

UNIVERSITY OF NIGERIA NSUKKA

FACULTY OF ARTS

MASS COMMUNICATION

TOPIC:

BUSINESS PLAN

AN ASSIGNMENT

IN PARTIAL FULFILLMENT OF THE COURSE

CEDR 342 (BUSINESS GROWTH AND

DEVELOPMENT)

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LECTURER: DR. C. NWOGA

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1.1 Executive Summary

'It's Cheesy' Pizza Shop is a new player in the restaurant industry. The restaurant is in a comfortable, populated large city that has a strong need for quality and unique dining options. Supported by the need for more choices in family-oriented dining experiences, combined with the option for home-delivery, the restaurant is positioned to take advantage of the market need and serve the families in the Enugu State.

Enugu's population is a well populated city consisting of various families and large enterprises. It is 'It's Cheesy' Pizza shop's strategy to exploit the opportunity because there are few pizza shops in the city and establish itself as the preferred pizza provider to the residents in Enugu.

This business plan calls for an exciting, profitable start-up year ahead with future forecasted growth as we meet the demands of the city. In all, this plan describes a healthy company with good growth prospects, looking to manage its orderly growth in the near future.

2.0 Introduction

It's Cheesy is a privately-owned pizza restaurant offering a product menu that does not currently exist in the area and first to offer home delivery. Our customers are many of the young families and students in the area.

2.1 Mission

It's Cheesy creates a friendly and pleasant atmosphere for customers in a well-designed, and productive environment in which people can work happily. We are sensitive to the look and taste of good pizza as well as to high-quality ingredients. We look to provide the best possible value to our customers who desire great tasting pizza and to provide customers with the satisfaction of receiving a great value, both tangibly and intangibly.

Our customers are our priority as we are servants obliged to serve our market. We will also create and nurture a healthy, creative, respectful, and fun working environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the product we produce. We seek fair and responsible profit, enough to keep the company financially healthy for the long term and to fairly compensate owners and investors for their investment and risk.

2.2 Vision

To become the most outstanding pizza restaurant with excellent services in the South

East of Nigeria, particularly Enugu.

2.3 Ownership and Legal Status

It's Cheesy will be established as a limited liability company (LLC) with Ugwu Chiwetalu Roselinda as the sole proprietor of the business. It will own its trade mark and copyright.

2.4 Location

The pizza restaurant will be located at No 6 Manuwa Street Gra, Enugu. A very good and open place to be easily located and close to shop rite which is usually filled with customers. I hope to use the location as a strategy to attract customers to come check out our restaurant.

2.5 Milestones

The following table lists important program milestones, with dates and managers in charge, and budgets for each. The milestone schedule indicates our emphasis on planning for implementation.

2.6 Production and Services

It's Cheesy offers high quality pizza to a large and populated city that currently has few competitions in the city. At start up we will be open for dinner 4 p.m. to 10 p.m. Sunday - Thursday and 3 p.m. to 11 p.m. Friday and Saturday. We will consider opening earlier and serving lunch if there is a demand, and if forecast and financial analysis can justify the increased costs.

It's Cheesy offers a wide menu selection to appeal to many different customer preferences. As more people are beginning to eat healthy, whole wheat options are available for pizza crusts and breadsticks. Additionally, It's Cheesy is the only restaurant that provides vegan options to customers. Multiple flavored crust options (cheese, garlic, etc.) along with an array of pizza toppings.

2.7 Production Plan

It's Cheesy provides premium pizza with fast, free delivery in Enugu. It's Cheesy specializes in making superior pizzas, with proven recipes that have successfully launched pizzerias in other parts of the country. The restaurant combines hand-tossed dough, along with a secret sauce, that entices customers to return. Menu items are priced marginally lower than other pizzerias in Enugu. We allow free delivery, as well as additional menu options, such as whole-wheat dough to draw customers away from our competitors to us. Finally, expanded operating hours and allow customers multiple dining options.

2.8 Business Strategy

There are already existing competitors in the city that make good pizza. The plan is to first adopt the best methods and recipe for making our pizza and making it cheaper than our competitors so that the target market will get a chance at trying out our pizza. And when we have had enough time to captivate our customers with our sensational pizza, we will gradually increase the price to an available amount by all, so that our customers will still afford it instead of losing them.

