



# MORNING BEAN COFFEE

## Coffee Shop Business Plan



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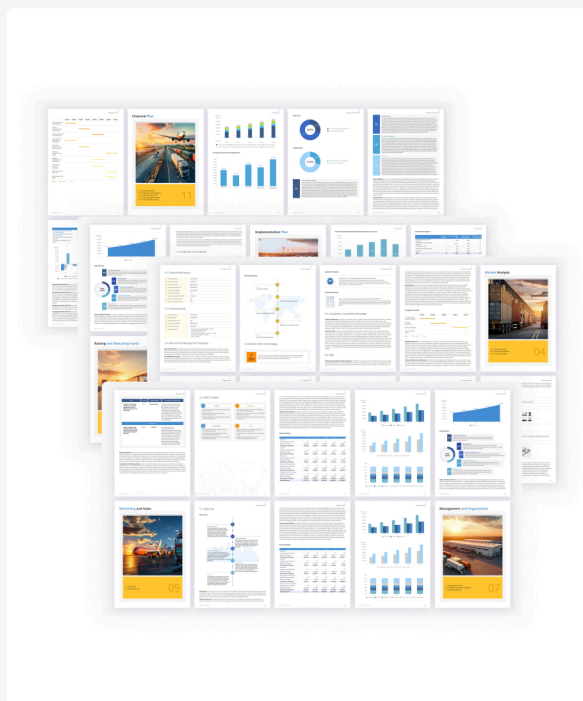
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# Executive Summary



- 1.1. Goals and Objectives
- 1.2. Company Description
- 1.3. Products or Services
- 1.4. Market and Customers
- 1.5. Financing Needs

01

## 1.1. Goals and Objectives

**Description of the Project.** The project involves opening a 30-seat coffee shop in a high-traffic Dallas neighborhood. The investment will cover renting and renovating a compact space, purchasing essential coffee-making equipment, hiring a small team of baristas, and launching local marketing. With efficient operations, modest overhead, and consistent local demand, the shop aims to reach break-even within 12–15 months and establish itself as a reliable daily stop for the community.

**Strategy for Project Success.** To achieve success in this project, we will focus on delivering exceptional quality and customer service. Our strategy includes establishing a strong brand presence through targeted local marketing efforts, engaging with the community via events and promotions, and fostering a loyal customer base. We will streamline operations to ensure quick service, maintain affordability, and regularly seek customer feedback to adapt our offerings. By hiring skilled baristas and promoting a cozy atmosphere, we aim to create a welcoming environment that encourages repeat visits, ultimately driving profitability and growth.

## 1.2. Company Description

**Name.** Morning Bean Coffee

**Date of Registration.** 08.24.2025

**Operating Industry.** Cafeterias, Grill Buffets, and Buffets

**Address.** Dallas, Texas, USA

**Company Mission.** The mission of Morning Bean Coffee is to create a welcoming space where the community can enjoy high-quality coffee and light meals.

## 1.3. Products or Services

**Main Products/Services Offered.** Morning Bean Coffee offers freshly brewed coffee, expertly crafted espresso drinks, and a selection of pastries and sandwiches, all tailored for the local community. Our unique features include a streamlined menu that prioritizes quality and speed, ensuring customers receive their orders promptly. We meet the needs of busy residents, office workers, and students seeking a cozy spot for their daily caffeine fix. Our commitment to affordable pricing and friendly service distinguishes us from competitors, creating a welcoming environment that fosters community engagement and loyalty.

**Product/Service Development Plans.** Morning Bean Coffee plans to expand its product offerings by introducing seasonal specialty beverages and a selection of locally sourced pastries to enhance the customer experience. We will explore partnerships with local bakeries to create unique menu items that reflect community tastes.

## 1.4. Market and Customers





**Target Market and Consumption.** The target market for Morning Bean Coffee includes local residents, office workers, and students in a high-traffic Dallas neighborhood. This segment is approximately 25,000 individuals, with an annual consumption value of around \$1.5 million in coffee and related products. Key customer segments

include young professionals seeking quality and convenience, students looking for affordable options, and families desiring a cozy space. Preferences include quick service, a comfortable atmosphere, and high-quality beverages. The coffee market in Dallas is projected to grow by 5% annually, driven by increasing demand for specialty coffee and community-focused establishments.

**Sales Channels.** Morning Bean Coffee will utilize various sales channels to maximize reach and customer engagement. Online, we will leverage a user-friendly website for direct orders, along with social media platforms like Instagram and Facebook for promotions and community interaction. Offline, the coffee shop will serve walk-in customers, catering to local residents and office workers in a high-traffic area. Hybrid channels include pop-up events and collaborations with local businesses to engage customers. Partnerships with local delivery services will extend our reach, aiming for 25% of sales from online orders within the first year.

**Main Competitors.** In the Dallas coffee shop market, key competitors include Dunkin' and local chains like La La Land Kind Cafe. Competitors offer diverse menus, loyalty programs, and extensive marketing. Dunkin' focuses on speed and affordability. Local cafes, like La La Land Kind Cafe, emphasize unique atmospheres and community engagement, appealing to customers seeking local flavors and personalized service.

## 1.5. Financing Needs

 Total Project Cost	\$200,000
 Funding Needs	\$100,000
 Funding by Own Funds	50%
 Funding Directions	<ul style="list-style-type: none"> <li>• Research and Development (R&amp;D) - 2.50%</li> <li>• Marketing and Sales - 10.00%</li> <li>• Working Capital - 25.00%</li> <li>• Construction of Buildings and Facilities - 27.50%</li> <li>• Purchase of Equipment - 30.00%</li> <li>• Other - 5.00%</li> </ul>

# Company and Project











- 2.1. General Company Information
- 2.2. About the Project
- 2.3. Implementation Plan
- 2.4. SWOT Analysis

02

## 2.1. General Company Information

**Company Brief.** Morning Bean Coffee is a small neighborhood coffee shop, focused on serving freshly brewed coffee, espresso-based drinks, and a limited selection of pastries and sandwiches. The shop emphasizes fast service, affordable pricing, and a cozy atmosphere for nearby residents, office workers, and students. Core features include a simple menu with high-quality coffee, takeout options, and friendly customer service.

 <b>Name</b>	Morning Bean Coffee
 <b>Legal Structure</b>	Limited Liability Company
 <b>Operating Industry</b>	Cafeterias, Grill Buffets, and Buffets
 <b>Number of Employees</b>	20
 <b>Business Location</b>	Dallas, Texas, USA
 <b>Registration Date</b>	08.24.2025
 <b>E-Mail</b>	info@aMorning-Bean-Coffee.com
 <b>Website</b>	Morning-Bean-Coffee.com

## 2.2. About the Project

**Description of the Project.** The project involves opening a 30-seat coffee shop in a high-traffic Dallas neighborhood. The investment will cover renting and renovating a compact space, purchasing essential coffee-making equipment, hiring a small team of baristas, and launching local marketing. With efficient operations, modest overhead, and consistent local demand, the shop aims to reach break-even within 12–15 months and establish itself as a reliable daily stop for the community.

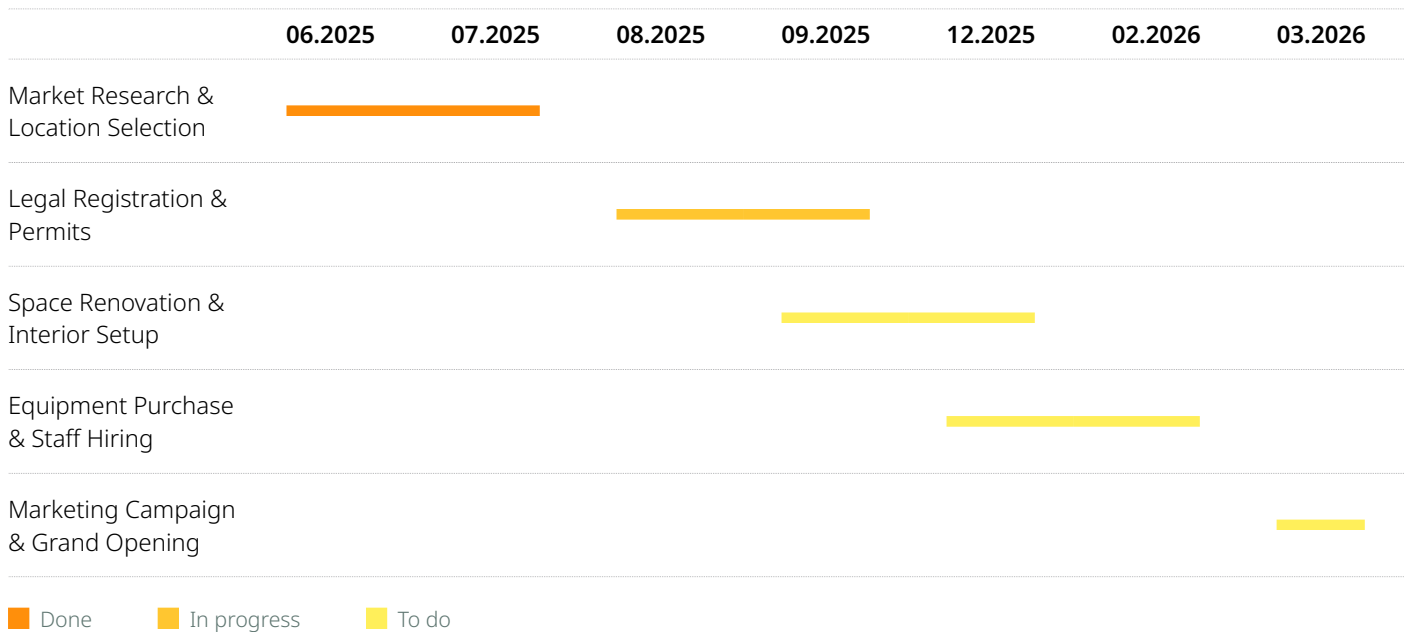
## Main Goals and Objectives

Goal	Priority	Scheduled date	Mechanism of achievement
<b>Long-term</b>			
<b>Increase customer base by 30% in the first year through strategic marketing initiatives.</b>	Medium	<b>December 2026</b>	Implement targeted marketing campaigns utilizing social media, local print advertising, and community events. Collaborate with local businesses for cross-promotions, including discounts and loyalty programs. Utilize customer referral programs and engage with online reviews to attract new patrons. Monitor and analyze customer data to optimize marketing strategies and ensure effective outreach.
<b>Short-term</b>			
<b>Establish Morning Bean Coffee as a community favorite through quality offerings and atmosphere.</b>	High	<b>March 2026</b>	Design an inviting environment with comfortable seating and community-themed decor. Serve a diverse yet simple menu of high-quality coffee drinks, pastries, and sandwiches that appeal to local tastes. Foster a sense of belonging by hosting community events and promoting local art, which will enhance customer engagement and loyalty, making it a preferred neighborhood coffee spot.
<b>Achieve a customer satisfaction rate of 90% or higher by enhancing service quality and product offerings.</b>	High	<b>August 2026</b>	Develop comprehensive training programs for staff focused on customer service excellence and product knowledge. Regularly assess customer satisfaction through feedback surveys and adapt offerings based on insights gathered. Introduce a rewards program for loyal customers to enhance retention.

