café legal requirements required to undertake.

|  |  |  |  |
| --- | --- | --- | --- |
| License | Source | Cost | Status |
| Business Name Registration | Sheria House at Kenyatta Avenue | | 1,000 | Nonrenewable |
| Business Permit | Nairobi City Council | 8,000 | Renewable |
| Food and Health Permit | Nairobi City Council | 7,000 | Renewable |

The business will also have to part with a tax of 30% monthly. Additionally, the business will also compile with the Kenya labor laws and regulations.

## 3.7 SUPPORT SERVICES

### Insurance Services

Kenya Orient Insurance Company will oversee the cafe’s insurance services. They are located in Westlands Pamstech building, 3rd Floor Wood vale groove. The café will pay 20,000 monthly to secure their services.

The employees will also be registered to NHIF for their medical cover and NSFF for their basic financial security after retirement. The pay will be done monthly for them to secure the benefits.

### Electricity

Electricity will be supplied by the Kenya Power and Lighting Company. The bill will be paid according to the amount of the electricity used through their pay bill 888880.

### Water

The Nairobi City Council shall cater for the supply of water in the premises. This shall also be paid according to the water used through their pay bill 444400.

### Banking

The business shall bank its money with Kenya Commercial Bank at Sarit Centre Mall Branch in Westlands. This will help secure the business money and earn some interest.

### Marketing and Advertising

The business will use the services of Tabala Digitals Solutions Marketing agency who will help our business attract more customers also build our brand awareness.

**CHAPTER FOUR OPERATIONAL/ PRODUCTION PLAN**

## 4.0 INTRODUCTION

Starcia café production plan outlines our processes and procedures for creating and delivering high-quality food and beverages to customers. The production plan will include our menu planning, inventory management, staffing, café layout and standard operating procedures. The goal of the production plan is to ensure that the cafe runs efficiently and effectively, providing a high-quality experience for customers while also achieving the financial goals of the business.

## 4.1 PRODUCTION FACILITIES AND CAPACITY

Starcia café will need to acquire several items which will assist in the running, operation, and production process of the business. In the table below all the facilities that are vital in the operation of a business have been summarized together with their costs and suppliers.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item** | **Use** | **Quantity** | **Supplier** | **Cost per Unit (Kshs)** | **Total Cost**  **(Kshs)** |
| Espresso machine | Producing high quality espresso shots, and frothing milk for lattes and cappuccinos. | 2 | Innovia | 45,000 | 90,000 |
| Coffee grinder | Grind coffee beans for espresso shots | 2 | Innovia | 5,000 | 10,000 |
| Refrigerator | Store perishable food items | 1 | Ramtons | 83,000 | 83,000 |
| Oven and Stove | Baking and cooking menu items | 1 | Ramtons | 76,800 | 76,800 |
| **Item** | **Use** | **Quantity** | **Supplier** | **Cost per unit**  **(Kshs)** | **Total cost**  **(Kshs)** |
| Blenders | Process fresh juice and milk shake | 2 | Armco | 5,490 | 10,980 |
| Food Processor | Kneading dough | 2 | Armco | 13,995 | 27,990 |
| Coffee cups with saucers | Serving coffee and coffee-based drinks | 50 (6 pieces set) | Kilimall | 3,000 | 150,000 |
| Plates | Serving food | 30 (12 pieces set) | Kilimall | 2,000 | 60,000 |
| Cutlery | Preparing, eating and serving food. | 30 (24 pieces set) | Jumia | 2,000 | 60,000 |
| Compartment sink | Washing and sanitizing cutlery. | 3 | Amazon | 15,000 | 45,000 |
| Hand washing sink | For customers to wash their hands. | 3 | Amazon | 10,000 | 30,000 |
| Chairs and Tables | Provide comfortable seating for customers. | 5 (4-seater wooden dinning)  10 (2-seater wooden dining) | Kilimall  Kilimall | 22,000  11,000 | 220,000  110,000 |
| Total cost |  |  |  |  | **973,770** |

