

**Cups2Go**

**BUSINESS PLAN**

Word Count :1680

EXECUTIVE SUMMARY

Cups 2 Go is an independent, family owned startup business located in Mt Barker in the Adelaide Hills, South Australia. It is planning on being established in late 2019 by Tom Smith with employees coming from his family and a school friend. Over the last few years, the growth of the coffee industry has been high, but so has the waste produced from coffee cups. Cups 2 Go is committed to helping café’s reduce the coffee cup to landfill problem by providing free coffee cups which are paid for by advertising from local businesses on each coffee cup.

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COMPANY OVERVIEW

Cups 2 Go is a small business that will start in the Adelaide Hills in late 2019 that aims to provide free recyclable coffee cups and lids to café’s in Adelaide and beyond. The business consists of 3 employees, T Smith, B Jones and C Brown who each perform different roles to make the business a success. This business will operate as a sole trader because it is the cheapest and simplest form of ownership and we don’t have too many costs.

The mission statement of Cups 2 Go is “to provide a free recyclable coffee cup to café’s to help reduce the problem of landfill”.

ABC’s ‘war on waste’ disclosed that “of the more than 1 billion disposable coffee cups used by Australian’s each year, approximately 92% go to landfill. This equates to approximately 2.7 million coffee cups a day. Our business aims to reduce this by providing clearly labelled, biodegradable coffee cups made from recycled material.”[[1]](#footnote-1)

We will provide free coffee cups to café’s that clearly show they are environmentally friendly and where to recycle them as well as details about coffee cups and landfill. The way that we will pay make money is through getting other businesses, not café’s, to advertise on the coffee cups.

