## **1 INTRODUCTION**

## **1.1 Name and Address of the Industry**

The name of the enterprise is Sweet bakery. The reason that we assigned this name to the company is as the name indicates to make our product and services sweet.

Sweet bakery is located gubre town around wolkite university . This location is a great opportunity to get different kinds of customer.

## **1.2 Nature of the company**

As the name of the company indicates the initial focuses on providing different types of high quantity and quality breads to the people who is located inside university and around area. Sweet bakery is established specially to fulfill the students need as well as the society around campus for qualitative breads with minim price.

## **1.3 Statement of Financial Need**

The cost to open the enterprise is 130,000. The majority of the expenses are in furniture fixtures and equipment totally 10,000. The location requires some build-out and renovation totally 10,000 and will require approximately 10 days to complete. The Wrights will sub-contract the work themselves. Totally 150,000 provides enterprise planned to construct and establishes a company. The business requires means of acquiring this initial capital by borrowing from financial institution, personal capital and from close relatives.

## **1.4 Statement of Confidentiality of Report**

The owner Sweet bakery spends money, time, resources, and experience also different things from thinking up on preparing this business plan. Therefore, the owners would like to announce to all that this business plan which is the result of all partner’s effort for this reason that should not be transferred or copied to another individual or company. If anyone fails to does this owner have responsibility to the individual or the company to bring them in front of the law. “All Rights are reserved”.

It is believed that various kinds of business run in each and every aspect our country or other side of the world and this comes with interaction of countries with other countries in all aspects of their socio-economic and cultural dogmatism with the beginning of Sweet bakery globalization. This may be because of comfort ability of various kinds of environment which assist or help people to lead people to lead their life in a luxurious manner and encourage beating standard of excellence in their life as well.

Due to this the members of this work plan owners expect something which help us to reach or future or planned life.

To do this (to achieve our goal), now grouped with each other to propose business plan paper related to the thing which we want to specialized on.

It may be propounded as a new venture which is controlled by the group members of Economics students the site of this business enterprise is wolkite University. The primary purpose of this business plan is to provide qualitative and quantitative breads with t affordable price.

## **1.5 The company with its service**

Sweet bakery enterprises have special passion for its customers these are serving the customer by supplying satisfactory breads as much as possible.

## **1.6 OBJECTIVE**

* To be the premier Bakery in gubre city
* To provide quality Bread at reasonable prices with exemplary service
* To achieve Prime Cost Ratios lower than 10%
* To expenditure for transportation cost (to make students not to go far from university).
* To creating employment opportunity to the surrounding community

## **1.7 MISSION**

1. Utilizing available resources, and providing the society wit due service
2. Adopting to the dynamic environment throughout the operation
3. to provide a unique and relaxing dining experience – similar to dining at home.
4. We will strive to achieve this goal by mindful of the well-being of our customers and staff– treating each and every one with dignity and respect
5. Providing affordable living standard to its workers
6. Supplying high quality breads suitable for health.

## **1.8 KEY to SUCCESS**

* uses different types of incentives (promotional), or inducement mechanism to attract other customers
* Continuous auditing of our sales and adjusting our expenditure accordingly
* It stands for the welfare and common good of the society for instance, cost minimization
* Every customer who comes in once should want to return, and recommend us. Word–of–mouth marketing is a powerful ally.
* Hire top notch chefs and offer training to keep the chef on top of his/her game, and pay top wages to ensure they stay with us.
* A variety of menu offerings with a “down home” theme, reasonably priced to establish credibility, but not so high as to limit customers.

# 2 **EXCUTIVE SUMMERY**

The Sweet Bakery will be a one of a kind bread house / bakery located in gubre town. Around in front of main get.

Sweet Bakery enterprise business will be run as partnership among -.Bereket Mekuanint,Berhanu melku,Betigist yimer,Bezawit wondie,Birke tekle.

The Sweet Bakery enterprise offer high quality and quantity Breads for users and customers. The product of the business will be available for sale at home and also distributing to wholesalers and retailers who sells in other markets. The price set by the business, is fair market price or it should not exploit customers or should not annoy customers. So that customers are got satisfaction when they pay.