**Problem Definition.** In the Dallas coffee shop market, a significant need exists for a locally-focused coffee experience that emphasizes community engagement and quality. While major competitors dominate, they often lack the personalized service and unique atmosphere that local consumers crave. Industry challenges include rising operational costs and increasing competition.

**Contribution to Problem Solving.** Morning Bean Coffee addresses the growing demand for quality coffee experiences in urban settings, with 64% of Americans aged 18-29 visiting coffee shops weekly. By opening a 30-seat shop in a high-traffic Dallas neighborhood, we meet the need for community spaces that offer quality service.

## 2.3. Implementation Plan



## 2.4. SWOT Analysis



### Strengths

- High-quality coffee and fast service
- Affordable pricing catering to local community
- Cozy atmosphere promoting customer loyalty



### Weaknesses

- Limited marketing budget compared to larger competitors
- Small team may lead to service delays during peak hours
- Narrow product range compared to larger chains



### Opportunities

- Increasing demand for local and community-focused businesses
- Potential to expand menu with seasonal offerings
- Growing trend of remote work boosting coffee shop visits



### Threats

- Intense competition from established coffee chains
- Economic downturn affecting consumer spending
- Regulatory changes impacting small business operations

# Market Analysis



- 3.1. Market Overview
- 3.2. Competitive Analysis
- 3.3. Consumer Needs

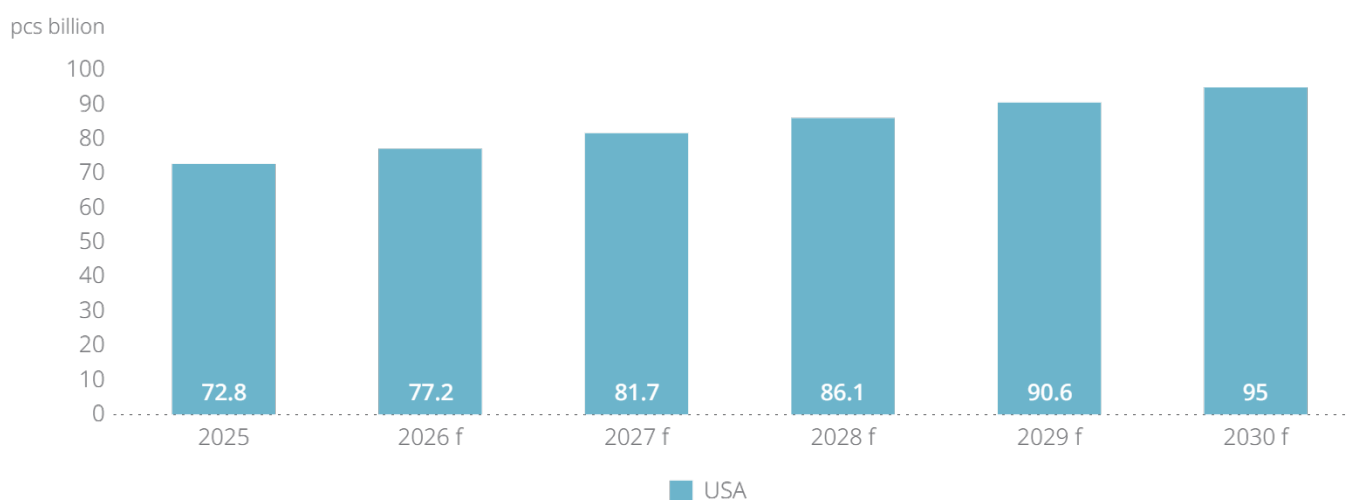
03

## 3.1. Market Overview

**Consumption Analysis.** Morning Bean Coffee operates in a highly competitive coffee shop market in Dallas, Texas. Current market consumption for coffee shops in the area stands at approximately 1.2 billion dollars, with an annual growth rate of 5.4%. This growth is driven by increasing consumer demand for specialty coffee and a rising trend towards artisanal beverages. The forecast for the next five years shows a sustained increase, with projections estimating a market value of 1.6 billion dollars by 2028. Key consumption trends indicate a shift towards convenience, with takeout orders accounting for over 60% of sales in local coffee shops. The rise of remote work has further fueled this trend, as more customers seek quick, quality coffee options during their busy days. Furthermore, the popularity of plant-based and healthier snack options is reshaping menus, leading to a 10% increase in sales of pastries and sandwiches that cater to this demand.

### Consumption Forecast

#### US coffee shop market



Source: Market Research Agency

**Sales Strategy.** In the competitive Dallas coffee shop market, players primarily utilize a mix of online and offline sales channels to reach their customers effectively. Online sales channels include user-friendly websites enabling direct orders and social media platforms, where businesses engage with local communities, showcase their offerings, and run promotional campaigns. According to recent statistics, about 30% of coffee shop revenues in urban areas come from online orders, reflecting a growing trend. Offline, traditional walk-in sales dominate, particularly in high-traffic neighborhoods, catering to local residents and office workers. Estimates suggest that around 70% of coffee shop sales in such areas occur through in-store purchases. Hybrid channels are emerging, with pop-up events and collaborations with local businesses enhancing brand visibility and customer engagement. Partnerships with delivery services are also crucial, with market players reporting that approximately 25% of their sales come from these online delivery channels. This multi-faceted approach fosters customer loyalty and ensures consistent revenue growth in a competitive landscape.

## Trend Analysis

01

### Rise of Specialty Coffee Shops Catering to Local Communities

The coffee industry is witnessing a surge in specialty coffee shops that prioritize local sourcing and community engagement. Consumers are increasingly drawn to establishments that not only serve quality beverages but also foster a sense of belonging. This trend is propelled by the desire for unique coffee experiences, supporting local businesses, and the growing popularity of artisan and organic products.

02

### Increased Demand for Sustainable and Ethical Coffee Sourcing

With growing awareness around environmental issues, consumers are more inclined towards coffee shops that prioritize sustainability. This includes sourcing beans from certified fair-trade farms and using eco-friendly packaging. As a result, businesses are adapting their practices to meet these expectations, emphasizing transparency in their supply chains and actively promoting their sustainability initiatives to attract conscientious consumers.

03

### Integration of Technology in Coffee Shop Operations and Customer Experience

The integration of technology in coffee shops is transforming customer interactions and operational efficiency. From mobile ordering apps to contactless payments and loyalty programs, technology is enhancing convenience and personalization. This trend reflects consumers' expectations for seamless service and is driving coffee shops to invest in tech solutions that improve customer satisfaction and streamline management processes.

04

### Shift Towards Health-Conscious Beverage Options

Health and wellness trends are influencing coffee shop menus, with more consumers seeking low-calorie, plant-based, and functional beverages. Coffee shops are responding by expanding their offerings to include alternatives like oat milk, cold brews, and infused drinks that boast health benefits. This shift is reshaping traditional coffee menus and creating new opportunities for innovation in beverage development.

05













### Growing Popularity of Remote Work and Coffee Shops as Workspaces

The rise of remote work has positioned coffee shops as popular workspaces for freelancers and remote employees seeking a change of environment. This trend has led to an increased focus on providing comfortable seating, reliable Wi-Fi, and a conducive atmosphere for productivity. Coffee shops are capitalizing on this by creating dedicated work zones and promoting themselves as ideal locations for meetings and work sessions, thus attracting a steady flow of customers.

## 3.2. Competitive Analysis








**Competitor Identification.** In the Dallas coffee shop market, key competitors include Dunkin' and local chains like La La Land Kind Cafe. Competitors offer diverse menus, loyalty programs, and extensive marketing. Dunkin' focuses on speed and affordability. Local cafes, like La La Land Kind Cafe, emphasize unique atmospheres and community engagement, appealing to customers seeking local flavors and personalized service. Indirect competitors could be fast-food chains like McDonald's and convenience stores offering coffee, which appeal to budget-conscious consumers. They provide ready-to-go options but lack the specialty coffee focus of shops like Morning Bean.