2.9 Keys to Success

The keys to success in this business are:

- Delivering the customer value proposition.
- Marketing: promoting a new company, product, and delivery channels to a rural community.
- Product quality and consistency.
- Pricing effectively with respect to the project quality and customer value proposition.
- Family-oriented atmosphere with occasional nights of family entertainment.
- Management: products delivered on time, costs controlled, marketing budgets managed. There is a temptation to fixate on growth at the expense of profits.
- Reporting and controls in place for inventory and financials.

Objectives

The objectives for 'It's Cheesy' Pizza Shop are:

- To establish the market presence needed to support marketing and sales goals and to attract customers.
- To reach healthy monthly sales by the end of the year, and average monthly sales increasing modestly by steadily through Year 3.
- To achieve double digit profit margins.
- To develop top-rated relationships with 2-4 well-respected, all encompassing distributors.

3.0 Target Market: Nature and Size

Our primary target market is people who desire a comfortable, exquisite environment for dine-in pizza. Our secondary target market also desires a delivery service for pizza, or a take-out approach. There is overlap of these segments. Our market are Enugu residents, temporary residents and visitors.

Enugu has a nearly 1,000,000 residents. A majority of these residents are extended families and the city continues to grow as people relocate there. 75% of the population are youths and young children who enjoy pizza and 25% of parents do while the rest have never tried pizza. With the existing population and it's growth in the city, the company will sell predominantly to individuals, but it will also accept some catering jobs to individual parties, schools, and company functions in Enugu.

3.1 Market Segmentation

Those residents of neighboring communities of Enugu, such as Nsukka and Udi are included in the Market Segmentation. Only the residents of Enugu are included in the delivery, as delivery radius is limited to only within the city of Deauville. An estimated 85% of Enugu residents live within the city.

3.2 Key Competitors

There is an average competition for pizza in Enugu. There are few pizza eateries in the city. And they all offer delivery services. Additionally, would be the only cheap

and affordable, exquisite in creativity and taste and non-smoking restaurant in Enugu.

3.3 Service Delivery

For the start up, we deliver pizzas within Enugu vicinity with free delivery service. This is a strategy to attract customers to come patronize us especially when the market are drawn to cheaper things. While the pizza is cheaper than our competitors own, we also plan to make free deliveries.

3.4 Quality Assurance

Apart from reducing the price as an attractive strategy, It's Cheesy will have a wide menu for different customers taste including vegans. Premium and delicious pizzas will be made. We ensure to offer the best quality pizza in town in regards to taste in order to attract customers.

3.5 Market ANALYSIS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Potential growth of customers					
Dine in or take out	13860	14830	15868	16979	18168
Delivery	5000	5350	5720	6120	6550
Total	18860	20180	21590	21050	247230

3.6 Development

It's Cheesy plans to open another location in Nsukka which will serve as a convenient place to eat pizza for Nsukka residents. This location will act as an extension of our company. As customer's preferences are further defined, menu items will be added to expand the target market. Additional locations in other towns along the coastline may also be considered.

3.7 Competitive Edge

Our competitive edge is to be first-to-the-market with pizza in a friendly, non-smoking, family-oriented dine-in experience, and free pizza delivery with low food prices.

Additionally, the location It's Cheesy is crucial as a convenience model to customers. Enugu residents frequently go to shop rite which seems like a main spot to chill and enjoy themselves, so therefore our restaurant will be located near it for easy access and location. This location is directly opposite Magnet Nursery and Primary School. And in front of it is IMT bus stop, within the area is Enugu College of Education, Parklane Hospital, Polo Park Mall and other small shops and food eateries.

4.0 Target Market Segment Strategy

Our target market are mostly Enugu residents and visitors who want a good pizza restaurant to hang out with their families and friends. Our wide menu covers all areas of customers preferences. We have the ones with extra cheese, extra chicken, pepperoni pizza and so much more including pizza for vegans. And they come in different size, small size and family size that is the extra large one.

