

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

BEST CHOICE KITCHEN

BUSINESS PLAN

BY

OPOKU KINGSLEY

BOADI DAPAAH

OWUSU ANSAH ISAAC

ADJEI ANDREW

ADJEI DANSO MARGARET

DECEMBER 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

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BEST CHOICE KITCHEN

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**A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS STUDIES
OF CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE COURSE
CSAD 443 TEAM BUSINESS PROPOSAL**

BY

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DECEMBER, 2011

STATEMENT OF AUTHENTICITY

I have read the Christian service University College's regulation relating to plagiarism and certify that this Business Plan is all my work and does not contain any unacknowledged work from any other source. I also declare that I have been under supervision for this Business Plan herein submitted.

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Table 1**PROJECTED COST OF SALES –YEAR 1**

NO.	ITEMS	AMOUNT GH¢
1	Foodstuffs	15,000
2	Rice (bags)	80,000
3	Floor	6,000
4	Maize (bags)	5,000
5	Beans (bags)	5,000
6	Cooking oil (gallons)	15,000
7	Vegetables	6,000
8	Salt, spices & flavors	3,000
9	Meat, Fish & Eggs	50,000
10	Gas (fuel)	3,000
11	Contingencies	2,000
	Less closing inventory	(45,000)
	TOTAL	145,000

Table 2**PROJECTED COSTS OF SALES –YEAR 2**

NO.	ITEMS	AMOUNT GH¢
	Opening inventory	45,000
1	Foodstuffs	20,000
2	Rice (bags)	100,000
3	Floor	8,000

4	Maize (bags)	8,000
5	Beans (bags)	8,000
6	Cooking oil (gallons)	20,000
7	Vegetables	9,000
8	Salt, spices & flavors	5,000
9	Meat, Fish & Eggs	70,000
10	Gas (fuel)	4,000
11	Contingencies	3,000
	Less closing inventory	(55,000)
	TOTAL	245,000

Table 3 PROJECTED COSTS OF SALES –YEAR 3

NO.	ITEMS	AMOUNT GH¢
	Opening inventory	55,000
1	Foodstuffs	35,000
2	Rice (bags)	120,000
3	Floor	12,000
4	Maize (bags)	12,000
5	Beans (bags)	10,000
6	Cooking oil (gallons)	30,000
7	Vegetables	12,000
8	Salt, spices & flavors	8,000

9	Meat, Fish & Eggs	100,000
10	Gas (fuel)	6,000
11	Contingencies	4,160
	Less closing inventory	(55,560)
	TOTAL	348,440

Table 3 PROJECTED SALES –YEARS 1

Product	No of customers	Selling price	Amount
General market	54,000	7.00	378,000

Table 4 PROJECTED SALES –YEARS 2

Product	No of customers	Selling price	Amount
General market	72,000	7.00	504,000

Table 5 PROJECTED SALES –YEARS 3

Product	No of customers	Selling price	Amount
General market	92,880	7.00	650,160

Table 6 NON CURRENT ASSETS SCHEDULE –YEAR 1

No	PROPERTY, PLANT AND EQUIPMENT	GH¢ AMOUNT	RATE (%)	DEPRECIATION	NET BOOK VALUE
1	Curtains	500.00	50	250	250
2	Ceiling fan	300.00	10	30	270
3	Air conditions	3,000.00	20	600	2400
4	Furniture & fittings	4,500.00	25	1125	3375
5	Television	2,500.00	5	125	2375
6	Fire extinguishers	250.00	100	250	-
7	Wall clock	20.00	10	2	18
8	Flower vase with stand	80.00	50	4	76
9	Utensils	5,000.00	50	2500	2500
10	Cylinders	700.00	50	350	350
11	Generator	1,000.00	25	250	750
12	Stove	2,400.00	25	600	1800
13	Microwave	900.00	25	225	675
14	Barbeque (grill)	80.00	25	20	60
15	Oven	700.00	20	140	560
16	Fridge's	4,000.00	20	800	3200
17	Plates & Glasses	1,000.00	25	250	750
18	Kitchen ware	50.00	50	25	25
19	Motor vehicle	30,000.00	10	3000	27000
20	Computer sets	200.00	10	20	180

