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**iBakeChocolate**

**Business Plan**

*Taking the aching out of baking*

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| --- | --- |
| **Company Background** | **Contact Information**  Jane Komen  (860)-890-9170  janerufini@yahoo.com  iBakeChocolate  212 Gilead Road  Andover, CT  06232  **Year Founded**  2012  \_\_\_\_\_\_\_\_\_\_\_\_\_  **Investment Opportunity**  $372.49  **Annual Operating Costs**\*  132.49  **Annual Sales**\*  $8,081  **Annual Profit**\*  $2,975  **Return on Sales\***  36.8%  **Return on Investment**\*  799%  **Breakeven Units/Month**\*  15 units  *\*Projected* |
| Business Description: iBakeChocolate is owned by Jane Komen and Kevin Rivera. It is a retail business in the bakery product manufacturing industry that sells different desserts from cakes, to cookies to brownies, but what earns us the name is that all of these desserts contain and are made with chocolate. |
| Business Model: iBakeChocolate can help families who would like to spend more time together, even for just a few more minutes, by adding that time at the end of dinner with a delicious dessert. It will save time for families who have planned large events such as birthday parties and family reunions by placing orders for our products. |
| Mission Statement:iBakeChocolate will guarantee satisfaction to our customers when they sink their teeth into our delicious, delectable products, earning a smile and the look of pleasure from everyone else around you. |
|  |
| **Market Opportunity** |
| Opportunity: People nowadays are busy; there just are not enough hours in a day to have special, large events or enjoy something that seems so easy and simple, such as dessert. iBakeChocolate takes away those worries, allowing the customer to save their own time by choosing us to provide dessert for family reunions, or other large occasions. |
| Target Market: The target market includes families in the areas of Hebron, Andover and Marlborough, Connecticut with an income of over about $120,000 a year who would like to spend more time with their family after dinner. |
| Industry Overview: The bakery product manufacturing industry brings in about $3 billion dollars each year, showing that there has been an increase in demand for freshly baked goods as opposed to commercial baked goods. |
| Market Research: 50 surveys were given out to those in iBakeChocolate’s target market and the most important questions were tallied, letting us know what the majority of our target market would like out of a business like this one. |
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| **Leadership** |
| Jane Komen, Co-Founder: Jane Komen has taken completed a marketing/entrepreneurship course, and at the time that she will begin her business, she will have a bachelor’s degree in business. Together, her partner and she have nine years of baking experience and they have excellent communication and customer satisfaction skills. |

**iBakeChocolate**

**Jane Komen and Kevin Rivera**

**Business Plan**

*Taking the aching out of baking*

**1. OPPORTUNITY RECOGNITION & BUSINESS STRUCTURE**

**1.1 Business Opportunity**

We believe this is a business opportunity because people nowadays are busy; there just are not enough hours in a day to have special, large events or enjoy something that seems so easy and simple, such as dessert. iBakeChocolate takes away those worries, allowing the customer to save their own time by choosing us to provide dessert for family reunions, or other large occasions.

**1.2 Type of Business**

iBakeChocolate is a retail business because customers come in an buy one more of a certain choice of products.

**1.3 Type of Business Ownership**

iBakeChocolate is a partnership business because we feel this way, we can complete more work in a less amount of time, and the risks of starting a business can be shared, as well as the rewards.

**1.4 Mission Statement**

iBakeChocolate will guarantee satisfaction to our customers when they sink their teeth into our delicious, delectable products, earning a smile and the look of pleasure from everyone else around you.

**1.5 Social** **Responsibility**

On the last week of every other month, iBakeChocolate will hold a raffle, with tickets that cost $5 each and the winner will receive a combination of his or her own of 4 desserts. 65% of the profits we make will be donated to the local ASPCA because iBakeChocolate believes that animals are people too, and each and every animal that has been abused in any way, deserves another chance at his or her happiness.