4.1 Marketing and Promotion Strategy

To drive customers to It's Cheesy, we will employ several techniques outlined below. Advertising on different Billboard posts in Enugu, radio and television like Radio Nigeria, Dream FM, NTA. NTA will be used to promote the Grand Opening of It's Cheesy Pizza Shop. As part of the advertising, a free coupon will be available to customers. Intermittent newspaper advertisements will continue throughout the year to promote upcoming events. Additional marketing efforts will come in the form of incentives like buy one pizza, get two free sodas for future purchases.

Additionally, family-oriented events will be hosted by It's Cheesy to attract customers such as trivia nights, birthday parties, and prize giveaways. Frequent buyer cards will be employed to entice repeat customers. It's Cheesy Pizza shop will also sponsor a League baseball competition, a swimming competition and a Table Tennis

ball competition for secondary schools to publicize the restaurant within the city events.

4.2 Sales Strategy

Given the target market of residents particularly youths and families, It's Cheesy can charge a cheaper price for its menu items. As different holidays come, sales will increase significantly. We have estimated that of more than 200,000 full time households, 50% will make at least one order per month, which equals 100- 50 pizzas per day for a start up. During the holiday season we expect at least 500 orders per day. This equates to 200,000 pizzas per year, and gross revenues of N2,000,000 or more.

For the next year, we continue to focus on a growing presence in the city and advertising heavily throughout the city. As a easily accessible location, we will focus our attention on becoming the recognized provider of pizza to that establishment.

4.3 Strategic Alliances

It's Cheesy has formed alliances with area resorts and hotels to allow marketing and advertising of our menu to guests and tourists. Partnerships with fresh ingredient suppliers are also being negotiated.

4.4 Swot Analysis

Strengths: fast, free delivery; unique recipes and secret sauce; first mover advantage; healthy menu options; low overhead and fixed expenses; prime location; management team
Weaknesses: higher variable costs for ingredients due to better quality; competing pizzeria already operating; one person management team

Opportunities: residents want affordable food prices; motorcycles for additional delivery method; capture delivery market with faster and free delivery services.

Threats: new pizzeria entering market; existing competition offering fast delivery too.

5.0 Management Summary

5.1 Organizational Chart

The company will follow a typical hierarchical structure with the management team discussed below as the co-owner, who will be responsible for all operations and management duties early on. Additional staff will be needed for pizza preparation, delivery, security and wait staff. Once the company has expanded operations, a general manager will be hired to take the duties of the owner.

5.2 Management Team

The initial management team will consist of only one sole owner: Ugwu Chiwetalu is currently the Chief Executive Officer of the company. She has a degree in Mass Communication and have had enough experiences with cooking and baking since she was little. To be assisted in her work, she will employ her brother to handle legal issues and make awareness for job employment for the company. As time goes on, board of directors will be appointed and stakeholders will be seeking to invest in the business.

5.3 Personnel Needs

It is estimated that a staff of 20 will be needed to maintain operation. The personnel table assumes a level need of employees, and 5% per annum pay raises. Staffing for a 7-day a week restaurant necessitates two shifts. In addition to the hours open for serving we anticipate an additional hour before opening for prep and as much as an hour after closing for cleanup.

The two kitchen lead positions are full time. The kitchen leads will serve as the shift leaders of the kitchen and wait staff. There will be one dedicated dishwashing position per shift. Wages for kitchen, wait staff, dishwashers, delivery drivers, cleaners and security, who are not all full time, with opportunities for all to share the combined earn tips. It is imperative the people serving as the kitchen lead are over 21 and can legally serve alcohol.

5.4 Board Members & Advisors

It's Cheesy's advisory team consists of a certified public accountant, who takes care

of all tax accounting requirements, as well as a corporate attorney that is held on retainer in case any legal needs arise.

5.5 Norms And Values

The most important one is that the customers are always right and should always be treated nicely and should be respected.

6.0 Web Plan Summary

It's Cheesy Pizza website will be the virtual business card and portfolio for the company, as well as its online "home." It will showcase the history, product information, and offers for It's Cheesy. Special online-only offers will be made available on the website, along with customer's opportunity to sign-up for email news and offers.

It's Cheesy Pizza website needs to be a simple yet classy and well designed website that, at the same time, is in keeping with the latest trends in user interface design. Customers will be coming to the site for product information, history, and offers. Future elements of the site can contain online ordering, if customers express an interest in this functionality.