**2.1 The activities included in this business have two phases**

PHASE ONE: - purchasing high quality and modernized machines that use to produce our product.

PHASE TWO: - purchasing high quality flour, yeasts, colors, magimex and other equipment’s and preparing store houses where equipment’s stored, auditing daily sales of business, etc.

The overall objective of the business is to provide high quality and quantity breads in order to get the expected profit and to satisfy the consumer and to achieve and exceed sales forecasts to enable us to be operating at capacity, we would also have a claim to create job opportunity, providing complementary and plans to expand the business in different area and also to expand the initial business in size.

In the first year the business forecast a profit of birr 100,000. The reason for obtaining such positive gaining or profit can be mainly attributed to

* The profitability of the industry
* Great number of student not use universities cafe
* The presence of good market price
* Absence of strong competitors due to the area are far from city.
* Usage of few permanent workers
* All equipment’s are found nearly.
* Absence of payment for suppliers (transportation cost)

In the second year we expect and predict that there will be increment of profit due to further increases in sales as well in and 3rd year also predict that there will be increment of profit due to expanding business. The overall objectives of the business are firstly to achieve and exceed sales forecasts to enable the business to be operating at capacity, so that the business extended the quality of breads that enables the business to meet (supply) the market demand. We would also claim to be able to employ to have in future and expanding the existing one.

The Sweet bakery business providing enterprise will require to share all members of birr 30,000 to be repaid over six years. The contribution made for the business is equal for each partner and share of profits and loses also can be equally shared.

# 3 **INDUSTRY ANALYIS**

## **3.1 Future outlook and Trends**

It is mandatory to see that the market condition. especially the demands, there is highly populated area including university students. and so that most our peoples use bread. Especially students need cheap coasted food. So our product is match and maintained and remain suitable so that there will be expansion of the business at an alarming rate.

It is in this respect that our business provided a lot of opportunity is for the community of the campus, surrounding peoples ( Gubre people) and shops those surrounding campus.by distributing to them quality bread and supplying to individuals .

## **3.2 Market Segmentation**

From the very beginning business enterprises, this market is limited local market. there is nothing to import from any other countries. the local market refers to all market with the national boundary while the foreign market refers to the export of products to foreign countries. Sweet Bakery providing enterprises business in well organized, licensed by the name bakery providing business, growth oriented, gradually involves in the production of breads and when involved in new services by producing high qualitative products.

As we have stated out previously, the competitors are far from the campus lead them to not to supply what the customer need and have declining sales. They are also not well organized and structured, no further expansion and shortage of materials that is they depend in cease and need assistance of finance and qualified managers.

# **4 DESCRIPTION OF VENTURE**

Bakery providing business enterprise sells the product to consumers and other small industries which interested in it. It also sells the product to service rendering firms such as shops and café business.

The product of our business is machine product. the product of the business is designed to be bread. providing enterprise, it is named so because it will have good attitude on society.

The location of the business is South regional state, the building of the state. The building of the business includes two offices one production the second is for sell or office.

The location is preferred for the following reasons

* Different types of raw materials are available
* There are large number of users in the selected specific area
* Presence of good infrastructure (road)

The business need to hire some labor force out carry out operation properly there is no need of pre- requisite of higher educational achievement. But there are some criteria such as

**IN PRODUCTION AREA: -**

* He/she must be able to write hear, see and read(optional)
* He/she must be licensed in bread production
* He/ she must be confident enough and ability to adopt some changes
* He/she must be knowledgeable and experienced.