## 4.11 OTHER EQUIPMENTS AND MATERIALS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item** | **Use** | **Quantity** | **Supplier** | **Cost per unit (Kshs)** | **Total Cost**  **(Kshs)** |
| Computer | To manage inventory  To handle accounting  Manage working schedules | 4 | Lenovo | 36,000 | 144,000 |
| Phone line | Converse with suppliers  Converse with customers | 2 | Telecom | 3,000 | 6,000 |
| Buckets and mops | Clean hard floors | 5 | Naivas supermarket | 3250 | 16,250 |
| Serviette | Protect clothes.  Wipe mouth while eating.  To dry hands | 100 | Naivas supermarket | 125 | 12,500 |
| **Total cost** |  |  |  |  | **326,750** |

## 4.12 PLANT LAYOUT

### Key

A – Serving area

This is where customers will be provided with a comfortable and welcoming environment to enjoy food and drinks.

B- Restrooms

To provide safe and sanitary place for customers and staff to use bathroom facilities

C- Kitchen

Where food and beverage preparation will take place.

D- Storage area

Where food, beverages, supplies and equipment’s will be stored.

E- Accountants Office

Where the accountant will conduct his bookkeeping and accounting, budgeting, and forecasting, tax preparation and compliance, financial analysis, and reporting.

F- Assistant managers

The office will provide a quiet place for the assistant manager to hold meetings, plan, and organize staff, schedules and events, conduct training sessions with staff and communicate with staff, suppliers and customers.

E- Owner’s office

Owners’ office provides a private a quiet place where she can plan long term strategy of the business, manage financial aspects of the business, review and ensure compliance with all legal and regulatory requirements for the business, communicate with suppliers, staff and customers and brainstorm new ideas.

## 4.2 PRODUCTION STRATEGY

The following methods of production will be adopted in our café to ensure efficiency, consistency, and quality.

1. Batch Production: The café will use batch cooking for our baked products that is cakes, cookies, muffins, croissants, and breakfast pizza in order to reduce preparation time and ensuring consistency in taste and quality.
2. Made to order: Our time sensitive dishes such as omelets, pancakes and sandwiches will be prepared only when they are ordered by customers ensuring that the customers receive them while they are fresh and hot. The cafes cappuccino, latte, Americano and tea will also be made to order.
3. Using Automation: The café will incorporate automation machines such as coffee machines and oven for efficiency and consistency in production.
4. Standardized: Starcia café will create standardized recipes for all dishes in the menu ensuring consistency in taste and quality.
5. Inventory management: On a daily basis we will also be tracking inventory levels of ingredients and supplies to ensure there always enough materials to produce goods.
6. Quality control checks: The café will conduct regular quality control checks to ensure that all products meet your standards for taste, appearance, and consistency. This will be done through taste tests, visual inspections, and monitoring equipment performance.
7. Cross-training: Starcia café will be involved in cross-training our employees to perform multiple tasks within the production process. This will be done to increase efficiency and flexibility in employees.

## 4.21 MAINTAINACE SCHEDUELE

Starcia café will implement the following maintenance schedule to ensure that all equipment and facilities in our cafe are properly maintained, reducing the risk of breakdowns and safety hazards while providing a clean and comfortable environment for our customers and employees.

|  |  |  |
| --- | --- | --- |
| **Equipment and Facilities** | **Responsibility** | **Schedule** |
| Espresso machine | Head chef | Daily cleaning and maintenance.  Professional service after every one month. |
| Refrigerator | Head chef | Weekly cleaning and maintenance.  Professional service after every six months. |
| Oven | Kitchen staff | Daily cleaning and maintenance.  Professional service after every six months. |
| Blender | Kitchen staff | Daily cleaning and maintenance.  Professional service after every year. |
| Food processor | Kitchen staff | Daily cleaning and maintenance.  Professional service after every year. |
| Floors | Cleaning staff | Daily sweeping and moping.  Deep cleaning on Saturday. |
| Bathrooms | Cleaning staff | Daily cleaning and restocking.  Deep cleaning on Saturday |
| Windows | Cleaning staff | Weekly cleaning Saturday |