Buy cups cheaply in bulk and provide to café’s at no cost

Advertisers get targeted ads

Advertising on coffee cups about how much coffee cups ads to landfill

We can get cups cheap to give to café’s

We help the environment

We get advertising for business

**Product**

**& Service**

**Gain Creators**

**Pain Relievers**



**Pains**

**Gains**

**Jobs**

Reach café’s

reach advertisers

Reduce landfill

Increase awareness of recycling

**fit**

Value Proposition

Free coffee cups for café’s

Awareness about landfill

Landfill waste

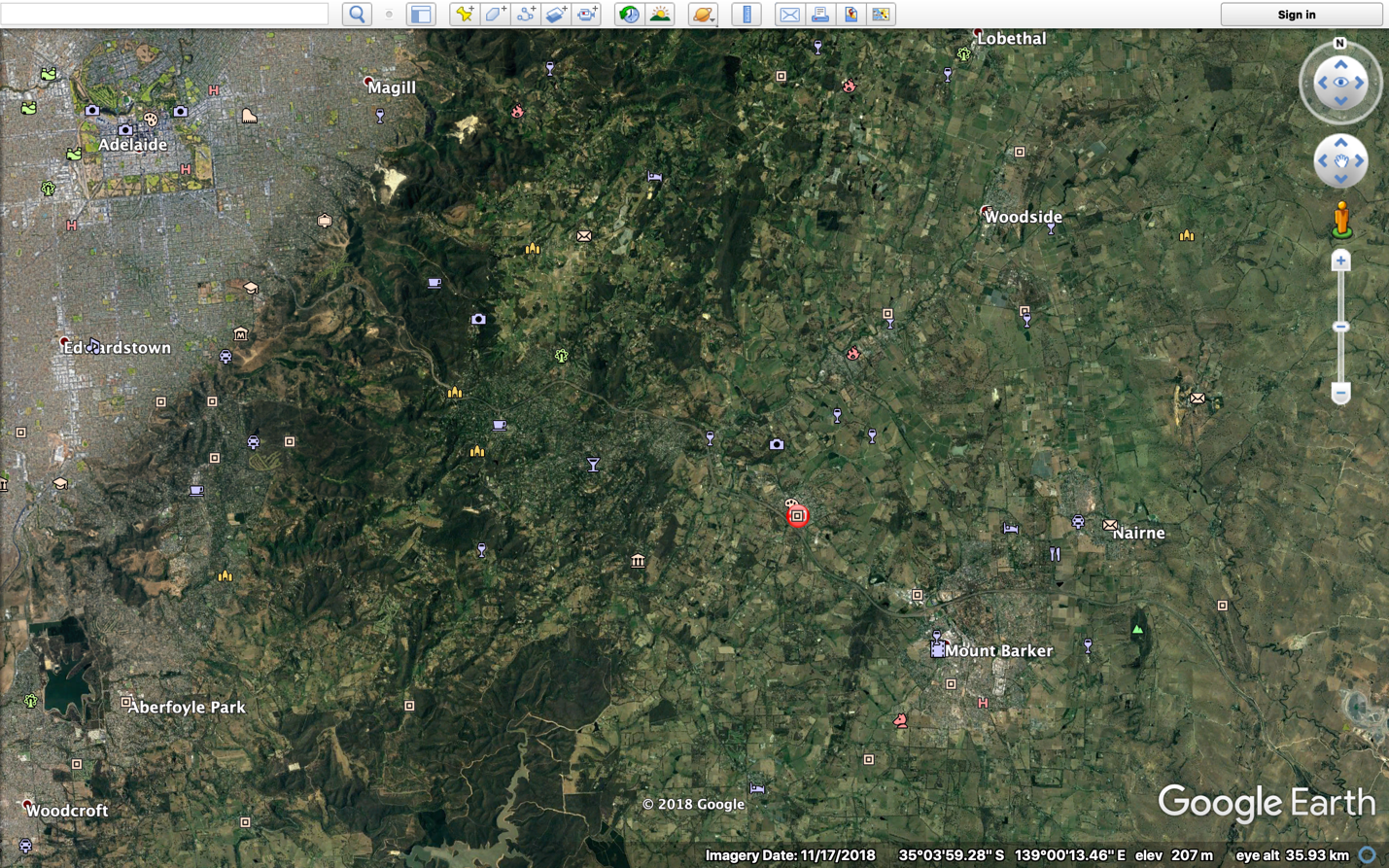
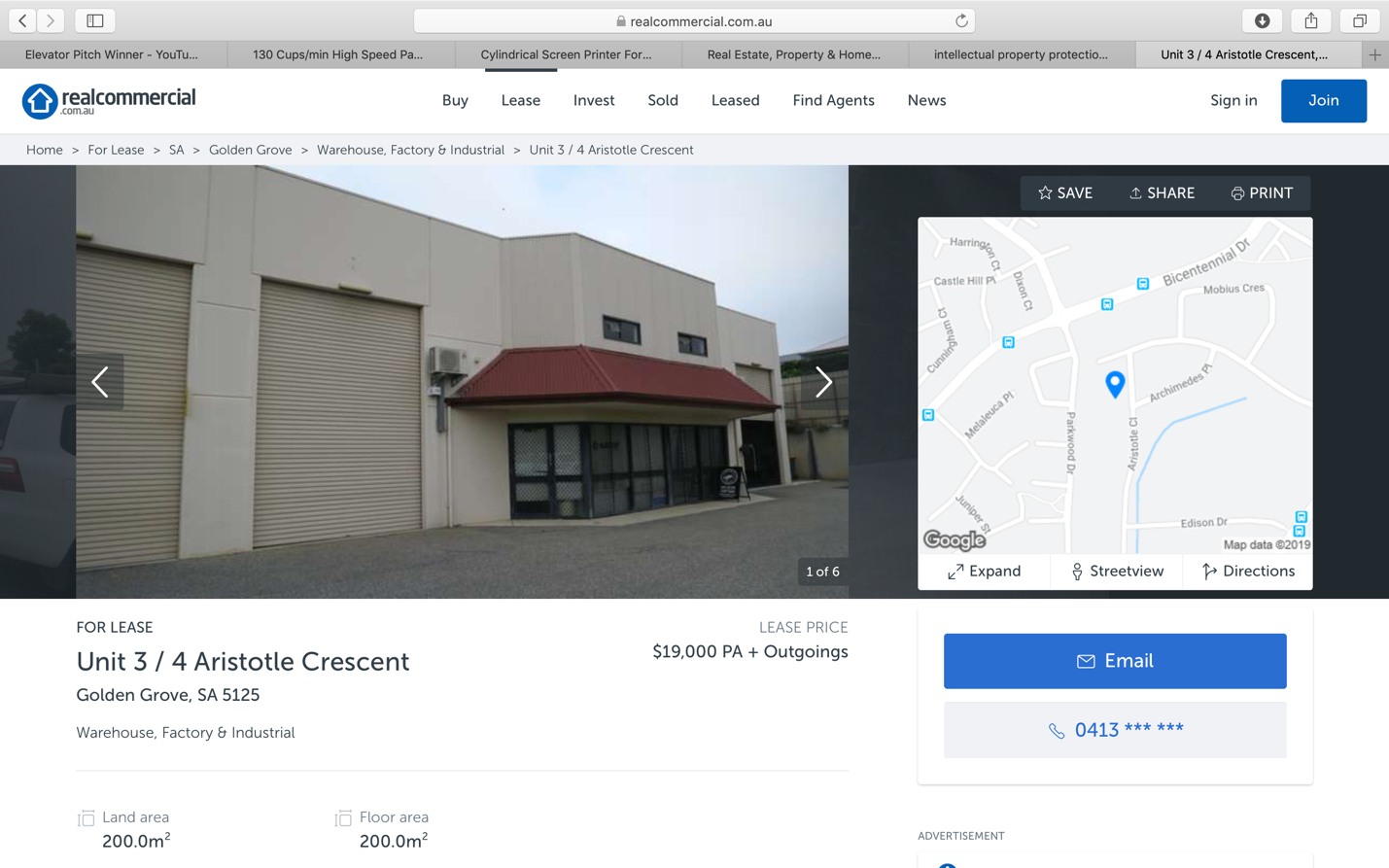
BUSINESS OPERATIONS