**1.6 Qualifications**

We are qualified to run this business because we have nine years of experience with baking. Also, both people participating in the partnership have taken an entrepreneurship/marketing class. At the time that the partners will open, each person will have a bachelor’s degree in business. Both partners have excellent communication and customer satisfaction skills.

**2. MARKET RESEARCH**

**2.1 Market Research**

A market research survey was conducted which helped iBakeChocolate get to know its target market a little bit better. One of the most important aspects of this survey was the fact that most people in the market area have dessert on an average about two to three times a week at least. Also, the people in this target market would like to pay more for good quality homemade desserts, that they had said they would go out of their way to get.

**2.2 Target Market**

*Demographic Information*: In the town of Hebron, Andover and Marlborough Connecticut, there is a total population of 8,610 people.

*Geographic Information*: iBakeChocolate will be targeting the towns of Hebron, Andover, and Marlborough, Connecticut.

*Psychographic Information*: Market research concluded that the families in this area are hard-working families with a limited amount of time that would like to sit and have more time with their family even if it’s only a little bit more.

*Buying Patterns*: Market research also concluded that these families eat desserts at least about two to three times a week, and would like good quality homemade desserts.

**2.3 Competitors**

*Direct Competition:* The direct competition that iBakeChocolate has are places like Stop and Shop and Shoprite, as these stores have a large selection of commercial baked goods. Another direct competitor is Motta’s Bakery because they sell deserts as well.

*Indirect Competition:* Indirect competitors include people who would like to make their own desserts, and grocery sores who sell the ingredients needed for baking.

**2.4 Competitive Advantage**

1. The first competitive advantage that iBakeChocolate has is that people save time because they have somebody else making their dessert for them.
2. Another competitive advantage is that the quality of the food is excellent; it tastes just as if it was homemade.
3. The third competitive advantage is that the recipes iBakeChocolate will use only uses recipes that are passed down by family from generation to generation.
4. The fourth competitive advantage is that iBakeChocolate desserts all contain chocolate, which has actually been proven to be healthy, especially darker chocolates which is the majority type of chocolate that will be used.

**2.5 Business Growth**

*Short-Term Business Goals:* By the end of the first year, iBakeChocolate would like to buy equipment that is more efficient.

*Long-Term Business Goals:* By the end of at least the third year, iBakeChocolate would like to improve from an online business into an actual storefront.

**2.6 Challenges**

*Short-Term Business Challenges:* The challenge that would arise from buying more efficient equipment is that buying more efficient equipment will cost more money.

*Long-Term Business Challenges:* The challenge that would be faced by opening a storefront is that it would be more expensive.

**3. PROMOTION & SALES**

**3.1 Marketing Plan**

iBakeChocolate plans to market mostly in the towns of Hebron, Andover and Marlborough where there are families with an average household income of over $120,000. Market Research concluded that these families are hard-working and have a limited amount of time. It also concluded that most of the families in this area eat dessert an average of about two to three times a week, at least.

The marketing plan will highlight the following customer benefits:

1. Will enjoy the taste of homemade, delicious desserts.
2. Save time shopping for dessert or making it
3. Less money spent on buying commercial or other desserts
4. Chocolate, contained in all the desserts, is actually proven to be healthy, especially darker chocolates which iBakeChocolate will be using a majority of chocolate is actually proven to be healthy, especially darker chocolates.

**3.2 Promotion**

iBakeChocolate will engage through the following promotional methods: business cards, Facebook, word of mouth, a website and advertising.

1. *Business Cards:* Business cards will be sent out with every order that we is sent out to every customer, allowing our information to get around, or even to let other people see it.
2. *Facebook:* iBakeChocolate will have a page on Facebook where customers will be able to see anything that is going on with the business, and they will also be able to like it.
3. *Word of Mouth:* Because iBakeChocolate plans to target the small towns of Hebron, Andover and Marlborough, word of mouth would also be a good method of marketing because word gets around fast in these small areas.
4. *Company Website:* iBakeChocolate will have a website online which will make it easier for customers to know what the business is about, and it is also where any orders will be placed.
5. *Advertising:* While driving around, as the owner of iBakeChocolate, the car that is being driven will have a magnet on both sides of the vehicle with the company name/logo on it.