## 4.22 MONTHLY COST OF RAW MATERIALS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item** | **Sources** | **Quantity** | **Unit cost** | **Total cost** |
| Coffee Beans | Sannex coffee | 20kgs | 500/= per kg | 10,000 |
| Tea leaves | James Finlay | 10kgs | 730/= per kg | 7,300 |
| Milk | Brookside | 200litres | 163/= per liter | 32,600 |
| Sugar | Kabras | 20kgs | 160 per Kg | 3,200 |
| Butter | Brookside | 30kgs | 500 | 15,000 |
| Cocoa powder | Naivas Parklands | 10kgs | 480/= per kg | 4,800 |
| Chocolate chips and chunks | Carrefour | 10kgs | 428/= per 200 grams | 21,400 |
| Creams | Bio Foods | 10litres | Assorted | 22,000 |
| Spices and herbs | Bizari spices | 10kgs | Assorted | 10,000 |
| Fresh fruits and vegetables | ATF Greens limited | 50kgs | Assorted | 10,000 |
| Eggs | Naivas Parklands | 30 crates | 570 | 17,100 |
| Flour | Ajab | 100kgs | 200/ per 2kgs | 10,000 |
| Yeast | Naivas Parklands | 5kgs | 235/= per kg | 1,175 |
| Salt | Naivas Parklands | 5kgs | 34/= per kg | 170 |
| Baking powder | Naivas Parklands | 5kgs | 36/= per 100 grams | 1,800 |
| Ham | Farmers choice | Assorted | Assorted | 20,000 |
| Cheese | Bio Foods | Assorted | Assorted | 15,750 |
| Stationery | Naivas Parklands | Assorted | Assorted | 1,000 |
| Detergents | Naivas Parklands | Assorted | Assorted | 2,000 |
| Total cost raw materials |  |  |  | **205,295** |

## 4.23 MONTHLY COST OF LABOUR

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Title** | **No of positions** | **Basic Salary** | **House Allowance** | **Transport Allowance** | **Total salary per month per person** | **Total salary company incurs** |
| Manager | 1 | 50,000 | 10,000 | 1,000 | 61,000 | 61,000 |
| Assistant manager | 1 | 40,000 | 10,000 | 1,000 | 51,000 | 51,000 |
| Accountant | 1 | 35,000 | 10,000 | 1,000 | 46,000 | 46,000 |
| Head chef | 1 | 30,000 | 10,000 | 1,000 | 41,000 | 41,000 |
| Assistant cooks | 5 | 25,000 | 10,000 | 1,000 | 36,000 | 180,000 |
| Waiter/ress | 5 | 20,000 | 10,000 | 1,000 | 31,000 | 155,000 |
| Cleaners | 3 | 15,000 | 10,000 | 1,000 | 26,000 | 78,000 |
| Security man | 1 | 10,000 | 10,000 | 1,000 | 21,000 | 21,000 |
|  |  |  |  |  |  | **633,000** |

## 4.24 PRODUCTION OVERHEAD

|  |  |
| --- | --- |
| **Item** | **Amount** |
| Rent | 80,000 |
| Electricity | 30,000 |
| Water | 40,000 |
| Telephone | 6,000 |
| Advertisement | 10,000 |
| Insurance | 20,000 |
| Equipment’s maintenance | 20,000 |
| Total Overhead cost | **206,000** |

## 4.25 TOTAL COST OF PRODUCTION PER MONTH

|  |  |
| --- | --- |
| **Item** | **Amount** |
| Cost of raw materials | 205,295 |
| Cost of labor | 633,000 |
| Overhead costs | 206,000 |
| Total cost of production | **1,044,295** |

## 4.3 PRODUCTION PROCESS

Starcia café will follow the following production process to ensure our café offers high quality menu items and excellent customer service.