**Production**

Located within the Mt Barker Industrial Estate and close to the South Eastern Freeway, Cups 2 Go has a premises of approximately 200sqm which includes ground and mezzanine office space of approximately 50sqm and 150sqm of warehouse space which will be used for cup storage and cup printing.

Within the warehouse, we will be using 2 screen printing cup machines purchased from China for US$3600 each. This will allow us to print up to 10,000 cups a day. As the business grows, we will increase the number and quality of the machines to handle greater loads of cups. Just-in-time management will be used to make sure that we have enough stock at the right time. We will also need to buy paint.

The warehouse costs $19,000 per year + outgoings. Outgoings are things like water, electricity etc…



**Organisational Structure**

The organisational structure is as follows:

Tom Smith

Charles Brown

Bob Jones

|  |  |  |
| --- | --- | --- |
| **Personnel** | **Experience** | **Role/s** |
| Tom Smith | Management, sales | Management, Sales, Production |
| Bob Jones | Finance and accounting background, approaching retirement. Works Part-time and wants flexible work conditions and less responsibility than previous positions | Finance, Production |
| Charles Brown | Recent School leaver, work experience only. Works part time. Hours to increase as the business grows | Production |

**Customer interaction**

Most of the business will be face to face at the start, it will then gradually progress to being online. We will go to marketing events such as coffee expos at the showgrounds. The coffee cups will be delivered in person for the first 2-3 purchases so that we can build a relationship with the café owner.

**Risk considerations**

A PESTLE Analysis has been conducted to determine what risks need to be considered for Cups 2 Go.

|  |  |
| --- | --- |
| **Political** | There are no major political issues other than recycling laws |
| **Economic** | The economy is currently in a downturn and there is not a lot of economic activity. This may affect people buying coffee at café’s, but it will be good for businesses in getting free cups |
| **Social** | The growth of things like Farmers Markets show that people are wanting to be environmentally friendly. We will be able to capitalize on this. |
| **Technology** | Our machines are at the bottom of the range of printers, but as the business grows we will be able to increase the technology |
| **Legal** | No legal considerations, but we need to be aware of using other companies brands. We also need to consider the basic legal requirements of employment, as well as abiding by the regulations for recyclable products |
| **Environment** | People are more interested in the environment now, so we are capitalizing on this with Cups 2 Go |

MARKET ANALYSIS

The market of Cups 2 Go is made up of Café’s in the Adelaide Hills and Adelaide Region. However, we will also need to know about customers of the café’s too.