**IN SELL OR OFFICE AREA: -**

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

**The production office need: -**

* Three kind of machines needed for production
* Dishes(batra)
* Roto
* Boxes

**The sell office need : -**

* table
* two charier
* one shelf
* pens, papers reams and pencils

The above mentioned equipment will be purchased. The manager of the business has must experience in the field the age of student’s entrepreneurs is between 22 and 24. The special ability of the manager possess is that he can work with others strongly. The reason for going to setup this new business is

* To be independent form other authority
* Existence of large opportunity in the business
* The exploit the experience of gained in better manner
* Absence of strong competitor in the market can be raised main reason for the success of the business or venture

# **5 PRODUTION PLAN**

The aim of the business is to produce high quality breads in order to get the predicted gain and to satisfy the business is fully responsible for all part of the operation. The first starting point of the business is identifying what quality of that the consumers are in need of and at what size and how price then make all production depend on what all the consumers are in need. The equipment is needed for immediate uses are the following.

To start the business activity, the business starts with different types of costs. Totally the cost of the business includes the following: -

* The cost of buying machine.
* The cost of equipment’s need to produce bread, like flour, yeast, etc.
* The cost of house (rent).
* The cost of employee pee.
* The cost of electric power.

# **6 MARKETING PLAN**

## **6.1** **Pricing**

The basis for our enterprise prices is depends on gubre city trade and industry minister.no need to the market price and cost-benefit analysis. Therefore, the business cannot set high prices. Even if the business operates at governments cost it would not price below the market prices just because of the purpose result, bakery providing business enterprise.

## **6.2** **Distribution**

The distribution of our product would be in two ways first, distributing to shoppers, café, hotels with some discount. Secondly, the business its self-undertake retail service to consumers and customers at market price.

## **6.3 Promotion**

Actually The promotion activity’s important for our business. will be done once through notices to be posted at public center and also through

* Radio
* Flyers
* Banners

Because no need to repeat. If ones aware the promotion is done by our customers. With the results of quality services.

# **7 ORGANIZATIONAL PLAN**

## **7.1 Form of ownership**

Sweet Bakery providing business enterprises are a type of business in the form of partnership. There are reasons for the selection of this form of business: these are

* Profitability of the business specially after the first year
* Ease of formation of the business
* Ease to formation of the business

The overall operation or function of the owner would be governed or administered by the owner there will be only one manager the manger had served for more than four years in this type of business and have excellent experience in the area with his educational background that enable him to manage the business successfully. This manager reports all day to day activities to shareholders. Ad also the shareholders look after how the business is going on.

## **7.2 Roles and Responsibility of Members of the Organization**

The role of the manager will be managing the overall activity of the business. That is: -

* Making decision regarding the state of business in the future
* Raising capital contribution
* Evaluating the quality of the products
* Controlling the performance of workers
* Making decision regarding which equipment should be purchased

The organization will contain the following members: -

1. The management of the business
2. Permanent employees
3. Temporary employees

The permanent employees of the business consist of four workers. The three are responsible for day-to-day activities of the business

**8 ASSESMENT OF RISKS**

**T**he business also doesn’t use advanced technology whenever there is appropriate technology that go with operation, is ready to make use.

**9 FINANCIAL PLAN**

**T**he business plan is prepared to obtain funds amounting 150,000 birr. The supplementary financing is required to being work on site preparation, equipment purchases and to cover expense in the first year of operations.

This amount of money gathers from all enterprise partners. This means individually should to share 30000 birr for the first time.

List of purchase the first time for enterprise: -

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NO** | **ITEMS** | **TYPES** | **QUANTIY** | **UNITPRICE** | **TOTAL** |
| machine | 3 |  | 3 |  | 130,000 |
| flour | 8 | 100kg | 8 | 1000 | 8000 |
| yeast | 1 | carton | 1 | 20 | 400 |
| magimex | 1 | carton | 1 | 15 | 300 |
| salt | 1 | carton | 1 | 10 | 200 |
| oil | 1 | 20litre | 1 | 700 | 700 |
| Dish(batra) | 1 |  | 20 | 50 | 1000 |
| box | 1 |  | 10 | 120 | 1200 |
| Display |  |  | 1 | 1500 | 1500 |
| Chair |  |  | 2 | 50 | 100 |
| Totally | | | | | 134,000 |

All mandatory equipment’s are listed in the above table. The remained money is for decoration of the sell office and for promotion as well as for employee’s pee.

