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# CHIPMUNK COFFEE & TEA

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Coffee Shop



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# Table of Contents

## Part 3

### Element 6: Marketing Budget

Startup Costs.....	3
Sales Forecast.....	4

### Element 7: Controls

Standards & Performance Monitoring .....	5
Corrective Action.....	5
Contingency Plan.....	6

### Element 8: Executive Summary

Company Overview.....	7
Goals.....	7
Competition.....	7
Target Market.....	8
Promotion.....	8
Finances.....	9

### Works Cited

Works Cited.....	10
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## Element 6: Marketing Budget

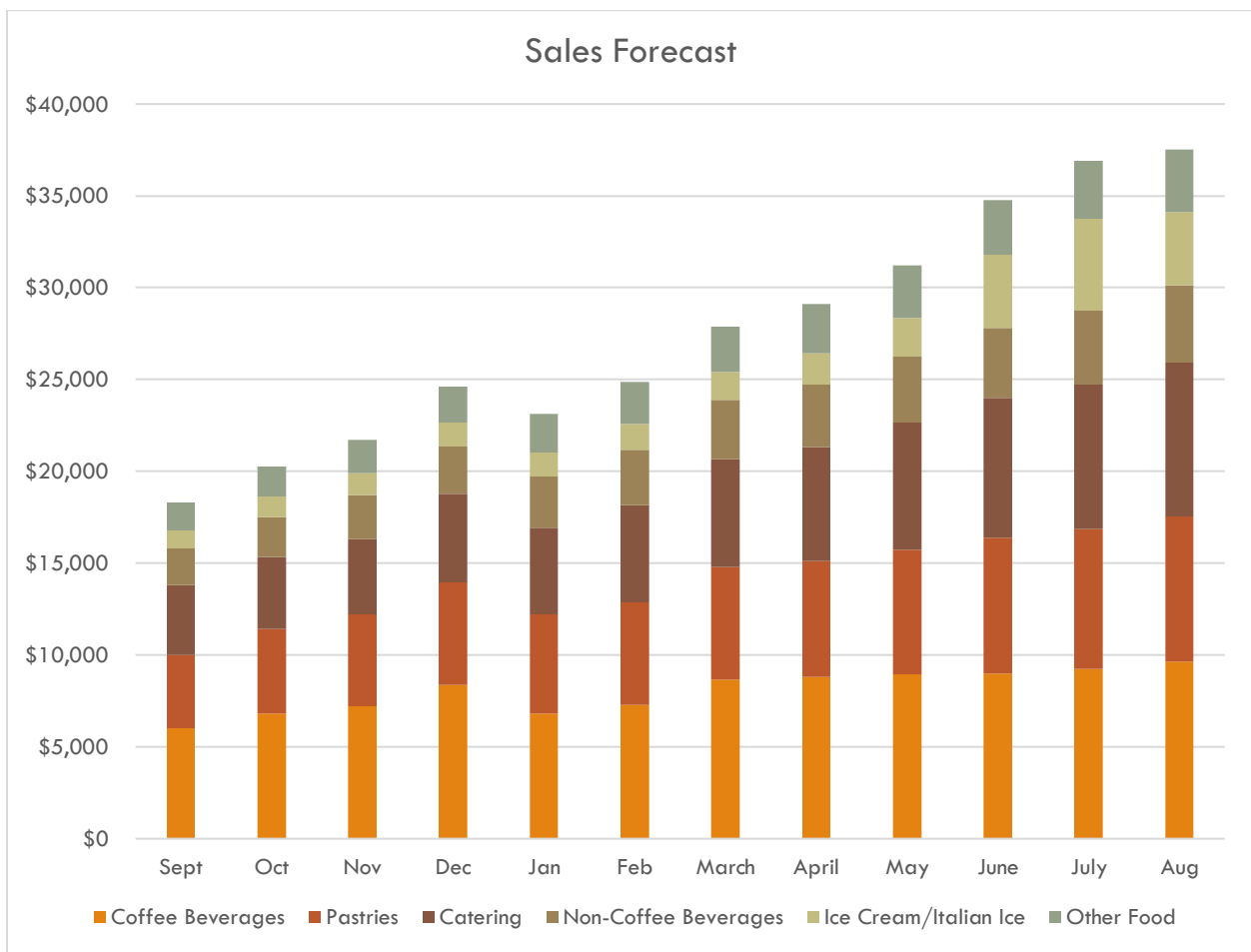
### Startup Costs

<b>Sources of Capital</b>	
Owners' Savings	\$75,000
<b>Total Funds</b>	<b>\$75,000</b>
<b>Equipment</b>	
Machinery	\$15,000
Furniture	\$12,000
Renovations	\$8,000
<b>Total Equipment Cost</b>	<b>\$35,000</b>
<b>Real Estate</b>	
First 3 month's rent	\$12,000
Insurance (for year)	\$2,000
First 3 month's Utilities	\$1,500
First 3 month's Maintenance	\$1,500
<b>Total Real Estate Fees</b>	<b>\$17,000</b>
<b>Inventory</b>	
Coffee	\$4,000
Ice Cream/Italian Ice	\$2,000
Pastry Ingredients	\$3,500
Food (non pastry/dessert)	\$2,000
Other Beverages	\$1,500
<b>Total Startup Inventory Cost</b>	<b>\$13,000</b>
<b>Advertising</b>	
Online Advertising	\$250
Newspaper Advertising	\$250
Social Media Advertising	\$500
<b>Total Advertising Fees</b>	<b>\$1,000</b>
<b>Total Startup Costs</b>	<b>\$66,000</b>
Emergency Money (capital – Startup costs)	\$9,000

## Sales Forecast

	Sept	Oct	Nov	Dec	Jan	Feb
Coffee Beverages	\$6,000.00	\$6,820.00	\$7,200.00	\$8,370.00	\$6,820.00	\$7,280.00
Pastries	\$4,000.00	\$4,600.00	\$5,000.00	\$5,600.00	\$5,400.00	\$5,600.00
Catering	\$3,800.00	\$3,900.00	\$4,100.00	\$4,800.00	\$4,700.00	\$5,300.00
Non-Coffee Beverages	\$2,000.00	\$2,200.00	\$2,400.00	\$2,600.00	\$2,800.00	\$3,000.00
Ice Cream/Italian Ice	\$1,000.00	\$1,100.00	\$1,200.00	\$1,300.00	\$1,300.00	\$1,400.00
Other Food	\$1,500.00	\$1,650.00	\$1,800.00	\$1,950.00	\$2,100.00	\$2,300.00

	March	April	May	June	July	Aug
Coffee Beverages	\$8,680.00	\$8,820.00	\$8,950.00	\$9,000.00	\$9,240.00	\$9,630.00
Pastries	\$6,100.00	\$6,300.00	\$6,800.00	\$7,400.00	\$7,600.00	\$7,900.00
Catering	\$5,900.00	\$6,200.00	\$6,900.00	\$7,600.00	\$7,900.00	\$8,400.00
Non-Coffee Beverages	\$3,200.00	\$3,400.00	\$3,600.00	\$3,800.00	\$4,000.00	\$4,200.00
Ice Cream/Italian Ice	\$1,550.00	\$1,700.00	\$2,100.00	\$4,000.00	\$5,000.00	\$4,000.00
Other Food	\$2,450.00	\$2,700.00	\$2,850.00	\$2,950.00	\$3,150.00	\$3,400.00