The coffee industry is growing at a rate of 2% each year, with approximately $10 Billion in revenue. There are over 20,000 coffee related businesses in Australia that employs over 142,000 people[[2]](#footnote-2). This shows that there is a lot of potential for Cups 2 Go to expand in years to come.

**Customer profiles**

***Café customers***

The target market of Cups 2 Go are café’s in the Adelaide Hills and Adelaide Metro areas. These are small businesses with an eye on the ‘bottom line’ as they are typically small businesses that are running on a low profit margin.

We have a focus on reducing landfill and increasing recycling and so our target market are those rustic and environmentally aware café’s that are supportive of local business.

***Small Business customers***

Advertising is difficult and costly for small business and they want to have effective advertising. The advertising on the coffee cup will complement the environmental messages and will be in front of customers almost exclusively for up to 2220 seconds.

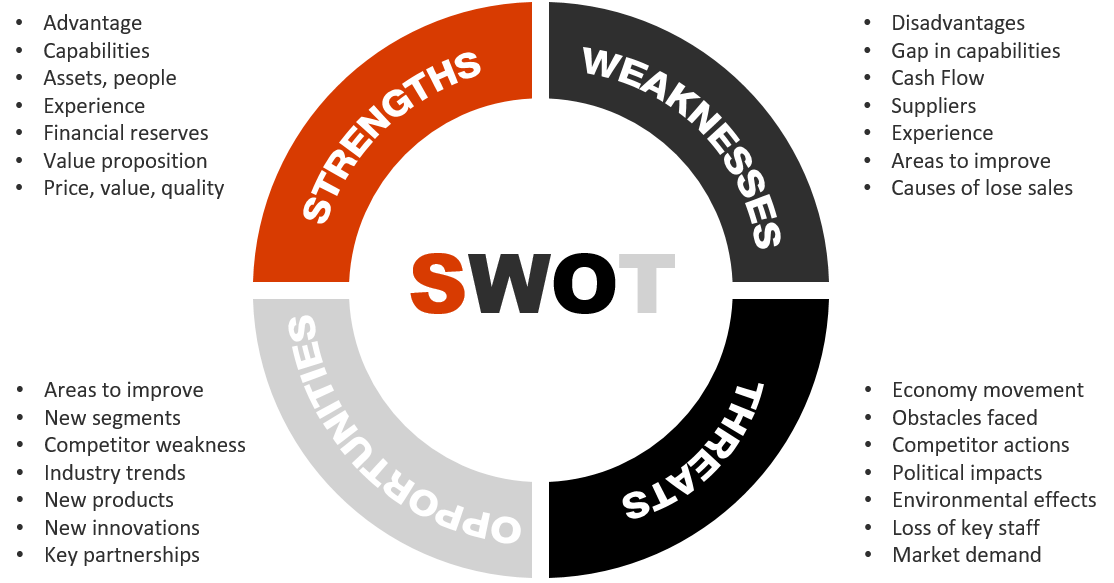
Advertisers will be sought from local business rather than multinationals or large companies because it doesn’t fit with the brand.

***Coffee Customers (at café’s)***

These are people who like coffee, are mainly workers under 40 years old and who get a coffee on the way to work.

***SWOT Analysis for Cups 2 Go***

* Competitors start doing what we are
* Trade war with China might impact
* Unique Selling point
* Graphic design experience
* Feel good experience
* Competitive prices



* Not experienced in business
* Cash flow problems at the start
* Not many customers to start off with, but lots of expenses
* Competitors don’t advertise environmental issues
* Industry is growing
* Competitors charge for coffee cups, we don’t
* We buy in bulk from china

***Competition***

Competitors for Cups 2 Go are café’s who have their own branded coffee cups, cup distributors, keep cup companies and other Beveridge holder producers.

We have a competitive advantage because our product is biodegradable, can be branded for businesses individually and is environmentally friendly. Lots of cups in the market are not recyclable.