## Competitor Comparison

 <b>Name</b>	Dunkin'	La La Land Kind Cafe
 <b>Logo</b>		
 <b>Location</b>	Canton, Massachusetts, USA	Dallas, Texas, USA
 <b>Website</b>	<a href="https://www.dunkin.com">https://www.dunkin.com</a>	<a href="https://www.lalalandkindcafe.com">https://www.lalalandkindcafe.com</a>
 <b>Brief Description of the Product</b>	Dunkin' is recognized for its affordable coffee and quick service. The brand is known for its extensive menu of traditional and innovative beverages, catering to busy consumers. With a focus on convenience, drive-thru services, and a user-friendly mobile app,	La La Land Kind Cafe is a unique coffee shop that combines high-quality coffee with a commitment to social causes. Its inviting atmosphere and community-focused initiatives attract customers seeking a personalized experience.
 <b>Positioning</b>	Dunkin' positions itself as a fast and affordable alternative in the coffee market, primarily targeting commuters and families. Its recognizable branding and extensive menu options have helped it capture a significant market share.	La La Land Kind Cafe is positioned as a socially-conscious coffee shop that emphasizes community engagement and quality. It appeals to customers looking for a unique and meaningful coffee experience, fostering a loyal customer base through its mission-driven approach.
 <b>Pricing Policy</b>	Dunkin' employs competitive pricing strategies aimed at affordability. Its value menu and promotional deals attract budget-conscious customers, fostering loyalty and repeat visits, setting it apart from more premium brands.	La La Land Kind Cafe adopts a value-based pricing strategy that reflects its commitment to quality and community impact. The pricing approach encourages customers to feel good about their purchases, knowing their money supports a social cause.
 <b>Annual Sales Volume</b>	\$2,000,000	\$5,000,000
 <b>Market Share</b>	10.00%	5.00%
 <b>Customer Loyalty Level</b>	Medium	High

## 3.3. Consumer Needs

### B2C Profile

 Gender	Gender-Neutral
 Age	25-40 years
 Income	\$55,000
 Profession	Young professionals, students, and local residents working in nearby offices
 Personal Interests	Coffee enthusiasts, socializing, studying, and casual dining. They enjoy spending time in cozy environments and value quality over quantity in their choices.
 Purchasing Habits	Frequent coffee purchases, typically 3-5 times a week. Prefers takeout options for convenience and often visits during morning and afternoon breaks. Influenced by promotions and loyalty programs.
 Needs and Problems	Looking for quick, quality coffee options that fit their busy lifestyles. They desire a welcoming space for casual meetings or study sessions and face challenges finding affordable yet high-quality coffee nearby.

**Market Satisfaction.** Customer satisfaction levels in the Dallas coffee market reveal a mixed sentiment towards existing offerings. Major competitors have a strong presence, but feedback indicates that customers often feel a lack of personalized service and unique ambiance. Approximately 60% of customers report satisfaction with product quality, particularly for specialty drinks, yet only 45% express contentment with the overall customer experience. Key areas of satisfaction include the variety of beverage options and the consistency of product quality. However, improvements are urgently needed in service speed and staff engagement, with 50% of patrons citing long wait times during peak hours as a significant concern. Another critical factor is pricing; while many appreciate the affordable options, 40% feel that larger chains are becoming increasingly expensive, pushing them to seek local alternatives.

# Marketing and Sales



4.1. Sales Plan  
4.2. Marketing Plan

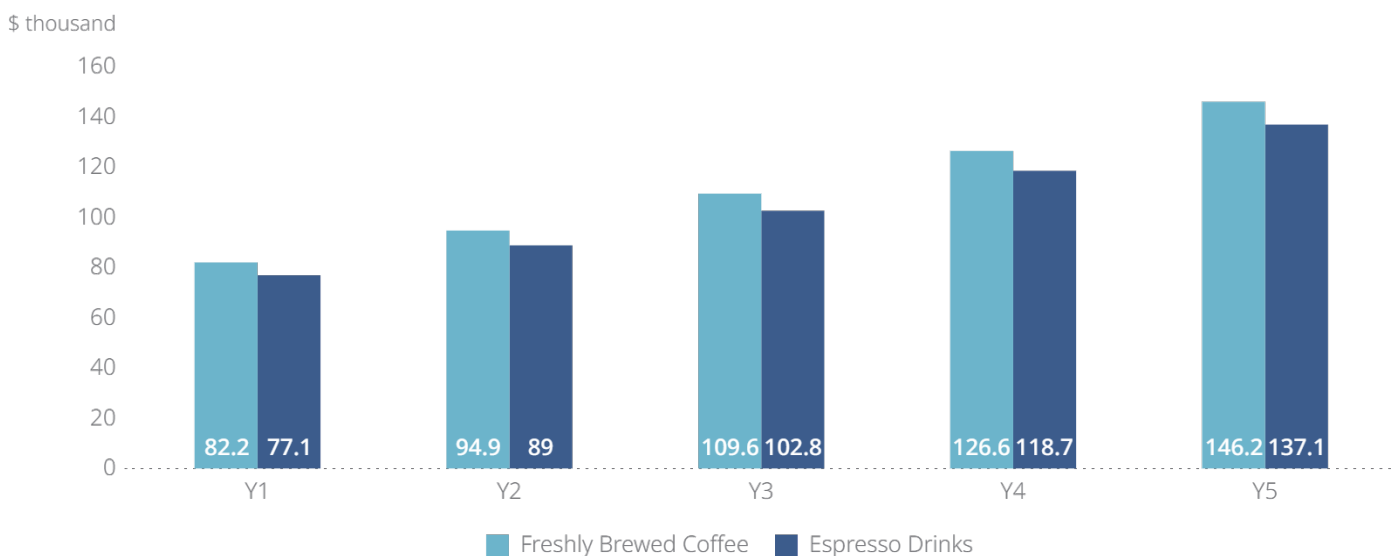
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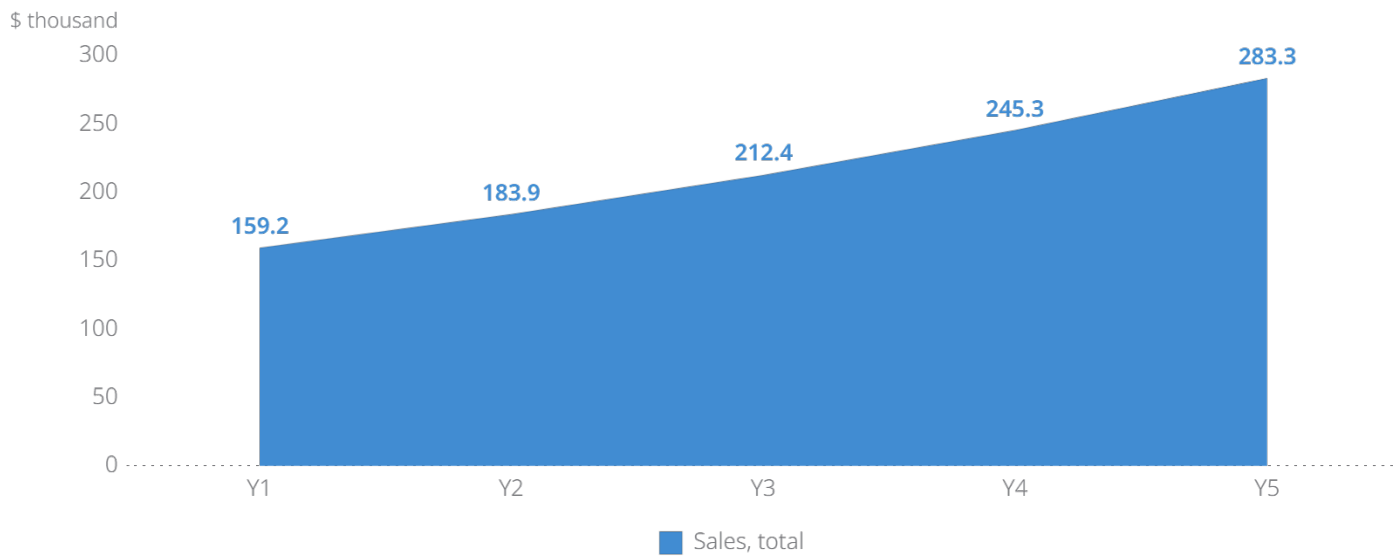
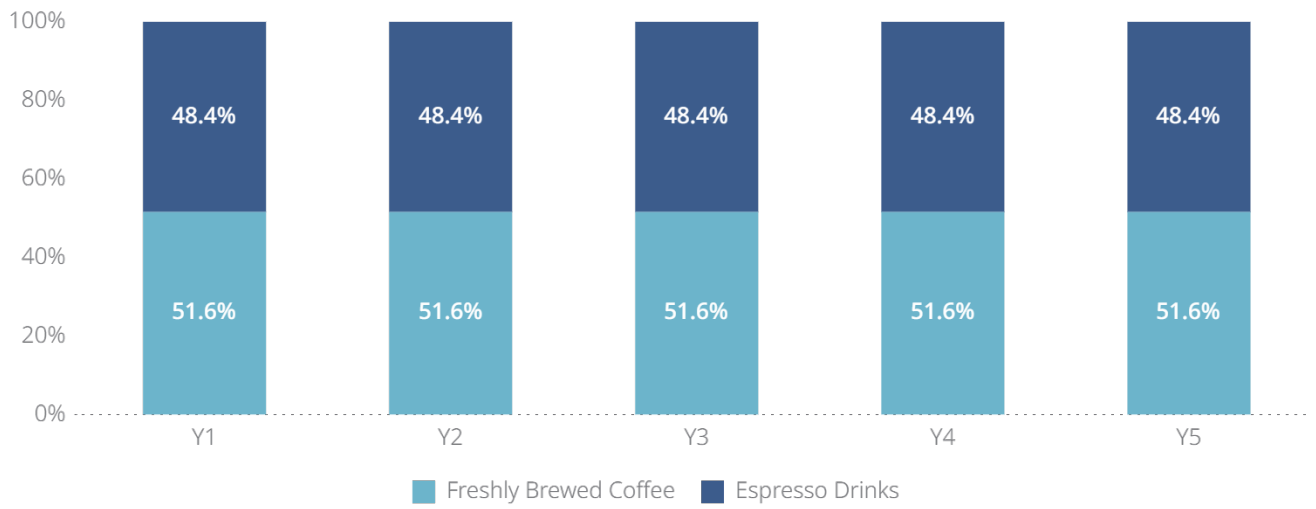
## 4.1. Sales Plan

**Sales Goals.** Morning Bean Coffee aims to set clear, actionable sales goals that align with community needs and market trends. In the short term, the primary objective is to establish the coffee shop as a local community hub by October 2024, focusing on brand awareness through social media campaigns and partnerships. Achieving break-even within 12-15 months, by January 2025, is crucial for financial health, monitored through efficient expense management and pricing strategies. Seasonal menu items will be introduced by April 2025 to enhance customer experience, driven by customer feedback and local sourcing. Monthly local events starting February 2025 will improve brand visibility and community engagement, with metrics for attendance and customer satisfaction. Looking long-term, a goal set for January 2026 involves researching potential locations for expansion while maintaining operational quality. These targets are designed to be specific, measurable, achievable, relevant, and time-bound, ensuring a structured approach to growth and sustainability in the competitive Dallas market.