21	Poly tank	1,000.00	10	100	900
22	Cutlery set	70.00	50	35	35
23	Printers	300.00	25	75	225
	TOTAL	58,550		10,776	47,774

Table 7 NON CURRENT ASSETS SCHEDULE –YEAR 2

<u>No</u>	PROPERTY, PLANT AND EQUIPMENT	GH¢ AMOUNT	RATE (%)	DEPRECIATION	NET BOOK VALUE
1	Curtains	250.00	50	125	125
2	Ceiling fan	270.00	10	27	243
3	Air conditions	2400.00	20	480	1920
4	Furniture & fittings	3375.00	25	843.8	2531
5	Television	2375.00	5	118.8	2256
6	Wall clock	18.00	10	2	16
7	Flower vase with stand	76.00	50	38	38
8	Utensils	2500.00	50	1,250	1250
9	Cylinders	350.00	50	1750	175
10	Generator	750.00	25	188	562
11	Stove	1800.00	25	450	1350
12	Microwave	675.00	25	168.8	506
13	Barbeque (grill)	60.00	25	15	45

14	Oven	560.00	20	112	448
15	Fridge's	3200.00	20	640	2560
16	Plates & Glasses	750.00	25	188	562
17	Kitchen ware	25.00	50	13	12
18	Motor vehicle	27,000.00	10	2700	24300
19	Computer sets	180.00	10	18	162
20	Poly tank	9,00.00	10	90	810
21	Cutlery set	35.00	50	180	17
22	Printers	225.00	25	56.3	168.7
	TOTAL	47,774		7,717	40,057

Table 8 **MANPOWER REQUIREMENTS –YEAR 1**

A.	Chef	6	1,575	18,900
	Waitress	6	787.5	9,450
	Distributing office	1	131.25	1,575
	Drivers	2	250	4,200
	SUB TOTAL 1		2,843.75	34,125
B.	Management			
	General Manager	1	437.5	5,250
	Production Manager	1	437.5	5,250
	Sale/Marketing Manager	1	437.5	5,250

	Accountant	1	437.5	5,250
	SUB TOTAL 2		1,750	21,000
	Social Security Benefit (12.5%)		656.25	7,875
	TOTAL COST		5250	63,000

Table 9 MANPOWER REQUIREMENTS –YEAR 2

A.	Chef	6	1732.50	20,790.00
	Waitress	6	866.25	10,395.00
	Distributing office	1	144.25	1732.50
	Drivers	2	385.00	4620.00
	SUB TOTAL 1		3,128.13	37,547.56
B.	Management	1	481.25	5775.00
	General Manager	1	481.25	5775.00
	Production Manager	1	481.25	5775.00
	Sale/Marketing Manager	1	481.25	5775.00
	Accountant	1	481.25	5775.00
	SUB TOTAL 2		1,925.00	23,100.00
	Social Security Benefit (12.5%)		721.88	8,662.56
	TOTAL COST		5775.51	69,306.12

Table 10**MANPOWER REQUIREMENTS –YEAR 3**

A.	EMPLOYEES			
	Chef	6	1,905.75	22,869.00
	Waitress	6	952.88	11,434.50
	Distributing office	1	159.37	1,912.44
	Drivers	2	423.50	5,082.00
	SUB TOTAL 1		3,441.50	41,298.00
B.	MANAGEMENT			
	General Manager	1	429.38	5,152.56
	Production Manager	1	429.38	5,152.56
	Sale/Marketing Manager	1	429.38	5,152.56
	Accountant	1	429.38	5,152.56
	SUB TOTAL 2		1,717.07	20,610.24
	Social Security (12.5%)		797.07	9,528.84
	TOTAL COST		5775.51	69,306.12

Table 11**NON CURRENT ASSETS SCHEDULE –YEAR 3**

No	PROPERTY, PLANT AND EQUIPMENT	GH¢ AMOUNT	RATE (%)	DEPRECIATION	NET BOOK VALUE
1	Curtains	125	50	63	62
2	Ceiling fan	243	10	24	219