**3.3 Sales Methods**

iBakeChocolate will be an online business where customers will be able to find the website and pick from a selection of desserts which they can then either pick up, or have delivered to them at a cost.

*Steps a consumer follows to purchase my product:*

1. The customer will go onto the website where they will be able to choose the dessert(s) that they want.
2. The order will be sent to the email of the owner of iBakeChocolate, as well as the possible pick up date, or delivery.
3. The customer is given a delivery date, or chooses a pick up time in which they will get their dessert.

**3.4 Sales Estimates**

|  |  |
| --- | --- |
| Factor | Influence on sales |
| Market Analysis | Though the number of population may be small, it leaves iBakeChocolate with a decent market size. From the original total population, about 75% was taken to find the population of the target market; these were the people who said they would pay more for good quality, homemade desserts. Then from that number, about 70% was taken to found the market size. |
| Maximum Capacity | iBakeChocolate has a maximum capacity of 28 units per week, which means it can sell 112 units per month. This is a realistic number because this is making about 4 units per day, which is very possible. |
| Break Even Units | Every month, iBakeChocolate will have to sell at least about 15 units in order to cover its monthly operating expenses. |
| Seasonality | In the month of February, the number of sales increased slightly by 5 units because this is a month with a holiday it in it that some people may like to celebrate. Also, the units decrease in the months of June and July because during this time, many people go on vacation. However, they increase again in November and December because these are when some of the more important holidays for some people occur, causing the demand in baked goods to increase. |

|  |  |  |
| --- | --- | --- |
| Month | Units | Revenue |
| January | 30 | $629.70 |
| February | 35 | 734.65 |
| March | 30 | 629.70 |
| April | 30 | 629.70 |
| May | 30 | 629.70 |
| June | 20 | 419.80 |
| July | 20 | 419.80 |
| August | 30 | 629.70 |
| September | 30 | 629.70 |
| October | 30 | 629.70 |
| November | 50 | 1,049.50 |
| December | 50 | 1,049.50 |
| **Annual Total** | **385** | **$8,081.15** |

**4. FINANCIAL INFORMATION & OPERATIONS**

**4.1 Definition of One Unit**

One unit is defined as one chocolate cherry cake which consists of 18 servings.

**4.2 Variable Expenses**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Materials** | | | | | | |
| Material Description | | Bulk Price | Bulk Quantity | | Quantity per Unit | Cost per Unit |
| Pastry Boxes | | $54.69 | 250 | | 250 | $0.22 |
| Pastry Paper Liners | | 4.49 | 100 | | 100 | 0.04 |
| Baking ingredients | | 1 | 1 | | 1 | 6.42 |
| **Total Material Costs per Unit** | | | | | | **$[value]** |
|  | | | | | | |
| **Labor** | | | | | | |
| Cost of Labor per Hour | Time (in hrs) to make one unit | | | **Total Labor Costs per Unit** | | |
| $8.25 | 15 minutes | | | **$1.79** | | |
|  | | | | | | |
| **EOU** | | | | | | |
| Material Costs | Labor Costs | | | **TOTAL EOU** | | |
| $6.68 | $1.79 | | | **$10.47** | | |

**4.3 Economics of One Unit**

|  |  |  |  |
| --- | --- | --- | --- |
| **Selling Price per Unit** |  |  | $20.99 |
| **Variable Expenses per Unit** |  |  |  |
| Costs of Goods Sold |  |  |  |
| Materials | $6.68 |  |  |
| Labor | 1.79 |  |  |
| Total Cost of Goods Sold |  | $8.47 |  |
| Other Variable Expenses |  |  |  |
| Commission | $0.00 |  |  |
| Packaging | 0.00 |  |  |
| Other | 2.00 |  |  |
| Total Other Variable Expenses |  | $ 2.00 |  |
| Total Variable Expenses |  |  | $10.47 |
| **Contribution Margin per Unit** |  |  | **$10.52** |