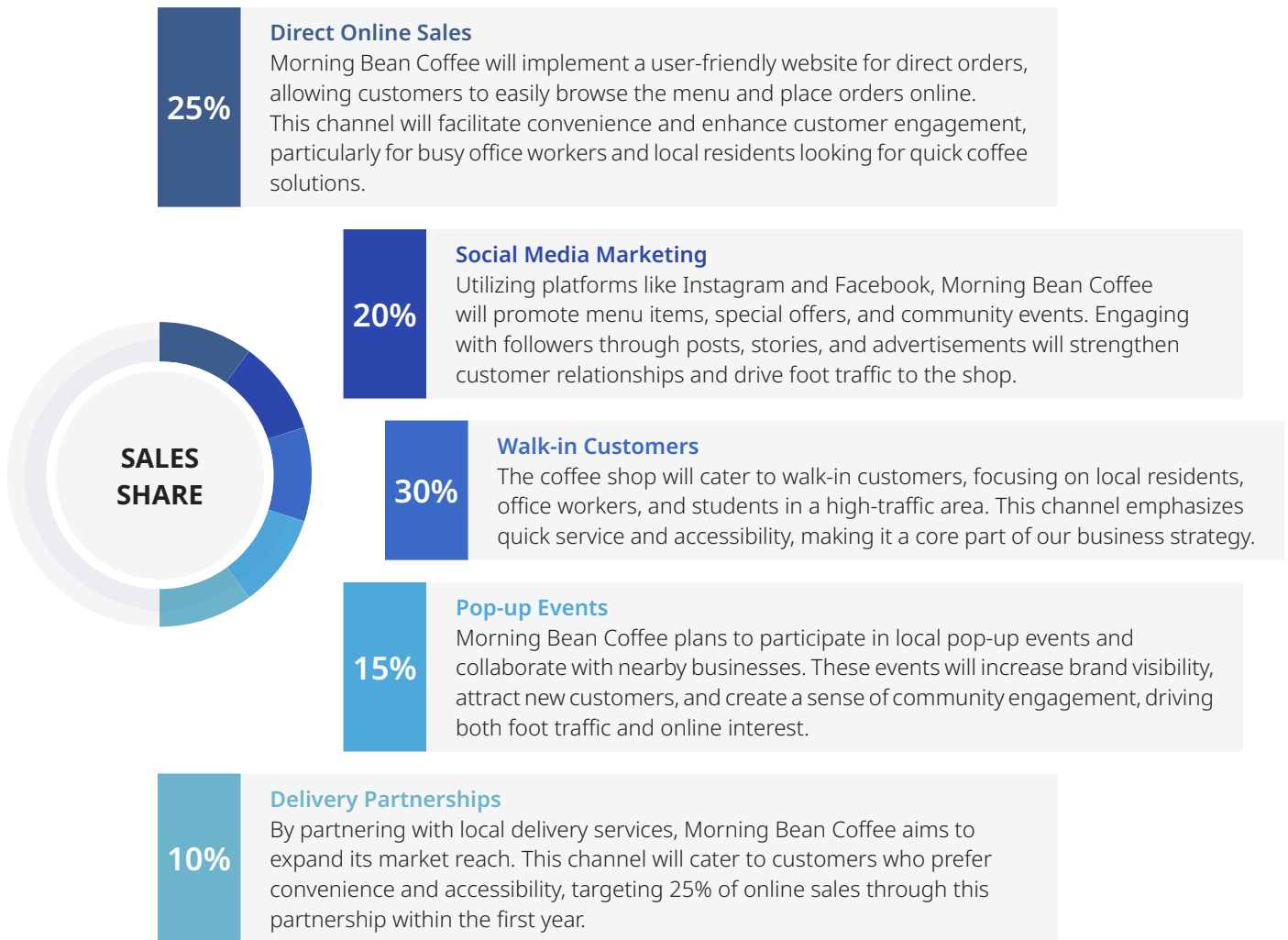
### Sales Plan Details

	Y1	Y2	Y3	Y4	Y5
<b>Freshly Brewed Coffee</b>					
In physical, pieces thousand	20.1	22.1	24.3	26.7	29.4
Selling Price, \$/pieces	4.1	4.3	4.5	4.7	5
<b>In monetary, \$ thousand</b>	<b>82.2</b>	<b>94.9</b>	<b>109.6</b>	<b>126.6</b>	<b>146.2</b>
<b>Espresso Drinks</b>					
In physical, pieces thousand	15.1	16.6	18.2	20	22
Selling Price, \$/pieces	5.1	5.4	5.6	5.9	6.2
<b>In monetary, \$ thousand</b>	<b>77.1</b>	<b>89</b>	<b>102.8</b>	<b>118.7</b>	<b>137.1</b>
<b>Total, \$ thousand</b>	<b>159.2</b>	<b>183.9</b>	<b>212.4</b>	<b>245.3</b>	<b>283.3</b>





## Sales Channels

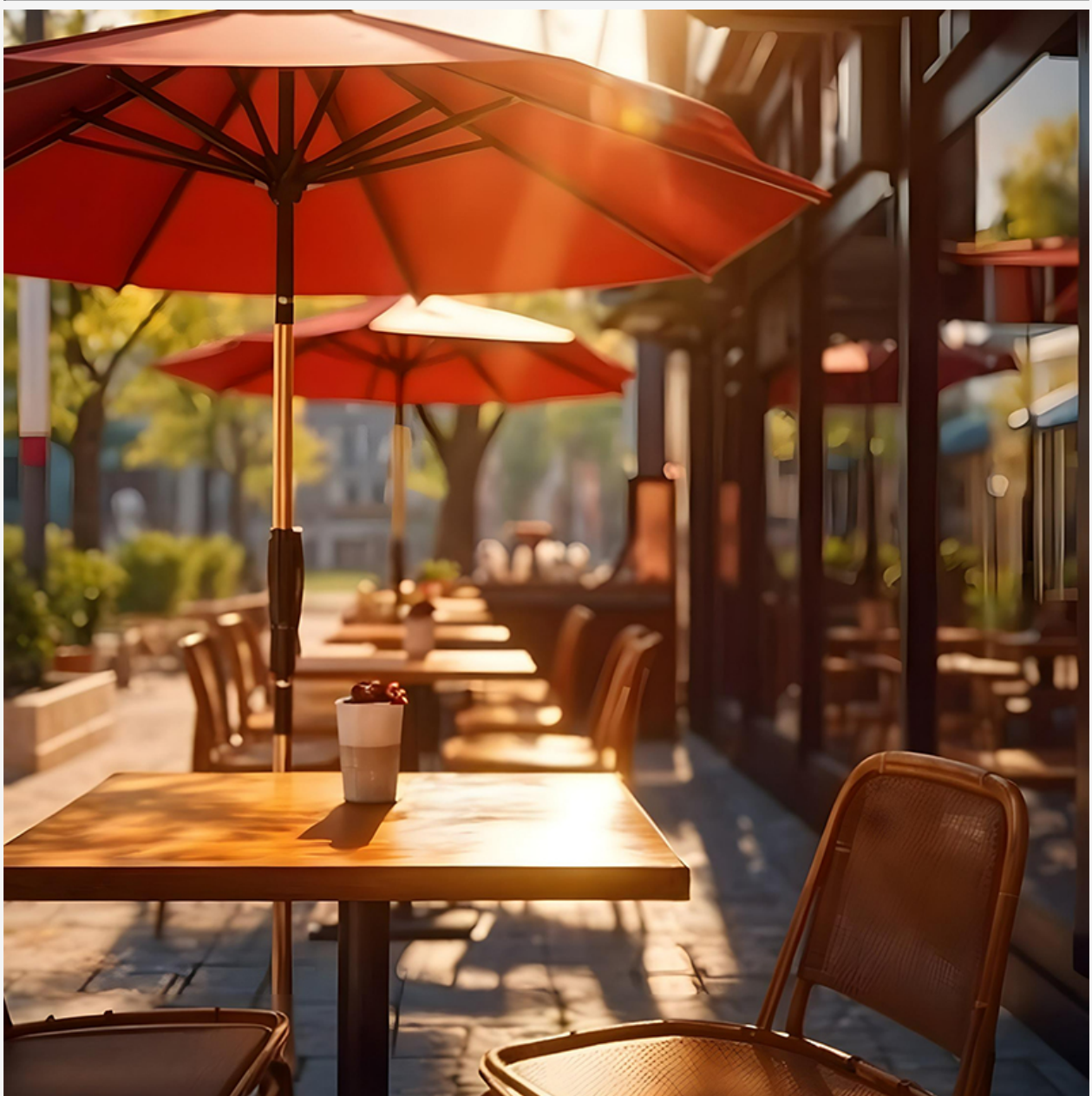


## 4.2. Marketing Plan

**Advertising and Promotion.** Morning Bean Coffee will implement targeted advertising campaigns across social media platforms like Instagram and Facebook, with a budget of \$5,000 for the first quarter, aiming to reach 10,000 potential customers. Promotions will include a "Buy One, Get One Free" offer for first-time customers, projected to boost foot traffic by 30% in the initial month. Collaborations with local businesses will involve co-hosted events, increasing brand visibility and customer acquisition, targeting a 15% increase in referrals. Our customer acquisition funnel initiates with social media awareness, leading to engagement through promotions, and finally, conversion via in-store visits or online orders. We anticipate that 25% of sales will come from online orders, with a goal to achieve \$375,000 in total sales within the first year. Our approach caters to the dynamic needs of young professionals, students, and families, ensuring we remain relevant and competitive in the growing Dallas coffee market, projected to expand at 5% annually.