Figure 4: Production Process

1. Procurement: The head chef will source our coffee beans from a local supplier who specializes in sustainably sourced, high-quality beans. We will purchase our dairy products from a local farm that provides hormone-free, organic milk, and cream. We will source our bread and pastries from a local bakery that uses high-quality ingredients and bakes fresh daily.
2. Storage: The head chef will store our coffee beans in airtight containers in a cool, dry place. Our dairy products will be stored in a refrigerated unit at the proper temperature. Bread and pastries will be stored in a display case or refrigerated unit depending on the item.
3. Preparation: In the morning, the assistant cooks will grind fresh coffee beans and brew coffee to ensure the best flavor for each cup. They will also slice fresh vegetables and fruits for our salads and sandwiches. They will bake croissants, cakes, muffins, and cookies.
4. Cooking: As customers place their orders, the cooks will brew coffee or tea and prepare menu items such as breakfast sandwiches, salads, and sandwiches. Our kitchen staff will cook menu items to order to ensure that everything is fresh and hot.
5. Assembly: After preparation and cooking the menu items will be assembled attractively and in a timely manner, ensuring that each item is presented beautifully and with care.
6. Quality Control: The head chef and cooks will conduct regular taste tests to ensure that each menu item meets our high standards for quality and flavor.
7. Service: The waiters and waitresses will provide friendly service to customers, making sure that each order is prepared correctly and delivered to the table with a smile. We will maintain a clean and comfortable atmosphere for our customers to enjoy their food and drinks.
8. Clean-up: After each use, the cleaning staff will clean and sanitize all equipment, utensils, and surfaces. They will dispose all waste properly and restock any depleted ingredients for the following day.
9. Inventory Management: The assistant manager will regularly review inventory levels to ensure that we have sufficient ingredients on hand to meet demand. We will adjust our procurement strategy accordingly to avoid running out of key ingredients and to ensure that everything we serve is of the highest quality.

## 4.4 RULES AND REGULATIONS AFFECTING THE BUSINESS

1. Business Licensing: The cafe must obtain a business permit from the county government where it intends to operate.
2. Health and Sanitation Regulations: The cafe must obtain a health certificate from the public health department, which is responsible for ensuring that the premises and equipment meet health and sanitation standards.
3. Employment Laws: The cafe will comply with employment laws, such as minimum wage, overtime, and anti-discrimination laws.
4. Food Safety Regulations: The cafe will comply with the food safety regulations, such as obtaining a food handler's certificate, ensuring proper handling, storage, and preparation of food items to prevent the risk of foodborne illness.
5. Environmental Regulations: The cafe will comply with environmental regulations, such as waste disposal and recycling laws.
6. Tax Regulations: The cafe will comply with all tax regulations.

# 

# CHAPTER FIVE FINANCIAL PLAN

## 5.1 PREOPERATIONL COSTS

This statement shows the cost that will be incurred before the business starts operation.

|  |  |
| --- | --- |
| **Item** | **Amount (Kshs)** |
| Registration fee | 1,000 |
| Business licenses and permits | 15,000 |
| Machines and Equipment’s | 712,270 |
| Furniture and fittings | 360,000 |
| Connection of telephone bill | 6,000 |
| Water Installation | 3,000 |
| Electricity Installation | 15,000 |
| Rent deposit | 80,000 |
| Office Stationery | 1,000 |
| Total Pre-operational costs | **1,193,270** |

## 5.2 WORKING CAPITAL REQUIREMENT

This is the cost to be met by the business during the day-to-day operations for the first three years of commencement.