3	Air conditions	1920	20	384	1536
4	Furniture & fittings	2531	25	632.8	1898
5	Television	2256	5	113	2143
6	Wall clock	16	10	2	14
7	Flower vase with stand	38	50	19	19
8	Utensils	1250	50	625	625
9	Cylinders	175	50	88	87
10	Generator	562	25	141	421
11	Stove	1350	25	338	1012
12	Microwave	506	25	127	379
13	Barbeque (grill)	45	25	11	34
14	Oven	448	20	90	358
15	Fridge's	2560	20	512	2048
16	Plates & Glasses	562	25	141	421
17	Kitchen ware	12	50	6	6
18	Motor vehicle	24300	10	2430	21870
19	Computer sets	162	10	16	146
20	Poly tank	810	10	81	729
21	Cutlery set	17	50	9	8
22	Printers	168.7	25	42.18	126.5
	TOTAL	40,057		5,895	34,162

EXECUTIVE SUMMARY

Best Choice Kitchen is a limited liability company which is to be established by the beginning of the year 2012 and is to be registered by the end of June 2012 under the Registrar General Department code 1963 Act 179. The location of Best Choice Kitchen will be at Bomso opposite Kpogas Furniture Company off Kumasi Accra road.

Best choice kitchen seeks to offer food to its customer. Best Choice Kitchen seeks to offer both local and continental food menu to its customers.

The company's objective is to provide high quality, nutritious and affordable food through hygienic process to satisfy the general public.

The strategy through which Best Choice Kitchen intends to operate is to price its food within the reach of its customers and also by providing a mobile van delivery to the customers who may place orders by request.

The initial start-up capital will be GH¢ 136,680.00 and is also expected to grow to GH¢ 361,934.00 by the end of the third year indicating 120% growth. It has projected to breakeven by the end of the third year and the projected NPV of GH¢ 379,686.00 are to be achieved with a discount rate of 25%. This makes the business financially viable.

MISSION AND VISION STATEMENT

MISSION

The mission of Best choice Kitchen is to achieve its vision by producing high quality, affordable and nutritious food through hygienic process to satisfy the general public.

VISION

The vision of Best choice kitchen is to become the leading and most recognized restaurant in the garden city and its environs

COPORATE OBJECTIVES

- a. To provide high quality nutritious and affordable food through hygienic process to satisfy the general public
- b. To achieve a positive NPV off less than GH¢ 530083 in the third year
- c. To grow the assets base of the company by 10% by the end of the third year.
- d. To break even with 1 year of operation

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1.0 Organization

Best choice kitchen is a new business yet to be established.

1.1 Date And Place Of Registration

Best choice kitchen is planned to get registered by the end of June 2012 under the registrar's general department company's code 1963 Act 179.

The business seeks to operate as a limited liability company, the owners as well as the management will include Mr. Kingsley Opoku, Mr. Boadi Dapaah, Mr. Owusu Ansah Isaac, Miss. Margaret Adjei Danso and Mr. Andrews Adjei.

1.2 Business Strategy And Mission

the mission of best choice kitchen seek to achieve by producing high quality, affordable and nutritious products through hygienic process to satisfy the general public best choice kitchen will provide minivan which would pick up customers who do not have access to transport from their destination at a reduced (price) cost.

Best choice kitchen would provide mobile food services at the door step of our customer.

1.3 General Organization / Operating Units

Best choice kitchen will be run by the following; General Manager, finance and administration, production and marketing manager.

1.4 Main Products, Market And Clients

Local and continental dishes will be served by the following methods

- i. Vendor service quick and efficient delivery
- ii. They will sit in the dining room
- iii. Take out / take away services.

Capital: The set up of the company shall (GH¢ 136.680.00)

2.1 PRODUCT IDEA & RELISATION OF SCHUDULE

Best choice kitchen seek to offer a menu of food and beverages with a distinctive image. There will be three ways of purchase, table service at the restaurant, take-out from the restaurant and mobile van delivery to campus and other offices.