**Pricing Strategy.** Morning Bean Coffee adopts a competitive pricing strategy that positions it as an affordable alternative to larger chains like Starbucks and Dunkin', while also appealing to the local market. Our pricing reflects both the quality of our offerings and the need for accessible options in a bustling neighborhood. We utilize a combination of cost-plus and value-based pricing; we ensure our prices cover costs while also aligning with the perceived value of our freshly brewed coffee and artisanal pastries.

# Business Operations



- 5.1. Location and Premises
- 5.2. Equipment
- 5.3. Production
- 5.4. Products/Services Description













05







## 5.1. Location and Premises

**Premises Location.** Morning Bean Coffee is strategically located in a bustling neighborhood of Dallas, Texas, chosen for its high foot traffic and proximity to a diverse customer base, including residents, office workers, and students. This prime location enhances visibility and accessibility, ensuring that the coffee shop becomes a go-to destination for daily caffeine needs. The facility occupies a compact space designed to accommodate 30 seats, creating an inviting atmosphere for customers to relax or work. The operational footprint is optimized for efficiency, with essential coffee-making equipment installed to serve high-quality beverages swiftly.

## 5.2. Equipment

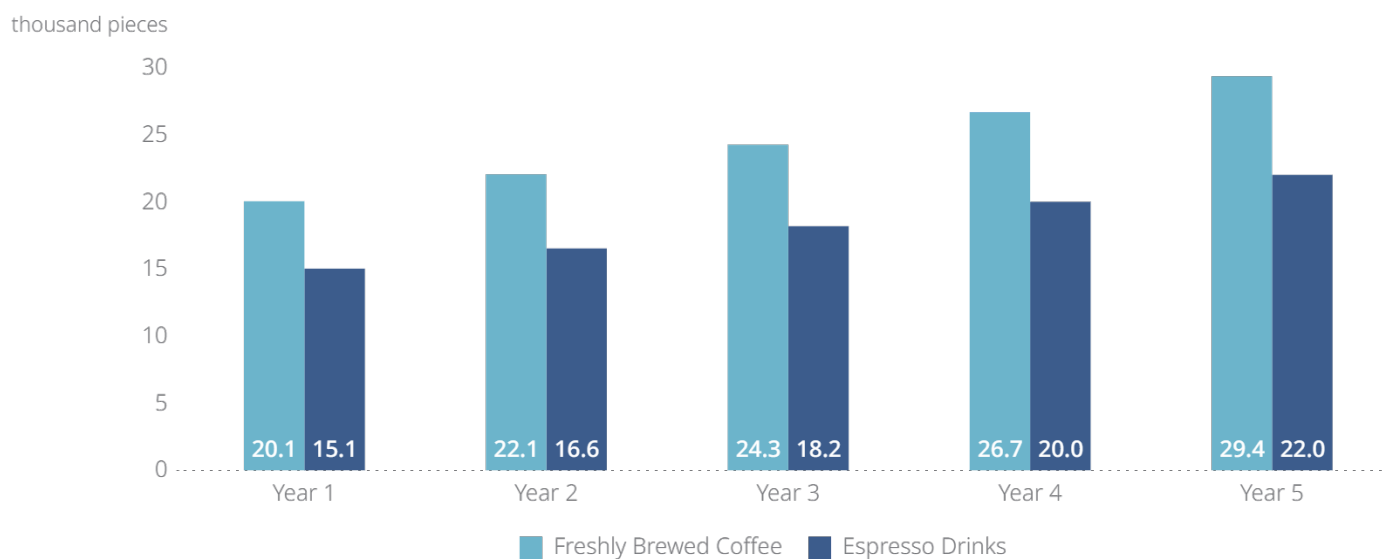
### Equipment Groups

<p> <b>Name of the Group</b></p> <p> <b>Purpose</b></p> <p> <b>Number of Items in the Group</b></p> <p> <b>Current Cost</b></p> <p> <b>Photo</b></p>	<p>Coffee Equipment &amp; Barista Tools</p> <p>Preparation of high-quality coffee and beverages, ensuring stable workflow during customer flow</p> <p>6</p> <p>\$30,000</p> 
<p> <b>Name of the Group</b></p> <p> <b>Purpose</b></p> <p> <b>Number of Items in the Group</b></p> <p> <b>Current Cost</b></p> <p> <b>Photo</b></p>	<p>Refrigeration &amp; Kitchen Appliances</p> <p>Storage of milk, products, and pastries; preparation of additional drinks and snacks</p> <p>2</p> <p>\$15,000</p> 

 Name of the Group	Furniture & POS Systems
 Purpose	Comfortable seating area for guests, fast order processing and payment
 Number of Items in the Group	40
 Current Cost	\$15,000
 Photo	

## 5.3. Production

### Production Plans



**Production Specifics.** Morning Bean Coffee operates with a keen awareness of seasonal demand fluctuations, particularly in the Dallas area. The peak season typically spans from October to December, coinciding with the cooler weather and holiday festivities, during which we anticipate a 25% increase in sales. To optimize operations during this period, we plan to implement extended hours, from 6 AM to 9 PM, and increase staff shifts from the standard 4 to 6 baristas. This will enable us to handle the expected surge, targeting an additional 500 coffee and 400 espresso drink sales weekly. During slower months, particularly July and August, we will reduce operational hours to 7 AM to 4 PM, focusing on marketing strategies to attract customers. Regulatory factors, such as health inspections and local permits, necessitate compliance which could impact production timelines. Adapting our inventory management will also be crucial, ensuring we maintain quality while minimizing waste during fluctuations, with a planned 15% buffer stock of popular items. This approach ensures consistent service and product availability, fostering customer loyalty.

## 5.4. Products/Services Description

**Products/Services Overview.** Morning Bean Coffee offers freshly brewed coffee, expertly crafted espresso drinks, and a selection of pastries and sandwiches, all tailored for the local community. Our unique features include a streamlined menu that prioritizes quality and speed, ensuring customers receive their orders promptly. We meet the needs of busy residents, office workers, and students seeking a cozy spot for their daily caffeine fix. Our commitment to affordable pricing and friendly service distinguishes us from competitors, creating a welcoming environment that fosters community engagement and loyalty.

### Product/Service Characteristics

#### Coffee shop



01

#### High-Quality Coffee Equipment

Ensures consistent taste, professional preparation, and the ability to serve customers quickly during peak hours.

02

#### Cozy 30-Seat Interior

Creates a welcoming atmosphere for both individuals and small groups, encouraging longer visits and repeat customers.

03

#### Prime Location

Positioned in a high-traffic area, attracting daily commuters, students, and local residents.

04

#### Simple but Diverse Menu

Offers a core selection of classic coffee drinks and pastries, balancing quality with speed of service.

05

#### Efficient Service & POS System

Reduces waiting time, improves customer experience, and supports loyalty programs and repeat business.

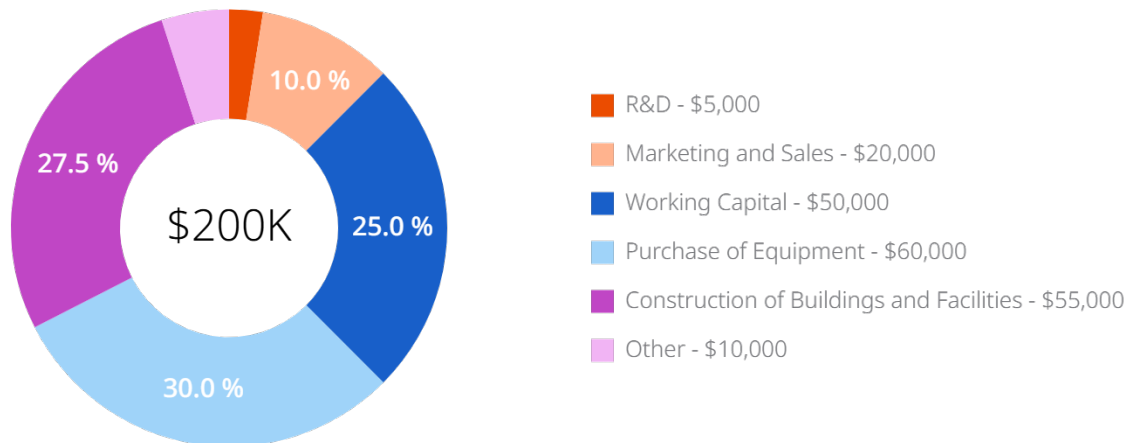
# Raising and Allocating Funds



06

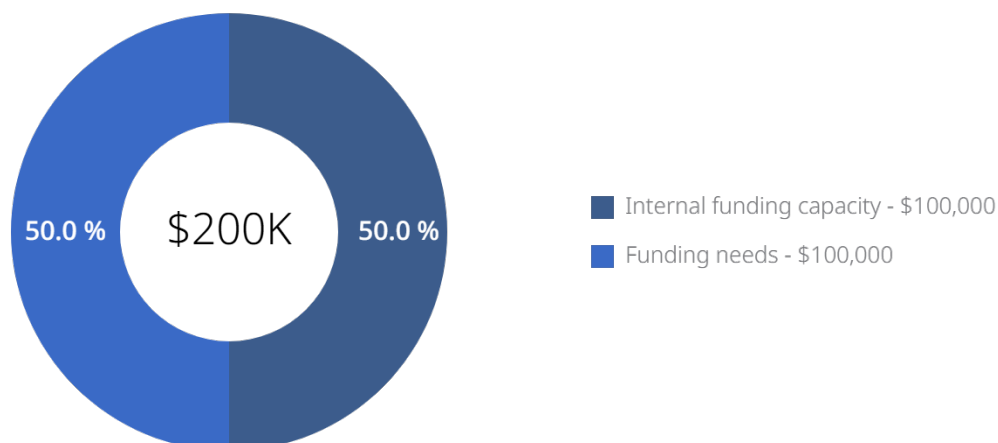
**Project Cost Analysis.** The total cost of the investment project is estimated at \$200,000, which encompasses various expenditures essential for project execution. A meticulous assessment of projected expenditures reveals that while the working capital and equipment costs are significant, marketing and research costs are relatively lower, reflecting a strategic focus on growth and sustainability. The investment objectives are to enhance operational capacity, establish market presence, and sustain financial stability, with budget allocations reflecting these priorities.