**9.1 Sales Strategy**

The enterprise will use the following methods to increase sales revenue Better Business:

* The size of the breads will focus on the most profitable products sold. And will always draw customer attention to the most profitable products.
* As warranted, will raise prices to bolster brand image. Prices communicate a perceived value of a product; so if set too low, the customers might assume that the breads are inferior compared to the competition.
* Monitor flavoring inventory – Excess flavoring inventory ties up capital and valuable back room space for storage. The enterprise will utilize 2 varieties.
* Control waste and theft – audit sales and inventory reports to evaluate ingredient waste due to inefficient preparation, employee consumption. Retail locations can easily waste 20% or more of their daily sales these three key categories, which is a substantial and unnecessary loss.
* Monitor and evaluate hours of operation

## **9.2 PRO-FORMA INCOME STATEMENT**

The sale of revenue of this enterprise is expected to be audited daily and as well as monthly since Hence there are 12 months in a business year total annual revenue is calculated as follows

Daily sell =2000 the revenue is 200

Month sell=30\*2000=60,000 the revenue is 6000

Total revenue= 60,000\*12=720,000 birr the revenue is 7200

### **9.2.1 Depreciation Expense**

The sweet bakery providing enterprise has some depreciation expense whenever distributing goods to shoppers and cafés. And it expected to be 20,000 birr.

Total depreciation cost (Expenses)= 20,000 birr

Interest Expense= principle\*interest rate

=30000\*10%

=3000birr

### **9.2.2 Miscellaneous Expense**

|  |  |  |  |
| --- | --- | --- | --- |
| Items | Quantity | Unit price | Total price |
| Pen | 10 | 5 | 50 |
| Paper rim | 2 | 80 | 160 |
| White Piece of cloth | - | - | 70 |
| Total |  |  | 320 |

### **Pro-forma income statement as of year 1**

|  |
| --- |
| **Revenue**  Sales-------------------------------------------------------------------------------------720,000  **Expense**  Salary Expense-----------------------------------------------------------500,000  Depreciation Expense---------------------------------------------------20000  Freight Expense----------------------------------------------------------320  Interest Expense----------------------------------------------------------3000  Advertising Expense-----------------------------------------------------500  Miscellaneous Expense--------------------------------------------------320  Total Expense---------------------------------------------------------------------------------524,000  **Gross Profit -----------------------------------------------------------------------------------122400** |

In the second year of operation it is assumed that the business will increase the production and overall sales from 60,000 birr/month to 80,000 birr/month on average.

Revenue (Sales) annually 960,000 birr per year 60,000\*12

### **Pro-forma income statement of year 2**

|  |
| --- |
| Revenue  Sales-------------------------------------------------------------------------------------960,000  Expense  Salary Expense-----------------------------------------------------------------650000  Depreciation Expense---------------------------------------------------------50,000  Freight Expense ----------------------------------------------------------------500  Interest Expense-----------------------------------------------------------------3000  Miscellaneous Expense---------------------------------------------------------600  Total Expense--------------------------------------------------------------------------654,500  Gross profit ----------------------------------------------------------------------------205,500 |

In the third year of operation it is assumed that the business will increases double of the second year by opening second branch around sub campus. operation of sales volume twice of the previous year.

Therefore (Revenue (Sales) annually 960,000 birr per year 60,000\*12)\*2

### **Pro-forma income statement of 3rd year**

|  |
| --- |
| Revenue  Sales-----------------------------------------------------------------------------------1920000  Expense  Salary Expense-----------------------------------------------------------------------1300000  Depreciation Expense--------------------------------------------------------------100000  Freight Expense---------------------------------------------------------------------1000  Interest Expense-------------------------------------------------------------------6000  Miscellaneous Expense-----------------------------------------------------------1200  Total Expense ----------------------------------------------------------------------1309000  Gross profit --------------------------------------------------------------------------411,000 |