6.1 Website Marketing Strategy

Our Internet marketing activities will be focused on product information and offers. Future opportunities exist in offering online ordering.

6.2 Development Requirements

It's Cheesy Pizza website will be initially developed with few technical resources. A simple hosting provider, Yahoo! Web services, will host the site and provide the technical back end. The owner's expertise in professional Web development will lead this effort. The user interface designer will work with a graphic artist to come up with the website logo, and the website graphics.

The maintenance of the site will be done by the owner. If the website rolls out future development such as newsletters and online ordering, the internal staff at It's Cheesy Pizza shop will design, implement, and execute the technology.

7.1 Legal and Environmental issues

Mentioned earlier, it is a private enterprise, registered, a limited liability company. Our environment is friendly because it is located in an urban area, although later on we plan to expand to urban-rural area in Nsukka. We comply with the environmental laws and requirements etc.

7.2 Social and Regulatory Issues

We keep to the rules of the regulatory authorities and we will ensure to pay our taxes in order to avoid problems. And as our social responsibility to the city, we provide job employment for the youths who have a degree and experience to work. We also have job employment for those who do not have a degree to work as cleaners, drivers and security.

8.1 Sales Forecast

Our sales forecast assumes a modest change in annual costs to accommodate new entry into the market.

We are expecting to increase sales modestly but steadily over the next year, which is a respectable growth rate. We are not projecting significant change in the product line, or in the proportion between different lines.

Based on industry averages and the presence of competition for pizza in Enugu, we are predicting an average of 25 pizzas sold each week night (Sunday - Wednesday). On the weekends (Thursday - Saturday), we are estimating 40 pizzas are sold each day. Of those pizzas ordered, we are expecting approximately 1/3 to be dine-in customers. Those customers dining in will most likely order drinks and/or beer (on average 4 for each family). Additionally, we are estimating that approximately one-third of the pizza orders will be accompanied by an order for breadsticks. Our

estimated average prices for each item are as follows:

Pizza: N2,500

Breadsticks: N500

Chips: N500

Drinks: N200- N300

S a l e s	Y e a r 1	Y e a r 2	Y e a r 3
P i z z a	N 1 3 3 , 9 0 0	N 1 4 3 , 8 0 0	N 1 5 3 , 8 7 5
B r e a d s t i c k s	N 1 8 , 6 7 0	N 1 9 , 9 7 0	N 2 1 , 3 7 0
C h i p s	N 3 7 , 3 3 0	N 3 9 , 9 5 0	N 4 2 , 7 4 0
D r i n k s	N 5 0 , 7 7 0	N 5 4 , 3 3 0	N 5 8 , 1 3 0
T o t a l S a l e s	N 2 4 0 , 6 7 0	N 2 5 7 , 4 5 0	N 2 7 6 , 1 1 5

Direct Cost of Sales	Y e a r 1	Y e a r 2	Y e a r 3
P i z z a	N 4 2 , 8 5 0	N 4 4 , 9 9 0	N 4 7 , 2 4 0
B r e a d s t i c k s	N 3 , 7 3 0	N 3 , 9 2 0	N 4 , 1 2 0
C h i p s	N 7 , 4 7 0	N 7 , 8 5 0	N 8 , 2 3 0
D r i n k s	N 2 , 5 4 0	N 2 , 6 6 0	N 2 , 8 0 0
Subtotal direct cost of sales	N 5 6 , 5 9 0	N 5 9 , 4 2 0	N