### Funding Strategy



**Investment Schedule.** The expected funding period for Morning Bean Coffee is 24 months, divided into three critical phases: initial setup (6 months), operational launch (6 months), and sustained growth (12 months). By month 24, the goal is to achieve a steady revenue of \$25,000 per month, ensuring that the initial investment yields a return and positions the business for future expansion.

### Project Cost



01

### Internal funding capacity

The project cost is estimated at \$200,000, with the company financing 50% of this amount internally, which translates to \$100,000. The internal financing will be provided in the form of cash reserves, reflecting the company's strong liquidity position and commitment to maintaining financial stability. This strategy minimizes reliance on external debt and aligns with the company's risk tolerance for maintaining an optimal capital structure.

02

### Funding needs

The funding will be allocated primarily towards renovations, equipment purchases, initial inventory, and marketing efforts to effectively enter the local market. Given the competitive landscape of coffee shops, securing this funding is crucial for establishing a strong initial presence and ensuring operational sustainability. Potential funding sources may include small business loans, angel investors, or crowdfunding platforms.

**Investor Terms.** We offer investors a 20% equity stake in Morning Bean Coffee, with an implied company valuation of \$500,000. Investors will benefit from a dividend policy that allocates 30% of annual profits as dividends, ensuring a return on investment. Voting rights will be proportional to the equity stake, allowing investors to influence major business decisions, including expansions or changes in operational strategy. To facilitate an attractive exit strategy, we propose a buyback option after a three-year period, allowing investors to sell their shares back to the company at a pre-agreed valuation formula based on revenue growth. Alternatively, we aim for a strategic partnership or acquisition within five to seven years, targeting a potential return of 3x to 5x their initial investment based on projected annual growth of 15% in revenue.

# Financial Plan



- 7.1. Key Assumptions
- 7.2. Profit and Loss Projection
- 7.3. Projected Cash Flow
- 7.4. Financial Performance

07

## 7.1. Key Assumptions

### Sales Assumptions

- For Morning Bean Coffee, the expected sales growth is driven by strategic local marketing efforts, a streamlined menu featuring high-quality coffee and quick service, and a focus on creating a cozy atmosphere. Marketing expenses are projected to gradually increase from \$12.2 thousand in the first year to \$13.7 thousand by the fifth year, supporting brand visibility. Revenue is anticipated to rise from \$159.3 thousand in the first year to \$283.3 thousand in the fifth year.
- For Morning Bean Coffee, we anticipate a price increase of approximately 3-4% annually over the project period. This adjustment is necessary due to the rising costs of sales, which escalate from \$63.1 thousand in the first year to \$97.6 thousand by the fifth year. Additionally, operational expenses will also rise, from \$43.186 thousand to \$48.6 thousand, and tax expenses will increase from \$5.3 thousand to \$13.7 thousand.

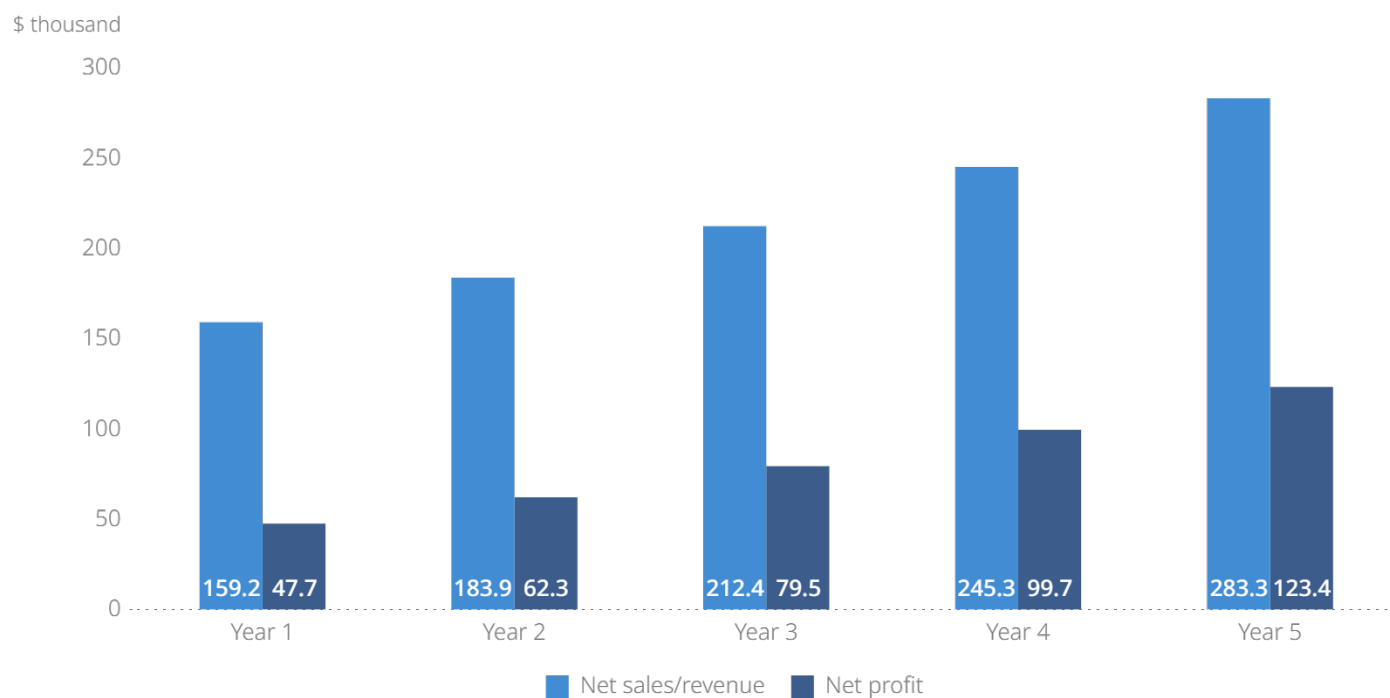
### Expenses Assumptions

- In Morning Bean Coffee, variable expenses are projected to rise as production increases, starting at \$50.90 thousand in the first year and reaching \$83.9 thousand by the fifth year. This trend indicates a direct correlation between sales volume and costs for items such as coffee beans and labor. Conversely, fixed expenses remain relatively stable, beginning at \$12.2 thousand in the first year and slightly increasing to \$13.7 thousand in the fifth year. These fixed costs encompass rent and salaries, which do not fluctuate with production levels.
- In our coffee shop, Morning Bean Coffee, variable costs are primarily driven by the cost of sales, which have shown a consistent upward trend over the years. For instance, variable costs were \$50.9 thousand in the first year and projected to reach \$83.9 thousand by the fifth year, indicating a significant increase. This escalation can be attributed to rising ingredient prices and labor costs. Additionally, as we expand and serve more customers, production efficiency will be crucial; any inefficiencies could exacerbate these costs. For example, a 10% rise in variable costs could lead to a 7% increase in overall production expenses, impacting profitability.

## 7.2. Profit and Loss Projection

\$ thousand

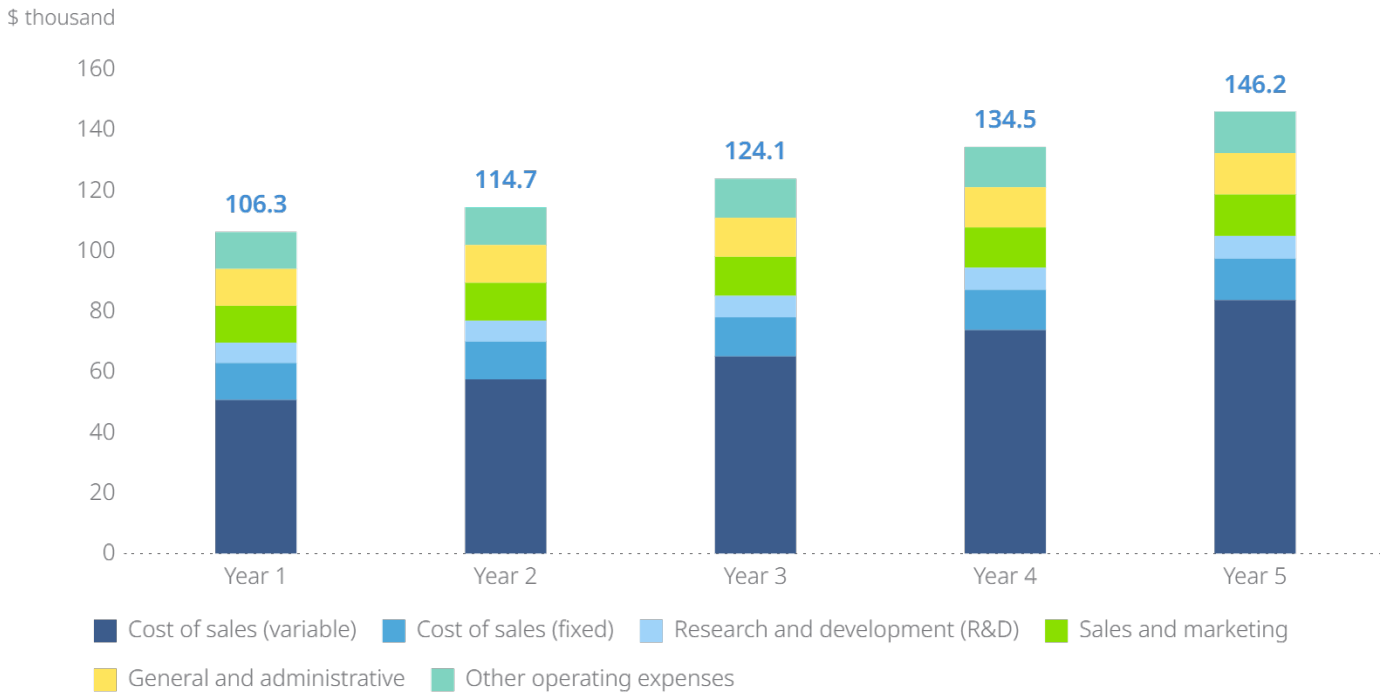
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Net sales/revenue</b>	<b>159.2</b>	<b>183.9</b>	<b>212.4</b>	<b>245.3</b>	<b>283.3</b>
Freshly Brewed Coffee	82.2	94.9	109.6	126.6	146.2
Espresso Drinks	77.1	89.0	102.8	118.7	137.1
Cost of sales of products/services	63.1	70.2	78.2	87.3	97.6
<b>Gross profit</b>	<b>96.2</b>	<b>113.7</b>	<b>134.2</b>	<b>158.0</b>	<b>185.7</b>
Operating expenses:					
Research and Development (R&D)	6.7	6.9	7.1	7.3	7.5
Sales and marketing	12.2	12.5	12.9	13.3	13.7
General and administrative	12.2	12.5	12.9	13.3	13.7
Other operating expenses	12.2	12.5	12.9	13.3	13.7
<b>Total operating expenses</b>	<b>43.2</b>	<b>44.5</b>	<b>45.8</b>	<b>47.2</b>	<b>48.6</b>
Income tax	5.3	6.9	8.8	11.1	13.7
<b>Net income/profit for the period</b>	<b>47.7</b>	<b>62.3</b>	<b>79.5</b>	<b>99.7</b>	<b>123.4</b>



