

₹250 Venture – Choco Lava Cake Business

Introduction

The '250 Rupees Venture: Venturing on a budget' assignment presented a unique challenge to me. This project required me to conceptualize, plan, and execute a small-scale business within a budget limit of Rs.250. This means that I must make an investment of Rs.250 for the business. Furthermore, I must put certain inputs, efforts and assets for instance, and bring out an output of a product or products that can be sold to the customers. This assignment forced us students to go beyond just theoretical concepts and get a hands-on experience in entrepreneurship. With such a minimal budget in hand, I was again forced to bootstrap (a concept from the Entrepreneurship course), generate creative ideas, and plan efficiently. Moreover, this project is in perfect alignment with the Creativity course taught by Dr. Pavan Soni as it requires innovative thinking, problem solving and most importantly, identifying and capitalizing on opportunities.

This report documents my journey of entrepreneurship by transforming mere Rs.250 into a viable business venture. A venture wherein I created and scaled delectable Choco Lava cakes. Even though the capital was minimalistic, the learnings and growth that this venture provided were immense. This venture presented both, opportunities as well as challenges to me. A chance to get my hands on running my own business and engaging with real customers; and overcoming budget and time constraints, ensuring the quality and safety of the product at the same time.

In this report, I have given all the details right from the planning process, operational challenges that I encountered, the financial outcomes to the ultimate valuable lessons learned from this enriching experience.

Idea Generation and Planning

Utilizing Creative Frameworks

The two most useful frameworks that I used were SCAMPER and Mind Mapping.

- 1. SCAMPER:** This technique helped me to think beyond what was obvious. Applying 'Substitute' led me to consider alternative ingredients like dark chocolate instead of milk chocolate, and 'Combine' suggested fusing the concept of a simple chocolate cup cake with the idea of Choco Lava cake. 'Adapt' inspired me to explore different presentation styles, such as round shape, heart shape, or oval shaped Choco Lava cakes. I 'Modified' the recipe by adding Cocoa powder and sugar to the recipe. I experimented with different methods to make the same recipe. For instance, making the lava of more liquidy consistency in the second batch and tried different baking times and temperatures to achieve the perfect lava cake consistency. I applied 'Put to Another Use' by using biodegradable packaging material to minimize environmental impact and enhance the brand image. I 'Eliminated' all the unnecessary steps to improve efficiency and reduce costs. For example, I streamlined the baking process by using a convection

oven and optimizing baking times. I 'Rearranged' the selling procedure by initially informing my friends, relatives about my venture on the WhatsApp groups as well as standing at a popular restaurant in our locality for half an hour.

- 2. Mind Mapping:** Whenever I order from Dominos or any other restaurant for that matter, I always order my favourite side dish, Choco-Lava Cakes. This gave me an idea to turn my favourite dish into a profitable business venture. Mind mapping helped me brainstorm a wide range of ideas. I started with 'Choco Lava Cakes' as the central theme and branched out other important aspects such as ingredients required, target audience (children, parents, youngsters), sales channels (home delivery, in-person sales), marketing strategies (social media, digital pamphlets, posters) and potential challenges (logistics, limited budget). This visual representation helped me get a holistic view of the business and provided me with the key areas to focus on priority.

Detailed Planning

- 1. Market Research:** My target audience was fellow students, youngsters, young children, their parents, and local residents with a sweet tooth. I analysed competitor's pricing as well as from local bakeries and cafes.
- 2. Resource Planning:** I meticulously listed all the required ingredients (Dark Chocolate, chocolate biscuits, milk, sugar, baking powder, cocoa powder, etc.), estimated each of their quantities and sourced them from local grocery stores. Next, I considered the packaging options (disposable containers, packing bags for parcel, and wooden spoons) and basic marketing material like marker, a cardboard that I got for free along with a bedsheet cover.
- 3. Pricing Strategy:** I conducted a cost-benefit analysis, considering ingredients costs, labour, and packaging. I then finally made a decision to price my cakes competitively, ensuring they were affordable for my target audience while still allowing me for a small profit margin. The price of one Choco Lava Cake typically ranges from Rs. 100-110, but I priced my cakes at just Rs.40 per unit.
- 4. Sales and Distribution Channels:** I directly sold some cakes to my friends and relatives. Moreover, I also went to a local restaurant and stood there for almost half an hour with a poster and sold 8 Choco Lava cakes.
- 5. Risk Assessment and Mitigation Strategies:** I ensured proper storage and timely delivery to minimize any wastage. I also marked my product at a very minimal and affordable price that led to higher sales and mitigated wastage of leftover products.

Preparation, Operation and Execution

Preparation

The preparation phase was very crucial for the success of my venture. I meticulously sourced high-quality ingredients from local supermarkets and a trusted local cake shop for baking cups. My workspace, my home kitchen, was thoroughly cleaned and organized to ensure a hygienic environment for the preparation of Choco Lava cakes. To spread the word, I created eye-catching poster for display during the selling process. Since this venture was small-scale in nature, no specific permits or licences were required.