MILESTONES

Milestone	Start Date	End Date	B u d g e t	M a n a g e r
Business plan	20/06/2017	01/07/2017	N 0 . 0 0	Ugwu Chiwetalu
Secure Start-up funding	02/07/2017	03/07/2017	N 0 . 0 0	Ugwu Chiwetalu
Site selection	04/08/2017	04/08/2017	N 0 . 0 0	Ugwu Chiwetalu
Architect design/ redesign	04/04/2017	10/04/2017	N 7 5 , 0 0 0	Ugwu Chiwetalu
Technology design	15/06/2017	20/06/2017	N 7 5 0 , 0 0 0	Ugwu Chiwetalu
Personnel plan	18/06/2017	18/06/2017	N 0 . 0 0	Ugwu Chiwetalu
Accounting Plan	15/06/2017	17/06/2017	N 6 0 , 0 0 0	Ugwu Chiwetalu
Renovation	01/05/2017	28/06/2017	N1,170,000	Ugwu Chiwetalu
Equipment Installation			N 3 0 0 , 0 0 0	Ugwu Chiwetalu
Marketing Plans	01/07/2017	05/07/2017	N 3 7 5 , 0 0 0	Ugwu Chiwetalu
Grand Opening	04/07/2017	09/07/2017	N 3 7 5 , 0 0 0	Ugwu Chiwetalu
T o t a l			N3,105,000	

PERSONNEL PLAN

	Per month in Year 1	Per month in Year 2	Per month in Year 3
Kitchen leads	N 2 8 , 0 0 0	N 2 9 , 0 0 0	N 3 0 , 0 0 0

Cooks/ Dishwashers	N 3 0 , 0 0 0	N 3 5 , 0 0 0	N 4 0 , 0 0 0
W a i t e r s	N 2 0 , 0 0 0	N 2 2 , 0 0 0	N 2 5 , 0 0 0
S e c u r i t y	N 2 0 , 0 0 0	N 2 5 , 0 0 0	N 3 0 , 0 0 0
C l e a n e r s	N 1 5 , 0 0 0	N 1 5 , 0 0 0	N 2 0 , 0 0 0
O w n e r	N 9 , 0 0 0	N 1 0 , 0 0 0	N 1 1 , 0 0 0
D e l i v e r y	N 1 5 , 0 0 0	N 1 6 , 0 0 0	N 1 7 , 0 0 0
Total pay roll	N 1 3 7 , 0 0 0	N 1 5 2 , 0 0 0	N 1 7 3 , 0 0 0

8.2 Break-even Analysis

Our break-even analysis is based on running costs, the "burn-rate" costs we incur to keep the business running, not on theoretical fixed costs that would be relevant only if we were closing. The essential insight here is that our sales level seems to be running comfortably above break-even.

BREAK-EVEN ANALYSIS

Monthly Revenue Break-even : N2,442,000

Assumptions:

Average Percent Variable Cost 24%

Estimated Monthly Fixed Cost N1,867,500.

8.3 Projected Profit and Loss

We expect to be profitable in the first year, with profits increasing over the next two years, as we establish a loyal customer base.

PRO FORMA PROFIT AND LOSS

	YEAR 1	YEAR 2	YEAR 3
Sales	240670	258055	276120
Direct cost of sales	56580	59420	62380
Other cost of goods	0	0	0
Total cost of sales	56580	59420	62380
Gross margin	184087	198639	213733
Gross margin %	76.49%	76.98%	71.41%
Expenses			
Pay roll	105720	111006	116556

Sales and marketing and other expenses	7250	7250	7500
Depreciation	2040	1836	1652
Rent	14400	14400	14400
Utilities	7200	7200	7200
Insurance	4200	4500	4800
Pay roll taxes	8042	8444	8866
Website hosting and maintenance	600	50	50
Other	0	0	0
Total operating expenses	149452	154686	161024
Profit before interest and taxes	34630	43950	52709
EBITDA	36675	45790	54360
Interest expense	1088	700	225
Taxes incurred	10060	12970	15745
Net profit	23480	30270	36730
Net profit/sales	9.76%	11.73%	13.31%

8.4 projected cash flow

The following table is the projected cash flow for three years.

	YEAR 1	YEAR 2	YEAR 3
Cash received			
Cash from operations			
Cash sales	240673	2580055	276120
Sub total cash from operations	240673	2580055	276120
Additional cash received			
Sales taxes, vat received	0	0	0
New current borrowing	0	0	0
New other liabilities	0	0	0
New long term liabilities	0	0	0
Sales of long term asset	0	0	0
New investment received	0	0	0
Sub total cash received	240673	2580055	276120
Expenditures	Year 1	Year 2	Year 3
Expenditures from operation			
Cash spending	105720	111006	116556
Bill payment	105383	114835	120750

Sub total spent on operations	211103	225841	237306
Additional cash spent	0	0	0
Long term liabilities	6000	10000	9000
Principles repayment	`		
Sub total cash spent	217103	235841	246306
Net cash flow	23570	22214	29813
Cash balance	46670	68884	98698

8.5 Projected Balance Sheet

As shown in the balance sheet in the following table, we expect a healthy growth in net worth. The monthly projections are in the appendices.