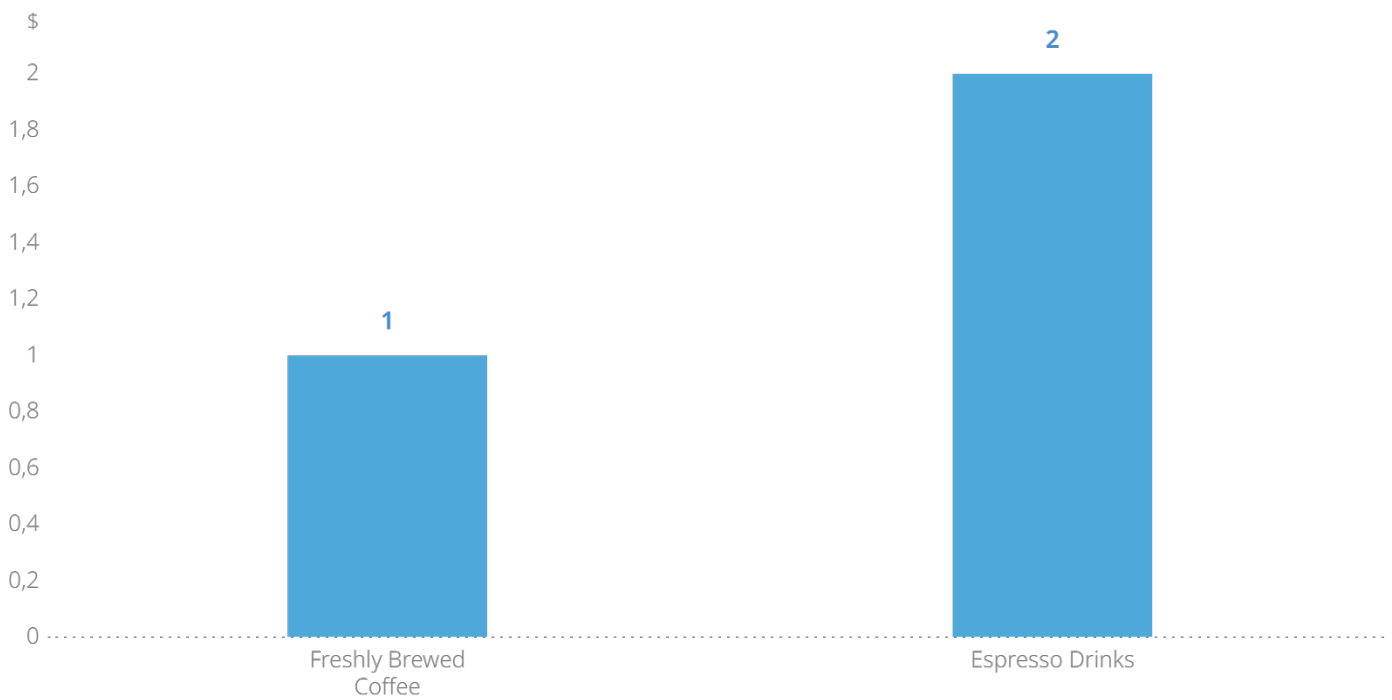
## Planned Expenses

\$ thousand

	Year 1	Year 2	Year 3	Year 4	Year 5
Cost of sales (variable)	50.9	57.7	65.3	74.0	83.9
Cost of sales (fixed)	12.2	12.5	12.9	13.3	13.7
Research and development (R&D)	6.7	6.9	7.1	7.3	7.5
Sales and marketing	12.2	12.5	12.9	13.3	13.7
General and administrative	12.2	12.5	12.9	13.3	13.7
Other operating expenses	12.2	12.5	12.9	13.3	13.7
<b>Total</b>	<b>106.3</b>	<b>114.7</b>	<b>124.1</b>	<b>134.5</b>	<b>146.2</b>



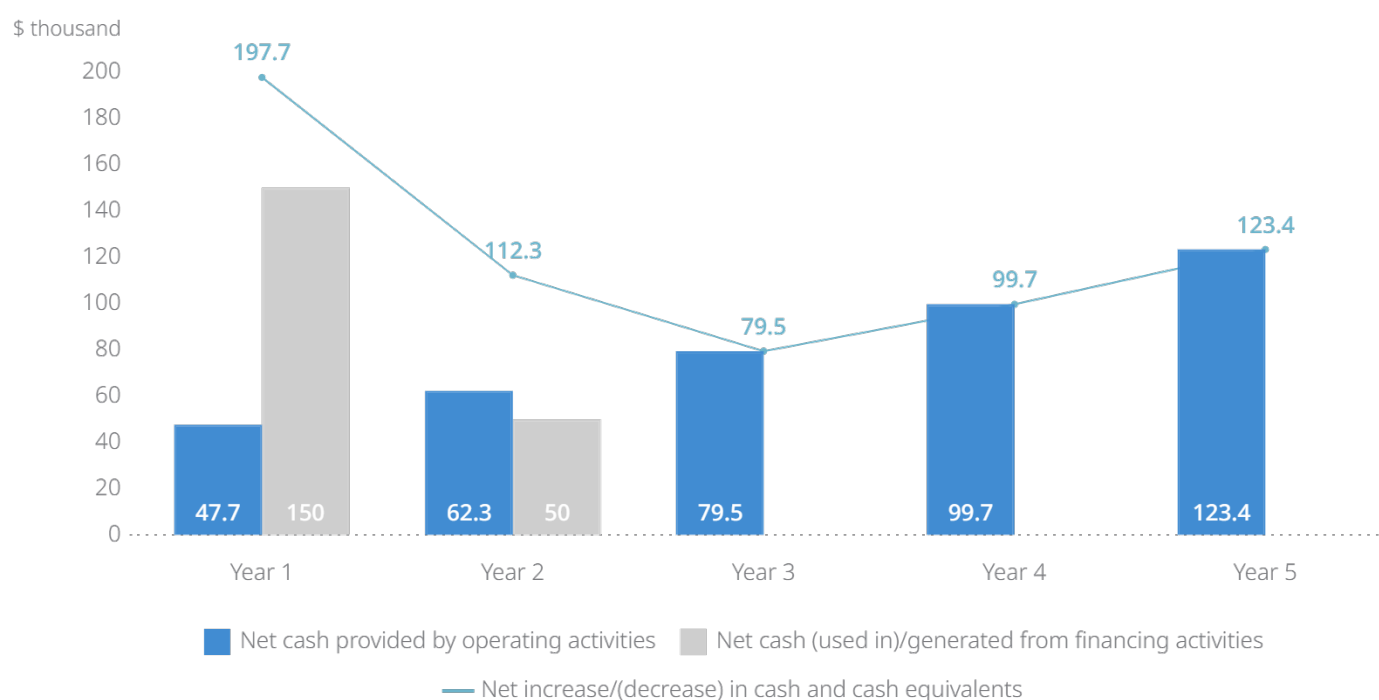
### The Initial Cost per Unit of Product/Service