# Element 7: Controls

## Standards & Performance Monitoring

### Sales Analysis

We believe that a strong, in-depth sales analysis will allow us to see how we are doing in regards to our predicted sales forecasts. We will keep track of how much of each product is sold, what times of day, days of the week, and months of the year they are sold the most, and once we create a stronger customer loyalty program, we will keep track of what percentage of purchases are made by repeat customers and how often they tend to shop with us. These statistics will help us to better focus our efforts in the future in regards to things such as: when to staff more/less employees, when to offer deals to increase sales during low points, what products we should make more of, less of, or remove from the menu altogether, and how important our repeat customers are and how we can convince them to bring in new customers.

### Marketing Research / Customer Satisfaction Surveys

We will engage in a fair amount of market research, especially considering many starting businesses do not do enough of this. We will add and drop items from our menu based on their sales as we go through the starting phase of our business. We will create sample products to give to customers and ask them what they think of the product, what they would be willing to pay for it, and if they think it should be added to the menu. Finally, we will create questionnaires for our customers both online and in person to ask what they like about what we have to offer, what they do not like (and why), and what they would like to see us add.

### Promotional Activities

Promotional activities will be a great way for us to keep track of what advertising methods are working the best and if they are worth investing more or less in. For our Facebook page we could post deals/coupons that can only be redeemed when customers show us they are a follower of our business. This method can also be used with our newspaper advertisements. We could also offer some kind of incentive to current customers for them to bring in new customers such as: for every new customer who says you recommended them for our loyalty program, you will receive a coupon for a free coffee/tea of your choice.

## Corrective Action

As was previously stated, the various ways that we monitor our marketing campaign will allow us to better adapt the various products we sell and where we focus our efforts in the future. If our sales analysis states that certain products consistently do bad and result in financial losses then we can

remove them from our menu. If some products sell less during the mornings or evenings, we can offer some kind of time-of-day deal that allows us to increase sales during these slower times. If some days and times of the day are significantly busier than others, we can have more people working so that customers will not be left waiting and we can be more efficient during these times.

Customer satisfaction surveys will allow us to receive feedback directly from our customers. They can inform us how they heard about us which would allow us to figure out where to invest more or less money as far as advertising goes. They can give suggestions regarding new products and changes that can be made to our shop so that they are more likely to come and spend more money. Customers can also inform us what they think we can improve on so that our customers are happier when they decide to purchase products from us.