PRO FORMA BALANCE SHEET

	YEAR 1	YEAR 2	YEAR 3
Asserts			
Current asserts			
Cash	46670	68884	98698
Inventory	1720	1806	1896
Other current asserts	5250	5250	5250
Total current asserts	53640	75940	105844
Long term asserts	20300	20300	20300
Accumulated depreciation	2040	3876	5528
Total long term asserts	18260	16424	14772
Total asserts	71900	92364	120161
Liabilities and capital	YEAR 1	YEAR 2	YEAR 3
Account payable	9267	9454	9967
Current borrowing	0	0	0
Sub total current liabilities	9267	9454	9967
Long term liabilities	19000	9000	0
Total liabilities	28267	18454	9967
Paid in capital	46000	46000	46000
Retained earnings	25850	2367	27911
Earnings	23483	30278	36739
Total capital	43633	73911	110649
Total liabilities and capital	71900	92364	120616
Net worth	43633	73911	110649

8.6 Business Ratios

Standard business ratios are included in the following table. Industry profile ratios are shown for comparison, and are based on Standard Industrial Classification (SIC) code 5812.0600, Pizza Restaurants. The ratios show a plan for balanced, healthy growth. Our return on sales and return on assets remain strong in percentage terms.

RATIO ANALYSIS

	YEAR 1	YEAR 2	YEAR 3	INDUSTRY PROFILE
Sales growth	0.00%	7.22%	7.00%	5.24%
Percent of total asserts				
Inventory	2.39%	1.96%	1.67%	3.54%
Other current asserts	7.30%	5.68%	4.35%	34.82%
Total current asserts	74.60%	82.22%	87.75%	43.85%
Long term asserts	25.40%	17.78%	12.25%	56.15%
Total asserts	100%	100%	100%	100%
Current liabilities	12.89%	10.24%	8.26%	2080%
Long term liabilities	26.43%	9.74%	0.00%	28.42%
Total liabilities	39.31%	19.98%	8.26%	49.22%
Net worth	60.69%	80.02%	91.74%	50.78%
Sales	100%	100%	100%	100%
Gross margin	76.49%	76.98%	77.41%	61.18%
Selling general and administrative expenses	39.83%	39.27%	38.77%	38.56%
Advertising expenses	0.00%	0.00%	0.00%	0.00%
Profit before interest and taxes	14.39%	17.03%	19.09%	1.44%
Main ratios				
Current quick	5.60	7.84	10.43	0.67
Total debt to total asserts	39.31%	19.98%	8.28%	52.80%
Pre taxes return on net worth	76.88%	58.52%	47.43%	2.77%
Pre taxes return on asserts	46.66%	46.83%	43.51%	5.8%
Additional ratios	Year 1	Year 2	Year3	
Net profit margin	9.76%	11.73%	13.31%	NA
Return on equity	53.82%	40.27%	33.20%	NA

Activity ratios				
Inventory turn over	31.29	33.70	33.70	NA
Account payable turnover	11.35	12.17	12.17	NA
Payment days	30	30	29	NA
Total asserts turnover	3.35	2.79	2.9	NA
Asserts to sales	0.36	0.36	0.44	NA
Current debt/ total asserts	13%	10%	8%	NA
Acid text	5.60	7.84	10.43	NA
Sales/net worth	5.52	3.49	2.50	NA
Dividend payout	0.00	0.00	0.00	NA

9.0 Other Considerations and Conclusion

Economic Justification

From the view point of our study and analysis of the findings made, the project offers good benefits to the promoter and the economy. Wealth will be created even as jobs are also created. These are consistent with the Federal and States Government Policy on entrepreneurship, wealth and job creation.

Commercial Viability

The commercial viability of the project is very clear. The project has been found to be commercially viable, having shown through projections, an impressive sales, profits and cash flow positions.

Conclusion

Therefore, the project is highly recommended both finding and implementation.