

1.0 Executive Summary

1.1 Business Opportunity

Brendan and Margaret Elliott have entered into negotiations to purchase a café business, called Café Paradiso, because of its great location in the Mountain Glen Shopping Centre with the highest number of passing shoppers which is supported by a large and growing local population. There are a limited number of cafés within the centre and with both Brendan's and Margaret's experience with having successfully operated and owned a number of cafes in Australia and overseas they will be able to increase their market share from 35% to 40% in 12 months.

The competitive advantages of the business are:

- ! location
- ! quality of food and service
- ! knowledge and experience of the industry
- ! available financial resources

1.2 Product/Service Offering

The main activity of the company is the operation of the Café Paradiso. Business activities include purchasing, storing, preparing, selling and serving our products to our valued customers. We expect to serve over 6,000 customers ('dine in' and 'take away') per month.

The Café is open from 8:00am to 5:00pm Monday to Saturday and from 8:00am until midday on Sunday. The café comfortably seats 36 persons.

The mission of the business is to satisfy customers' needs and wants for high quality coffee, delicious nutritious meals and excellent service. Our main point of differentiation from other cafes and coffee shops in the Centre is that one of the business owners is an internationally trained chef who will be able to produce fresh, light and healthy meals each day as well as develop new menu items to meet the changing needs and tastes of people who care about what they eat. The high quality coffee will target staff and shoppers in the Shopping Centre who enjoy good coffee that simply offers good value for money at highly competitive prices

1.3 Marketing Plan

The objectives of the company are to:

- ! maintain market share through the change of ownership then grow market share to 40%, and
- ! generate a before tax net margin of 20%.

The business will achieve these objectives by:

- ! retaining two key staff members of Café Paradiso to maintain continuity of customer relationships during the changeover
- ! upgrading signage to be more visually appealing
- ! maintaining the existing price levels and controlling costs
- ! undertaking more aggressive marketing and promotion.

1.4 Management Team

Brendan and Margaret Elliott, owners of Seaview Pty Ltd are both experienced Café owners/managers having successfully operated a number of cafes in Australia and overseas. Brendan is a qualified chef and has previously worked for the Hilton and the Sofitel groups before owning his own café. Margaret has a degree in Business Management (Hospitality) and she too has worked for the Hilton group of companies and for the Rydges group.

Brendan and Margaret will work full-time in the business, retain two key staff from the previous owner to maintain the continuity of relationships with customers during the transition, and will employ an additional four staff. Two of those staff will work on a part-time basis.

1.5 Financial Plan

Our projected performance is summarised below:

Turnover: Year 1 \$536,650 Year 2 \$580,000

Gross margin \$378,690 (71%)

Net profit (before tax) of \$109,869 in the first year, growing to \$131,175 in the second year of operation.

The business is cash flow positive from the first month of operation

Break-Even is estimated at a monthly sales level of \$30,869

Return on Total Assets: 37.3%

Return on Equity: 51.2%

The purchase price of the business is \$170,000. Total start-up cost has been calculated at \$209,810 and is to be funded by way of a \$104,905 bank loan and equity injection of \$104,905 from Brendan and Margaret. It is proposed that the loan be paid back over a two year period from cash flow.