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### **Cash flow statement for year 1**

|  |  |
| --- | --- |
| Cash Budget | Total |
| Beginning cash balance------------------------------------150000  Cash collected from customers---------------------------720000  Total cash available for need------------------------------870000  Operating Expense------------------------------------------524000  With draw-------------------------------------------------------6000  Total cash needed--------------------------------------------346000  Cash Excess deficit ------------------------------------------408280 | |

### **Cash flow statement for year 2**

|  |  |
| --- | --- |
| Cash Budget | Total |
| Beginning cash balance------------------------------------ 150000  Cash collected from customers-----------------------------960000  Total cash available for need-------------------------------1560000  Operating Expense--------------------------------------------600000  With draw-------------------------------------------------------6000  Total cash needed--------------------------------------------606000  Cash Excess deficit ------------------------------------------540000 | |

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### **Cash flow statement for 3rd year**

|  |  |
| --- | --- |
| Cash Budget | Total |
| Beginning cash balance------------------------------------ 150000  Cash collected from customers---------------------------1920000  Total cash available for need-----------------------------3120000  Operating Expense------------------------------------------1200000  With draw-----------------------------------------------------6000  Total cash needed--------------------------------------------1212000  Cash Excess deficit ------------------------------------------1800000 | |

### **Operating Balance sheet**

|  |  |
| --- | --- |
| Asset  Cash--------------------------------30000  Fixed asset-------------------------81200  Miscellaneous Expense-----------320  Total asset------------------------111520 | Liability  Account payable------------------0  Note payable----------------------0  Total Liability…………………0  Total liability ---------111520 |

### **Pro-forma Balance Sheet at the end of 1st year**

|  |  |
| --- | --- |
| Asset  Cash --------------------------------50828  Fixed asset-------------------------81200  Depreciation------------------------12852  Operating Expense------------------3000  Total asset-------------------------122176 | Liability  Account payable------------------0  Note payable---------------------0  Interest payable------------------0  Total liability --------------------0 |

### **Pro-forma Balance sheet as the End of 2nd year**

|  |  |
| --- | --- |
| Asset  Cash -------------------------------82156  Fixed asset--------------------------81200  Depreciation-----------------------25704  Operating Expense-----------------6000  Total asset------------------------143,652 | Liability  Account payable------------------0  Note payable----------------------0  Interest payable-------------------0  Total liability ---------------------0 |

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### **Pro-forma Balance sheet as the end of 3rd year**

|  |  |
| --- | --- |
| Asset  Cash -------------------------------134484  Fixed asset--------------------------81200  Depreciation-----------------------38556  Operating Expense------------------6000  Total asset-------------------------186128 | Liability  Account payable------------------0  Note payable----------------------0  Interest payable-------------------0  Total liability and capital-------0 |

### **Break-Even Analysis for 1sr year**

Total sales of breads on average-------------------------------birr 800000

Total cost of each bakery----------------------------------------birr 600000

Gross profit (GP) ------------------------------------------------------birr200000

Gross profit margin (GPM) =GP/SALES \*100=200000/800000\*100=25%

Overhead (fixed cost) for first year -----------------------------birr 550000

Breakeven turn over= overhead/GPM \*100 =55000/25\*100= 137500birr

### Breakeven Analysis for year 2

Total sales of breads on average ------------------------------------birr 960000

Total cost of bakery ---------------------------------------------------birr 710000

Gross profit (GP) ----------------------------------------------------------birr 250000

Gross profit margin GPM= 250000/960000\*100=26.05%

Overhead (fixed cost) for 2nd year --------------------------------------------birr 550000

Breakeven turn over=birr 550000/26.05\*100=2111324.38birr

Break even gross profit margin= 550000/960000\*100=57%

### Breakeven Analysis for year 3

Total sales of breads on average-----------------------------------------birr 1920000

Total cost of bakery--------------------------------------------------------birr 1420000

Gross profit (GP) ---------------------------------------------------------------birr 500000

Gross profit margin GPM= 500000/1920000\*100=26.04%

Overhead (fixed cost) for 2nd year--------------------------------------------birr 550000

Breakeven turn over =birr 550000/26.04\*100=2112135.17664birr

Breakeven gross profit margin 550000/1920000\*100=28.7%