Operations

The day of the venture was very hectic and a whirlwind of tasks. I started at around 1:30 PM to prepare the cakes when we were done with the lunch at home. I meticulously prepared 2 batches of 3 cakes at a time. It took me around 30 minutes to prepare the chocolate ganache and the cake mixture and 15 minutes to prepare 6 cakes. I prepared a total of 10 cakes as the budget permitted. At around 7:30 PM, I went to this restaurant called Prathamesh Pav Bhaji Centre in our locality. I got the idea to go to this restaurant because my business perfectly complemented their business of selling pav bhaji, paneer chilly, etc. The owner of the restaurant was kind enough to allow me to place my stall at his restaurant for half an hour for free. My first customer wanted to take the cakes home in a parcel. Thankfully, the owner was also kind enough to give me 2 parcel bags for free again to give to my customer. Throughout the day, I diligently recorded all the transactions, noting the number of cakes sold, the revenue generated, and all the expenses incurred.

Financial Performance and Transactions

Investment

Dark Chocolate: Rs. 70

Gas Cylinder: Rs. 30

Sugar: Rs. 20

Labour: Rs. 63

Chocolate Biscuits: Rs. 40

Milk: Rs. 5

Baking Powder: Rs. 5

Cocoa Powder: Rs. 5

Baking Cups (10 Pieces): Rs. 12

Total Investment: Rs. 250

Revenue

Total Number of Cakes Sold: 8

Price per cake: Rs.40

Total Revenue: $8 \times 40 = 320$

Profit

Net Profit = Total Revenue – Total Investment

$320 - 250 = 70$

Therefore, I made a profit of 28%.

Analysis of Financial Performance

The financial performance of the venture was positive. I made a profit of Rs.70 that is a profit of 28%. In my opinion, the factors that contributed to this profit were as follows:

1. **Pricing strategy:** My price was competitive as well as profitable at the same time. Usually, 1 unit of a Choco Lava Cake is sold at Rs. 100-110 while I sold it for just Rs. 40. This strategy attracted customers as well as covered all the costs.
2. **Sales Volume:** My sales were generated because of the rush at the popular restaurant.
3. **Cost Control:** All my expenses were managed effectively and there were no unexpected costs since I had an experience with the making procedure of Choco Lava cakes.

This venture has provided me useful insights into financial management. I have learned the importance of:

1. **Accurate Costing:** Accurately forecasting all possible expenses is important for setting competitive prices.
2. **Pricing Flexibility:** It is important to be open to changing prices due to demand, competition, and costs of ingredients.
3. **Budgeting and Record Keeping:** Careful and systematic record keeping of all revenues and expenditures is indispensable for measuring profitability and allowing the identification of areas for improvement.

The entire experience has imparted quite useful financial knowledge that I will employ in my next business venture.

Takeaways, Reflection & Key Learning

The 250 Rupees Venture has proved to be an utterly beneficial learning curve and has far exceeded my initial expectations.

Major Takeaways

1. **Power of Planning:** Meticulous planning-from market research to allocation of resources and mitigation of risks proved crucial for the success of the venture and any business, for that matter.
2. **Resourcefulness and Creativity:** Operating with a limited budget required resourcefulness and creative problem-solving. I learned how to capitalize on the resources I had at my disposal efficiently, finding creative solutions to the problems faced.
3. **Interaction with Customers:** Direct engagement with customers led to greater insights into their preferences and feedback. This firsthand experience helped in understanding the customer's needs and tailoring my offerings to suit those needs.
4. **The Importance of Marketing:** I learned a lesson on effective marketing in order to reach potential customers. Social media emerged as a robust channel for marketing my venture and reaching its target audience.
5. **Value of Experience:** The venture gave me practical exposure to different aspects of a business-production, marketing, sales, and finance-that cannot be grasped through theoretical understanding.

Application of Course Concepts

The principles taught during Pavan Soni's course proved to be extremely useful nearly every step of the way in the venture starting from creative thinking, problem identification, problem-solving to identification of opportunities. The SCAMPER technique proved particularly useful in brainstorming innovative changes to products and their marketing. Other frameworks discussed in class, such as the Eisenhower Matrix and the 3-Component Model of Creativity, offered useful strategies for prioritizing tasks, managing our time, and maintaining a creative attitude.

Future Entrepreneurial Prospects

This particular experience inspired my entrepreneurship spirit, and I would like to explore more business endeavors with the lessons learned from this venture. I believe that the skills and knowledge acquired during this project, like resourceful thinking, problem-solving, and interaction with clients, will certainly be put to use in the course of my professional career. It gave me a sense of belief and confidence in my capacities regarding entrepreneurship and encouraged me to elevate and pursue my business ideas more vigorously.

Appendix





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