***Marketing and Sales Plan***

Cups 2 Go will use the following marketing strategies:

* + Media advertising (magazine and radio)
    - Magazines will be in flight magazines on Virgin, Tiger and QANTAS
  + Direct mail to local businesses
  + Telemarketing by Tom Smith
  + Coffee Expos, business expos so we can get our name out there with businesses

The key message that we will have in our advertising is that our biodegradable coffee cups are caring for the environment by reducing landfill as well as making small café businesses more profitable because they get their cups for free.

THE STRATEGY

***Business Goals***

To achieve the goals of the business, you need to plan how you’re going to achieve them. Cups 2 Go will be trying to achieve the following goals:

* Reduce landfill through the disposal of coffee cups
* Help small businesses
* Create great opportunities for local business to advertise
* To have a customer base of 50 café’s in the first 6 months, with 100 within 12 months
* Our longer term goal is to branch outside Adelaide and the Hills to include regional areas within 2 years.
* Our 5 year goal is to move interstate, most probably starting with the Northern Territory and then Western Australia
* Our Financial goal is to create revenue of at least $200,000 within the first 12 months

***Action Plan***

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Nov-19** | **Dec-19** | **Jan-20** | **Feb-20** | **Mar-20** | **Apr-20** | **May-20** | **Jun-20** | **Jul-20** | **Aug-20** | **Sep-20** | **Oct-20** |
| **Creating client database** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Get loan** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Purchase equipment** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Purchase stock from China** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Set up warehouse** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Marketing/Advertising** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Magazines** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Direct Sales** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Trade Shows** |  |  |  |  |  |  |  |  |  |  |  |  |

FINANCIAL PLAN

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **START-UP COSTS** | | | | |
| **Cups 2 Go** | **November 1, 2019** | | | |
|  | | | | |
| **COST ITEMS** | **MONTHS** | **COST/ MONTH** | **ONE-TIME COST** | **TOTAL COST** |
|  | | | | |
| **In flight Magazine Advertising** | 3 | $10,000 | $2,000 | $32,000 |
| **Direct Sales** | 6 | $500 | $0 | $6,000 |
| **Trade Shows** | 4 | $1000 | $500 | $4,500 |
| **Employee Salaries** | 12 | $11,500 | $0 | $138,000 |
| **Employee Payroll Taxes and Benefits** | 12 | $4,500 | $2,000 | $54,000 |
| **Rent/Lease Payments/Utilities** | 12 | $1,580 | $3,160 | $4,740 |
| **Postage/Shipping** | 1 | $25 | $0 | $25 |
| **Communication/Telephone** | 12 | $70 | $0 | $840 |
| **Computer Equipment** |  | $0 | $1,500 | $1,500 |
| **Computer Software** |  | $0 | $300 | $300 |
| **Insurance** | 12 | $100 | $0 | $1,200 |
| **Supplies** |  | $0 | $0 | $0 |
| **Travel & Entertainment** |  | $0 | $1,825 | $1,825 |
| **Equipment** |  | $0 | US$7,200 | $5,000 |
| **Furniture & Fixtures** |  | $0 | $2,000 | $2,000 |
| **Business Licenses/Permits/Fees** |  | $0 | $250 | $250 |
| **Professional Services - Legal, Accounting** |  | $0 | $1,500 | $1,500 |
| **Cash-On-Hand (Working Capital)** |  | $0 | $4,000 | $4,000 |
| **Miscellaneous** |  | $0 | $1,000 | $1,000 |
| **ESTIMATED START-UP BUDGET** |  |  |  | **$257,755** |