Our promotional activities will mostly influence where exactly we allocate money in terms of different kinds of advertisement and promotions and how much we allocate on each one. If one is much more successful than another, we can choose to put more money into it in the future to see if the increased spending brings even more customers.

## **Contingency Plan**

In order to prepare our business for those scenarios that no business owner wants to even think of, we will engage in three important steps to making sure we have a contingency plan that helps keep us prepared no matter what which are: Risk Assessment, Plan Development, and Plan Maintenance.

### **Risk Assessment**

The first step in a good contingency plan is risk assessment. We must take the time to figure out: what is necessary for us to remain open and functioning, what the possible risks are for each of these necessities, and then prioritize each of these risks based on how likely they are to happen. For example some necessities for us to remain open are our coffee machines, our coffee grinds, delivery of our ingredients, and the maintenance of our shop. Our coffee machines could stop functioning, we could not have enough coffee grinds to get us through until our next batch is roasted, our ingredients could possibly not be delivered on time, and the shop could be damaged in some sort of fire or general accident. These are all high priority risks meaning that there is a good chance they could happen and if they did it would strongly hurt the main function of our business. The mall being destroyed in a tornado, although technically a risk that would impede our functions, is one that is not likely to happen due to the low frequency of tornados in this area and would not need as in-depth a specific contingency plan.

### **Plan Development**

The next step would be to create the specific contingency plan needed for this scenario. This plan would need to state goals for specific time periods after implementation, clearly state what event puts the contingency plan in motion, who is in charge throughout the entire plan, state what the end-goal is to return to normal functions and it must include a way to keep track of how efficient/successful

each stage was. This last element is vital because this allows an analysis to be done afterwards to find out where improvements can be made so that if the problem happens again, it can be solved faster.

### **Maintaining the Plan**

This final step is the process of making sure that the plan is ready and can be put into effect at any time. Everyone who works at the business needs to know what the plan is and what their role is in the plan if it were to ever be enacted. We could create practice scenarios so our employees can go through the stages of the plan so they know exactly what to do throughout it. The plans will be reviewed every 3 months and if a plan becomes outdated or improved, they need to be: replaced, redistributed, and retaught to all employees immediately.

## **Element 8: Executive Summary**

### **Company Overview**

Chipmunk Coffee & Tea is a coffee shop located in Viaport Rotterdam that offers not only numerous different types of specialty coffee and tea, but also ice cream, sandwiches, fresh pastries, salads, soup, smoothies, Italian ice, and a great environment to enjoy them all in. We offer our products at a great low price for the quality that we are providing and we make the majority of what we offer ourselves including our coffee, pastries, soups, smoothies and sandwiches. Since we make most of what we sell, we can guarantee that everything is made using fresh ingredients. Open 7 days a week.

### **Goals**

Our two main goals are to:

- Increase our annual sales to \$550,000 within the next 2 years (the national average according to the Small Business Administration) and then to \$600,000 in the following 5 years.
- Increase our daily sales of coffee from about 50 cups a day to 200 cups a day within the next 7 years.

However, we also have numerous non-financial goals which we wish to achieve throughout the lifetime of our business.

### **Competition**

Our three largest competitors are: The Happy Cappuccino, Ambition Coffee & Eatery, and Villa Italia Bakery

### **The Happy Cappuccino**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Location</li> <li>• Live Music</li> <li>• Atmosphere</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Business hours</li> <li>• Lots of competition in immediate area</li> <li>• Relatively small menu</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Recent growth suggests noteworthy success and profits</li> <li>• Casino might bring in more customers</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Introduction of Casino might drive out local businesses</li> </ul>

### **Ambition Coffee & Eatery**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Location</li> <li>• Atmosphere</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Business Hours</li> <li>• Size</li> <li>• Lots of competition in immediate area</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Casino might bring in more customers</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Introduction of Casino might drive out local businesses</li> </ul>

### **Villa Italia Bakery**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Well established</li> <li>• Strong Reputation</li> <li>• Great Location</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Overemployed</li> <li>• Does not serve specialty coffees</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Owners are wealthy</li> <li>• Large family for working in and possibly taking over the business</li> </ul>	<p><b>Threats</b></p>

### **Target Market**

- People in Schenectady County Aged 35-54
- Students in Schenectady County

### **Promotion**

As far as promotional strategies go we plan on spending money on newspaper ads, online ads and social media ads. However, we believe the majority of our promotional material will be non-advertisement based promotions such as: product marketing materials, publicity, and use of our catering service in the community.



## **Finances**

*Profits increase at a fairly steady rate with some exceptions.*

- *Overall sales decrease in January due to people feeling guilty about spending too much during the holiday season.*
- *Ice cream and Italian ice sales spike in the summer.*
- *Catering sales start to increase more rapidly as the business earns a strong reputation. These sales also peak around Christmas time and Graduation time.*

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