**4.4 Production Process**

|  |  |  |
| --- | --- | --- |
| Description of Step | Time(mins) | Cost |
| 1. Consult with potential customer about the order | 10 | $1.38 |
| 1. Travel to grocery store for ingredients | 5 | $0.69 |
| 1. Buy ingredients for order | 60 | $8.25 |
| 1. Travel home | 5 | $0.69 |
| 1. Bake clients’ order(s) | 20 | $2.75 |
| 1. Client’s order is delivered (or picked up for no additional charge) | 15 | $2.06 |

**4.5 Fixed Expenses for One Month**

|  |  |  |
| --- | --- | --- |
| Expense Type | Monthly Cost | Explanation |
| Advertising | $10 | Business Cards |
| Depreciation | $50 | Replace old equipment |
| Utilities/Rent | $10 | Pitch in with Rent |
| **Total Fixed Expenses** | **$70** |  |

**4.6 Income Statement for First Year of Operations**

|  |  |  |  |
| --- | --- | --- | --- |
| **REVENUE** |  |  | $8,081.15 |
| Gross Sales | $8,081.15 |  |  |
| Sales Returns | 0.00 |  |  |
| Net Sales |  |  | $8,081.15 |
| **VARIABLE EXPENSES** |  |  |  |
| Costs of Goods Sold |  |  |  |
| Materials | $2,571 |  |  |
| Labor | 689.15 |  |  |
| Total Cost of Goods Sold |  | $3,260.95 |  |
| Other Variable Expenses |  |  |  |
| Commission | $0.00 |  |  |
| Packaging | 0.00 |  |  |
| Other | 770 |  |  |
| Total Other Variable Expenses |  | 770 |  |
| Total Variable Expenses |  |  | $4,030.95 |
|  |  |  |  |
| **CONTRIBUTION MARGIN** |  |  | $4,050.20 |
|  |  |  |  |
| **FIXED OPERATING EXPENSES** |  |  |  |
| Insurance | $0.00 |  |  |
| Salaries | 0.00 |  |  |
| Advertising | 10 |  |  |
| Interest | 0.00 |  |  |
| Depreciation | 300 |  |  |
|  |  |  |  |
| Rent/Utilities | 240 |  |  |
| Other fixed expenses | 0.00 |  |  |
| Total Expenses |  |  | $550.00 |
|  |  |  |  |
| **PRE-TAX PROFIT** |  |  | $3,500.20 |
| Taxes (15%) |  |  | 525.03 |
|  |  |  |  |
| **NET PROFIT** |  |  | **$2,975.17** |

**4.7 Startup Investment**

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Why Needed | Vendor | Cost |
| Computer/Cellphone | Communication | Owned | Owned |
| Business Cards | Marketing | Staples | $10.00 |
| Partnership Agreement | Agreement | Town Hall | $150.00 |
| Website | Communication | Fastweb.com | $0.00 |
| Baking Supplies | Make products | Owned | Owned |
| **Total Startup Expenditures** | | | **$160.00** |
| Emergency Fund *(1/2 of startup expenditures)* | | | $80.00 |
| Reserve for Fixed Expenses *(covers 3 months of fixed expenses)* | | | $132.49 |
| **Total Startup Investment** | | | **$372.49** |

**4.8 Financial Ratios**

*Return on Sales (ROS):*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Annual Net Profit |  | $2,975.17 | = | **36.8%** | ≈ | **$0.37** |
| Total Annual Sales | $8,081.15 |

*Return on Investment (ROI):*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Annual Net Profit |  | $2,975.17 | = | **799%** | ≈ | **$7.99** |
| Total Startup Investment | $372.49 |

*Breakeven Units (Monthly)*:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fixed Monthly Expenses |  | $155.00 | = | **14.73** | ≈ | **15 units** |
| Contribution Margin | $10.52 |