Projected Profit and Loss

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **START-UP COSTS** | | | | | | | | | | | | | | |
| **Your Coffee Shop** | | | | | | | | | | | | | **November 1, 2019** | |
|  | | | | | | | | | | | | | | |
| **REVENUE** | **JAN** | **FEB** | **MAR** | **APR** | **MAY** | **JUN** | **JUL** | **AUG** | **SEP** | **OCT** | **NOV** | **DEC** | | **YTD** |
|  | | | | | | | | | | | | | | |
| Estimated Ad Space Sales | $5,000 | $13,000 | $16,000 | $17,000 | $34,500 | $46,400 | $52,500 | $63,125 | $74,549 | $82,000 | $95,000 | $127,349 | | $626,423 |
| Less Sales Returns & Discounts | $0 | ($350) | $0 | ($206) | ($234) | $0 | $0 | ($280) | ($1,200) | ($1,600) | $0 | ($2,400) | | ($6,270) |
| Other Revenue | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1,500 | $0 | $0 | $0 | $0 | | $1,500 |
| **Net Sales** | **$5,000** | **$13,000** | **$16,000** | **$17,000** | **$34,500** | **$46,400** | **$52,500** | **$64,625** | **$74,549** | **$82,000** | **$95,000** | **$127,349** | | **$627,923** |
| **Cost of Goods Sold** | **$2,000** | **$5,200** | **$6,400** | **$7,800** | **$15,800** | **$16,560** | **$19,000** | **$24,250** | **$29,820** | **$32,800** | **$36,000** | **$40,940** | | **$236,570** |
| **Gross Profit** | **$3,000** | **$7,450** | **$9,600** | **$9,200** | **$18,700** | **$29,900** | **$33,500** | **$40,375** | **$44,729** | **$49,200** | **$59,000** | **$86,409** | | **$391,353** |
|  | | | | | | | | | | | | | | |
| **EXPENSES** | **JAN** | **FEB** | **MAR** | **APR** | **MAY** | **JUN** | **JUL** | **AUG** | **SEP** | **OCT** | **NOV** | **DEC** | | **YTD** |
|  | | | | | | | | | | | | | | |
| Salaries & Wages | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | | $138,000 |
| Marketing/Advertising | $3541 | $3541 | $3541 | $3541 | $3541 | $3541 | $3541 | $3541 | $3541 | $3541 | $3541 | $3541 | | $42,500 |
| Rent | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | $1,580 | | $19,000 |
| Utilities | $250 | $150 | $200 | $200 | $200 | $250 | $250 | $250 | $200 | $200 | $250 | $250 | | $2,650 |
| Website Expenses | $175 | $175 | $175 | $175 | $175 | $175 | $175 | $175 | $175 | $175 | $225 | $225 | | $2,200 |
| Internet/Phone | $70 | $70 | $70 | $70 | $70 | $70 | $70 | $70 | $70 | $70 | $70 | $70 | | $840 |
| Insurance | $165 | $165 | $165 | $165 | $165 | $165 | $165 | $165 | $165 | $165 | $165 | $165 | | $1,980 |
| Travel | $100 | $0 | $0 | $250 | $0 | $0 | $0 | $0 | $675 | $800 | $0 | $0 | | $1,825 |
| Legal/Accounting | $1,200 | $0 | $0 | $450 | $0 | $500 | $0 | $0 | $0 | $0 | $0 | $250 | | $2,400 |
| Office Supplies | $125 | $125 | $125 | $125 | $125 | $125 | $125 | $125 | $125 | $125 | $125 | $125 | | $1,500 |
| **Total Expenses** | **$18,706** | **$17,306** | **$17,356** | **$18,056** | **$17,356** | **$17,906** | **$17,406** | **$17,406** | **$18,031** | **$18,156** | **$17,456** | **$17,706** | | **$212,825** |
|  | | | | | | | | | | | | | | |
| **NET INCOME** | **($15,706)** | **($9,856)** | **($7,756)** | **($8,856)** | **$1,344** | **$11,994** | **$16,094** | **$22,969** | **$26,698** | **$31,044** | **$41,544** | **$68,703** | | **$178,528** |
|  | | | | | | | | | | | | | | |

CONCLUSION

***Cups 2 Go*** is an entrepreneurial initiative that aims to achieve a sizable profit of approximately $178,000 in the first 12 months. This opportunity has been well thought out and will succeed based on my research.