The working capital will be calculated as follows

**Working Capital = Current Assets – Current Liabilities**

Table 1: Estimated capital for the first three years

|  |  |  |  |
| --- | --- | --- | --- |
| **ITEM** | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| **Current Assets**  Stock  Debtors  Cash in hand  Cash at bank | 1,500,000  -  450,000  15,000 | 2,000,000  -  500,000  30,000 | 3,000,000  -  1,000,000  50,000 |
| **Total current Assets** | **1,965,000** | **2,530,000** | **4,050,000** |
| **Current Liabilities**  Creditors  Bank overdraft  Unpaid expenses | **-**  **1,000,000**  **-** | **-**  **-** | **-**  **-** |
| **Total current liabilities** | **1,000,000** | **-** | **-** |
| **Working Capital (ca – cl)** | **965,000** | **2,530,000** | **4,050,000** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 5.3 STARCIA CAFÉ PROJECTED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2024 | | | | | | | | | | | | | |
| **Item** | **Jan** | **Feb** | **March** | **April** | **May** | **June** | **July** | **Aug** | **Sept** | **Oct** | **Nov** | **Dec** | **Total** |
| **Cash Inflows** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash bal b/d | - | 772,435 | 1,092,435 | 1,461,935 | 1,806,935 | 2,175,935 | 2,525,435 | 2,871,435 | 3,292,435 | 3,770,435 | 4,211,435 | 4,662,435 | **28,593,285** |
| Equity share | 1,000,000 | - | - | - | - | - | - | - | - | - | - | - | **1,000,000** |
| Bank loan | 1,000,000 | - | - | - | - | - | - | - | - | - | - | - | **1,000,000** |
| Cash sales | 1,000,000 | 1,500,000 | 1,550,000 | 1,575,000 | 1,600,000 | 1,630,000 | 1,650,000 | 1,700,000 | 1,730,000 | 1,750,000 | 1,780,000 | 1,900,000 | **19,365,000** |
| Debtors | - | - | - | - | - | - | - | - | - | - | - | - |  |
| **Total cash inflows** | **3,000,000** | **2,272,435** | **2,642,435** | **3,036,935** | **3,406,935** | **3,805,935** | **4,175,435** | **4,571,435** | **5,022,435** | **5,520,435** | **5,991,435** | **6,562,435** | **50,008,285** |
| **Cash outflows** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Purchases | 205,295 | 250,000 | 250,000 | 300,000 | 300,000 | 350,000 | 375,000 | 350,000 | 320,000 | 380,000 | 400,000 | 400,000 | **3,880,295** |
| Pre-operational costs | 1,193,270 | - | - | - | - | - | - | - | - | - | - | - | **1,193,270** |
| Loan payment | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 100,000 | 100,000 | **1,000,000** |
| Rent | - | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | **960,000** |
| Water | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | **480,000** |
| Electricity | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | **360,000** |
| Telephone | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | **72,000** |
| Advertising | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | **240,000** |
| Wages and salaries | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | 633,000 | **7,596,000** |
| Maintenance | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | **240,000** |
| Insurance | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | **240,000** |
| Drawings | - | 1,000 | 1,500 | 1,000 | 2,000 | 1,500 | - | - | 3,000 | - | - | - | **10,000** |
| **Total cash outflow** | **2,227,565** | **1,180,000** | **1,180,500** | **1,230,000** | **1,231,000** | **1,280,500** | **1,304,000** | **1,279,000** | **1,252,000** | **1,309,000** | **1,329,000** | **1,329,000** | **16,131,565** |
| **Net cash balance** | **772,435** | **1,092,435** | **1,461,935** | **1,806,935** | **2,175,935** | **2,525,435** | **2,871,435** | **3,292,435** | **3,770,435** | **4,211,435** | **4,662,435** | **5,233,435** | **33,876,720** |
| **Table 2: Starcia Cafe projected cash Flow Statement for three years Ended 31st December 2024** | | | | | | | | | | | | | |