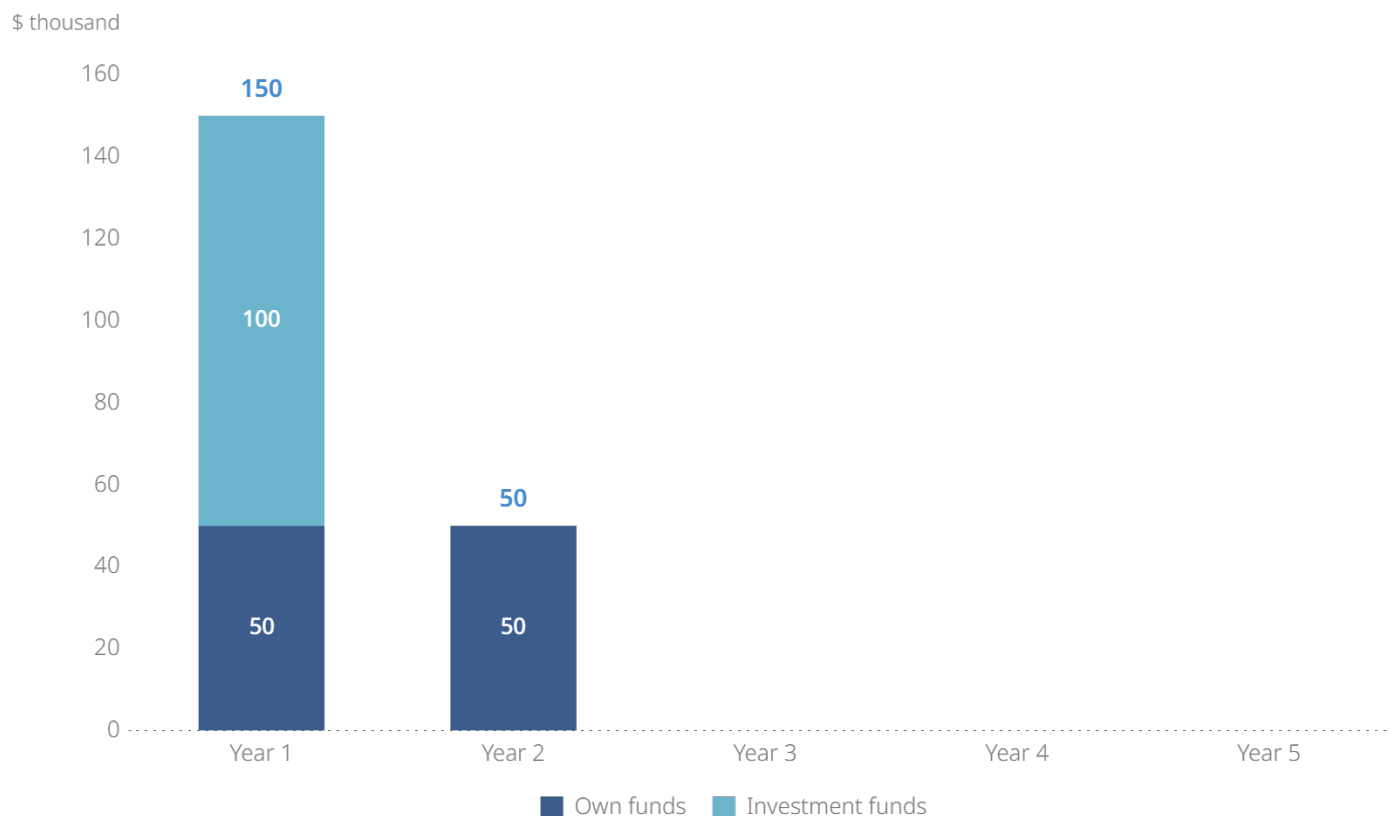
## 7.3. Projected Cash Flow

\$ thousand

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash flows from operating activities (direct)</b>					
Cash received from customers	159.2	183.9	212.4	245.3	283.3
Cash paid to suppliers	(94.1)	(102.2)	(111.2)	(121.2)	(132.5)
Cash paid for other operating expenses	(12.2)	(12.5)	(12.9)	(13.3)	(13.7)
Income taxes paid	(5.3)	(6.9)	(8.8)	(11.1)	(13.7)
<b>Net cash provided by operating activities</b>	<b>47.7</b>	<b>62.3</b>	<b>79.5</b>	<b>99.7</b>	<b>123.4</b>
<b>Cash flows from financing activities</b>					
Proceeds from issuance of equity	150.0	50.0			
<b>Net cash (used in)/generated from financing activities</b>	<b>150.0</b>	<b>50.0</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>197.7</b>	<b>112.3</b>	<b>79.5</b>	<b>99.7</b>	<b>123.4</b>
Cash and cash equivalents, beginning of period		197.7	310.0	389.6	489.3
Cash and cash equivalents, end of period	197.7	310.0	389.6	489.3	612.7



## Sources of Project Financing



## 7.4. Financial Performance

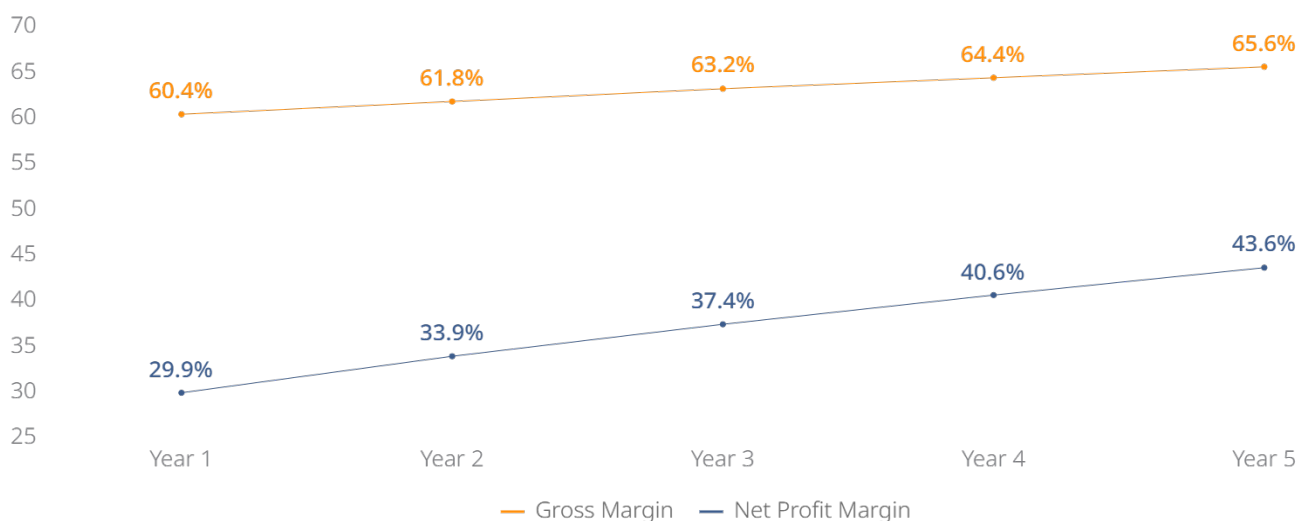
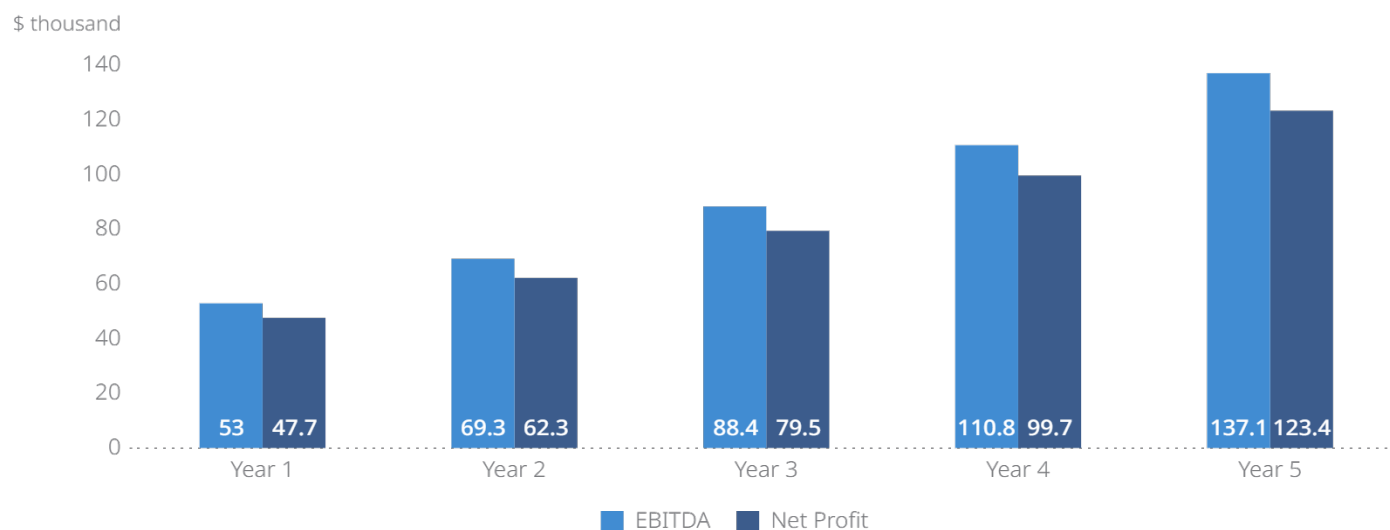
### Investment Performance Ratios

Ratios	Benchmark value	The company's indicator
ROI (Return on Investment), %	>10	206.3
ROE (Return on Equity), %	>15	67.4
ROA (Return on Assets), %	>5	67.4
IRR (Internal Rate of Return), %	>10	32
NPV (Net Present Value), thousand \$		121.5
Payback Period, months	<84	37

**Investment Performance Ratio.** The ROI is \$206.34K, reflecting investment efficiency by showing net profit relative to total investments, indicating exceptional profitability. The ROE is \$67.36K, assessing how well equity capital is used, showing efficient management that boosts shareholder value. The ROA, also \$67.36K, reveals the company's ability to profit from its assets. The IRR is 32%, highlighting the project's strong investment appeal. The NPV is \$121.51K, a positive figure confirming that the project generates profit above the expected discount rate.


Ratios	Benchmark value	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Profitability ratios</b>						
Gross Margin, %	>30	60.4	61.8	63.2	64.4	65.6
Net Profit Margin, %	5-20	29.9	33.9	37.4	40.6	43.6
EBITDA, thousand \$		53	69.3	88.4	110.8	137.1
Net profit, thousand \$		47.7	62.3	79.5	99.7	123.4


## Profitability Ratios



**Profitability Ratios.** Gross Margin is projected to rise from 60.40% in the first year to 65.56% by the fifth year, reflecting improved cost management and pricing strategies. Net Profit Margin is expected to increase from 29.95% to 43.57%, indicating better expense management and profitability. EBITDA is forecasted to grow from \$52.99 thousand to \$137.13 thousand, showcasing strong operational performance. Net Profit is anticipated to rise from \$47.70 thousand to \$123.42 thousand, demonstrating robust financial health. These changes are driven by consistent local demand and operational efficiencies, positioning Morning Bean Coffee as a reliable community coffee shop while maximizing profitability.



 Morning Bean Coffee

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