



Module 9: Growth and Expansion

Now that your café is running successfully, it's time to grow and expand profitably! In this module, we will cover:

📌 Step 1: When is the Right Time to Expand?

Before expanding, ask yourself these questions:

- ✓ Is my café consistently profitable? (At least 6+ months of stable profit)
- ✓ Do I have a strong brand & customer base? (Loyal customers & good word-of-mouth)
- ✓ Can I handle higher operational costs? (Rent, staff salaries, inventory, etc.)
- ✓ Do I have a reliable team? (A good manager to handle operations)

📌 If your answer is 'YES' to these, it's time to expand! 🚀



📌 Step 2: Choosing the Right Expansion Model

💡 There are 3 main ways to grow your café:

Open a Second Café (Self-Owned Expansion) 🏢

- ✓ Best for full control over brand & quality
- ✓ Requires higher investment (₹10-₹20 lakh per outlet)
- ✓ Profits are higher, but so is risk

💰 How to do it?

Find a high-footfall location (Use Module 1: Location Selection)

Use profits from your first café or get an investor loan

Hire a trained team and maintain same food quality



📌 Tip: Start with a smaller version (like a kiosk) before opening a full-fledged outlet!

Start a Franchise Model (Expand Without Investment) 🔥

- ✓ Best for fast expansion with low investment
- ✓ Franchisee invests ₹10-₹20 lakh per outlet
- ✓ You earn from franchise fees + royalty on sales

💰 How to do it?

- Build a strong brand identity (logo, menu, SOPs)
- Create a Franchise Kit (training, marketing, recipes)
- Charge an upfront franchise fee (₹3-₹10 lakh per outlet)
- Take monthly royalty (5%-10%) from franchisee's sales
- Provide ongoing support to franchisees



📌 Example: Chai Sutta Bar, and Haldiram's used franchising to scale!

Expand via Cloud Kitchens (Low-Cost Growth) 🍽️

- ✓ Best for increasing online sales without opening a new café
- ✓ No need for extra seating space – only delivery-based
- ✓ Can run multiple brands from one kitchen

💰 How to do it?

Launch separate online brands for items like pizza, burgers, or shakes

Register them on Zomato & Swiggy as different restaurant names

Run targeted online ads to increase orders

📌 Example: A single café can sell pizzas under "Pizza Hub" & shakes under "Shake World" from the same kitchen!



Step 3: Funding Your Growth

Expanding needs money! Here's how to get it:

Self-Funding (Profits Reinvestment)

- ✓ Best if your first café is already making good profits
- ✓ Slower, but less risky

Bank Loans (For Big Investments)

- ✓ Best for opening a new outlet or upgrading equipment
- ✓ Requires good financial records and a business plan

Loan Options:

SBI Mudra Loan (For small businesses)

ICICI & HDFC Business Loans

Angel Investors (For Fast Expansion)

- ✓ Best if you want big capital for multiple outlets
- ✓ Investors take some percentage of profits

📌 Where to Find Investors?

LinkedIn startup communities

Angel.co (Indian startup investors)



Government Schemes (For MSMEs)

- ✓ Startup India & MSME schemes provide low-interest loans
- 📌 Tip: Keep your accounting & financial reports clean to get funding easily!



📌 Step 4: Marketing Your Expansion 📢

💡 Strong marketing ensures your new outlets are successful!

Grand Opening Promotion 🎉

- ✓ Use hoardings, banners & flyers near the new café
- ✓ Offer grand opening discounts (e.g., 20% off for first 100 customers)
- ✓ Host a launch event (Live music, free samples)



Social Media Ads ➡📱

- ✓ Announce "New Outlet Opening Soon!" on Instagram & Facebook
- ✓ Use Instagram & Google Ads to target local customers
- ✓ Partner with food influencers for promotions



Referral & Loyalty Program

- ✓ Give customers a "Refer & Earn" discount
- ✓ Create a Loyalty Card – "Visit 5 times, get 1 meal free!"



📌 Best Café Marketing Tools:

Canva – For designing posters & ads

Meta Ads Manager – For running Instagram/Facebook ads Zomato & Swiggy Ads – For increasing online orders

📌 Step 5: Managing Multiple Cafés Efficiently

💡 Don't expand if you can't manage properly!

- ✓ Hire an experienced manager for each outlet
- ✓ Set Standard Operating Procedures (SOPs) for food quality & service
- ✓ Use POS & CRM software to track sales & customer feedback
- ✓ Conduct weekly audits & surprise visits to maintain quality
- ✓ Keep a profit & loss sheet for each outlet

📌 Best Café Management Tools:

Petpooja – POS & billing software

Posist – Cloud-based café management

Dunzo for Business – Local delivery solutions



🚀 Final Action Plan for Café Growth

- ✓ Choose your expansion model – 2nd outlet, franchise, or cloud kitchen
- ✓ Secure funding – Loans, investors, or franchise fees
- ✓ Create a marketing strategy for new locations
- ✓ Set up systems & SOPs to manage multiple cafés

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of [Date], by and between:
Franchisor: [Your Café Business Name], located at [Business Address], hereinafter referred to as
"Franchisor."

Franchisee: [Franchisee Name], located at [Franchisee Address], hereinafter referred to as "Franchisee."

1. Grant of Franchise

Franchisor grants Franchisee the right to operate a café under the brand name [Brand Name] at [Franchise Location]. Franchisee shall adhere to the operational and branding guidelines provided.

2. Franchise Fee & Royalty

Initial Franchise Fee: ₹[Amount] (One-time, non-refundable)

Royalty Fee: [Percentage]% of monthly gross sales (Paid on the [Date] of each month)

Marketing Fee: ₹[Amount] per month for brand promotions

3. Term & Renewal

Agreement Term: [5/10] years from the date of signing

Renewal Option: Available for an additional [5] years upon mutual agreement and a renewal fee of ₹
[Amount]

4. Training & Support

Franchisor will provide:

Initial training of [X] days covering operations, finance, and marketing.

Ongoing support in supplier negotiations, staff hiring, and marketing campaigns.

5. Brand & Quality Standards

Franchisee must use approved recipes, suppliers, and branding materials.

Regular quality audits will be conducted by the Franchisor.

6. Termination Clause

Franchisor reserves the right to terminate this agreement if:

Franchisee fails to meet financial obligations for [X] months.

There is a breach of operational guidelines affecting brand reputation.

7. Legal Compliance

Both parties agree to abide by all local food safety and business regulations. Disputes shall be resolved in [Jurisdiction City].

8. Signatures

Franchisor: _____

Franchisee: _____

Date: [DD/MM/YYYY]