## 5.4 PROFORMA INCOME STATEMENT AS AT 31ST DECEMBER 2024

|  |  |  |
| --- | --- | --- |
| Sales  Less cost of sales  Gross profit  **Less expenses**  Rent  Water  Licenses  Electricity  Telephone  Advertising  Insurances  Salaries and wages  Repair and maintenance  Drawings  Depreciation on machines and equipment’s (10%\* 712770)  Depreciation on furniture and fittings (10%\* 405,000)  **Total expenses**  **Net profit before tax**  Less tax (30%)  **Net profit after tax** | 3,880,295  960,000  480,000  16,000  360,000  72,000  240,000  240,000  7,596,000  240,000  10,000  71,277  40,500 | 19,365,000  **15,484,705**  10,325,777  **4,270,705**  3,097,733  **1,172,972** |

## 5.5 PRO – FORMA BALANCE SHEET AS AT 31 DECEMBER 2024

|  |  |  |  |
| --- | --- | --- | --- |
| **Fixed Assets**  Machines and Equipment’s Furniture and fittings  **Total Fixed Assets**  **Current Assets**  Stock  Debtors  Cash at bank  Cash in hand  **Total current Assets**  **Financed by**  Capital  Net profit  Less Drawings  **Less liabilities**  Bank loan | **Cost**  712,770  405,000  691,979  -  450,000  15,000  2,000,000  1,172,972  (10,000)  1,000,000 | **Depreciation**  71,277  40,500 | **Net Book Value**  641,493  364,500  **1,005,993**  1,156,979  **2,162,972**  3,162,972  (1000,000)  **2,162,972** |

Assumption

All machines, equipment’s, furniture and fittings depreciate at 10%

1. **Depreciation machine and equipment**

712,770\*10%= 71,277

**Net Book Value**

712,770 – 71,277

=641,493

1. **Depreciation furniture and fittings**

405000\*10% =40500

**Net book value**

405,000-40,500

=364,500

## 5.6 CALCULATION IN BREAK EVEN POINT

|  |  |
| --- | --- |
| ITEM | COST |
| **Fixed Cost**  Salary and wages  Rent Deposit  Insurance  Loan Payment  Licenses  **Total Fixed cost**  **Variable Cost**  Water  Telephone  Electricity  Advertising  Repair and Maintenance  **Total Variable cost** | 7,596,000  960,000  240,000  1,000,000  16,000  **9,812,000**  480,000  72,000  360,000  240,000  240,000  **1,392,000** |

1. **Break Even Point**  = Total Fixed Cost

Contribution per margin

1. **Contribution margin** = **Total sales – Variable cost**

= 19,365,000 – 1,392,000

= 17,973,000

1. **Contribution margin %** = **Contribution margin**

**Total sales**

= 17,973,000

19,365,000

= 92.8%

1. BEP = 9,812,000

92.8

= **105,732**

## 5.7 PROFITABILITY RATIO

1. **Gross profit** = **Gross profit**

**sales**

= 15,484,705

19,365,000

= 79.9%

1. **Return on equity = Net profit after tax**

**Owners’ contribution**

= 2,206,505

1,000,000

= 220.7%

1. **Return on investment = Net profit after tax  
    Total investment**

= 2,206,505

2,000,000

= 110,3%

## 5.8 DESIRED FINANCING

|  |  |
| --- | --- |
| **Item** | **Amount** |
| Pre- operational cost | 1,193,270 |
| Working capital | 965,000 |
| Fixed Asset | 1,117,770 |
| Contingency Funds | 200,000 |
| Total Desired Financing | **3,476,040** |

## 5.9 PROPOSED CAPITALIZATION

|  |  |
| --- | --- |
| **Item** | **Amount** |
| Bank Loan | 1,000,000 |
| Savings | 1,000,000 |
| Total Capitalization | **2,000,000** |

# 

# APPENDIX I: LOCATION MAP

Kanatech system website design

African management

Institute

Westpark towers

Westpark Towers

muthithi   
road

Mpesi ln mpesi ln

Muthithi   
road