Performance Standards for Stage 2 Business Innovation

| - | Finding and Solving Problems | Contextual Application | Analysis and Evaluation |
| --- | --- | --- | --- |
| A | Insightful identification and exploration of problems and/or needs using a customer-focused approach.  Highly creative generation of innovative and viable solutions to problems and/or needs using a customer-focused approach. | Perceptive and highly effective contextual application of decision-making and project management tools and strategies.  Astute creation and application of business intelligence to iteratively develop business models and plans.  Perceptive contextual application of communication and/or collaborative skills. | Discerning evaluation of business models and plans.  Critical analysis and evaluation of opportunities and challenges for business in the digital age.  Insightful analysis and evaluation of social, economic, environmental, and/or ethical impacts of global and local business. |
| B | Well-considered identification and exploration of problems and/or needs using a customer-focused approach.  Creative generation of viable solutions with some innovation to problems and/or needs using a customer-focused approach. | Well-considered and effective contextual application of decision-making and project management tools and strategies.  Purposeful creation and application of business intelligence to iteratively develop business models and plans.  Mostly perceptive contextual application of communication and/or collaborative skills. | Well-considered evaluation of business models and plans.  Mostly critical analysis and evaluation of opportunities and challenges for business in the digital age.  Well-considered analysis and evaluation of social, economic, environmental, and/or ethical impacts of global and local business. |
| C | Considered identification and exploration of problems and/or needs using a customer-focused approach. **(C+)**  Mostly creative generation of viable solutions to problems and/or needs using a customer-focused approach. | Considered contextual application of decision-making and project management tools and strategies.  Competent creation and application of business intelligence to iteratively develop business models and plans.  Effective contextual application of communication and/or collaborative skills. | Considered evaluation of business models and plans.  Some critical analysis and evaluation of opportunities and challenges for business in the digital age.  Considered analysis and evaluation of social, economic, environmental, and/or ethical impacts of global and local business. **(C-)** |
| D | Some identification and exploration of problems and/or needs using a customer-focused approach.  Some generation of solutions to problems and/or needs using a customer-focused approach. | Some application of decision-making and project management tools and strategies.  Some creation and application of business intelligence to iteratively develop business models and plans.  Some contextual application of communication and/or collaborative skills. | Some analysis and description of business models and plans.  Some analysis and description of opportunities and challenges for business in the digital age.  Some analysis and description of social, economic, environmental, and/or ethical impacts of global and local business. |
| E | Attempted identification and exploration of problems and/or needs using a customer-focused approach.  Attempted generation of solutions to problems and/or needs using a customer-focused approach. | Attempted application of decision-making and project management tools and strategies.  Attempted creation and application of business intelligence to iteratively develop business models and plans.  Attempted application of communication and/or collaborative skills. | Attempted description of business models and plans.  Description of opportunities and challenges for business in the digital age.  Description of social, economic, environmental, and/or ethical impacts of global and local business. |

FSP1 – There is identification of the problem of landfill and high costs for producers, however there is not a lot of exploration of these problems. The problem identification indicates that it has been carefully thought about (considered) through the value proposition and elements of the market analysis

CA2 – The financials section sees the application of business intelligence. However, not much is done with this afterward to make recommendations. These financials are competently created and applied. References would have been useful to determine their validity. There are also elements not present in the financials that would aid in developing better business intelligence.

AE2 – Critical analysis is evident in the SWOT and the Market Analysis. It is not evident throughout the entire report, neither is it in depth.

AE3 – The only place this is evident is in the section on Company Overview and Market Analysis. The PELTS Analysis, while present appears to be just made up with not much reference to data or evidence

**Distractors**

Formatting

Referencing

Financials

1. Caterall, E. (2019). *ABC's War on Waste creates unprecedented demand for sustainable coffee cups*. [online] Recycling Near You. Available at: https://recyclingnearyou.com.au/news/display/1299 [Accessed 27 Aug. 2019]. [↑](#footnote-ref-1)
2. Ibisworld.com.au (2019). Café’s and Coffee Shops – Australia Industry Report, Ibisworld online, available at <https://www.ibisworld.com.au/industry-trends/market-research-reports/accommodation-food-services/cafes-coffee-shops.html> (Accessed Aug 27, 2019) [↑](#footnote-ref-2)