These food prepared could be served as breakfast, lunch and supper to the customers. Best choice kitchen is moderate-sized and moderately-low priced offering a collection of local and continental dishes with a common theme “healthy, low-fat, low cholesterol, natural ingredient”. Our image is to create the image of light satisfying and still nutritious food. Best choice will serve its customers with food.

Best choice kitchen will serve its customers with a variety of recipe like Lebanese recipe, Chinese recipe, local and continental foods.

However, there has been an increased awareness of nutritional and health concerns in recent years and a growing market of people who now eat this style of cooking regularly.

Best choice kitchen will seek to employ the requisite personnel with skills to prepare healthy and nutritious food for its customers.

Best choice kitchen will compete effectively with its competitors by advancing in the latest technology. Food production and assembly will take place in the kitchen of the restaurant. Fresh vegetables, fish, meat and dairy products will be used to cook most of the dishes from

the scratch. The chef will exercise strict standards of sanitation, quality, production and presentation of packaging over the kitchen and service staff.

A SAMPLE OF THE MENU CHART



Banku & Tilapia



Red Red



Gari Fufuo & Tilapia



Salad



Jollof Rice



Rice Balls with
chicken Soup



Eto & Egg



Best choice kitchen will adopt three ways a customer can purchase food. They may sit down at the dining room in our main hall and get full service from a waitperson.

A separate take-out will be available to those who wish to pick-up their food. Most take-out food will be prepared to order with orders coming from either the telephone or fax.

Delivery service will be available at certain times.

2.2 Research and Development

There is market segment that prefers to eat this type of cooking at home, although they do not have the time to cook. There are already caterers and even mail order companies that provide individual and families with up to a month supply of pre-paid meals. This opportunity will be researched and developed on a trial basis. If successful, it could become a major new source of income without creating need for additional staff or production space.

2.3 Sourcing

Raw materials needed in the operation of food will be supplied by suppliers in the local market. Most of the ingredients are available in the local markets.

2.4 Realization of Schedule

Best choice kitchen is planned to get registered by June 2012 under the registrars' general department company's code 1963 Act 179.

The company will be funded the members.

The board of Directors will secure the premise by the end of February 2012.

The recruitment of staff will be done by the management headed by the Human Resource Manager by the end of August 2012.

The company will be launched by the middle of October 2012 which will be followed by its main operation by the end of October 2012.

3.0 MANAGEMENT TEAM

The Management Team Shall Comprise

Adjei Danso Margaret General Manageress	She has HND Entrepreneurship and Finance and final year student of Christian Service University College pursuing BBA Banking and Finance with 5 years working experience. She is strategic thinker and good communicator.
Owusu Ansah Isaac Finance/Administration	He has HND Accounting and final year student of Christian Service University college pursuing BBA Accounting with 3 years working experience. He is also a good communicator with excellent planning skills.
Boadi Dapaah Operation Manager	He has 'A' 3 year post-secondary in education and final year student of Christian Service University College pursuing BBA Human Resource Management with 11 years working experience. He is a good motivator with excellent planning skills.
Kwaku Gyasi Marketing	He has HND Marketing and a product of Christian Service University College who pursued BBA Marketing with 4 years working experience, proven skills in food market. He has ability to convince customers to reach his target turnover goals.

Shareholders

The major shareholders of Best choice Kitchen are Adjei Andrew, Opoku Kingsley, Boadi Dapaah, Owusu Ansah Isaac and Adjei Danso Margaret.

Board of Directors

The Board of Directors of Best choice Kitchen shall comprise of: Adjei Andrew Board Chairman of the company; he has DBS Accounting and a final year student of Christian Service University College pursuing BBA Accounting with 9 years working experience in Banking.

Opoku Kingsley is a Board Treasurer of the company; he has ‘A’ 3 year post-secondary education, and a final year student of Christian Service University College pursuing BBA Accounting with 11 years teaching experience.

Boadi Dapaah is board member of the company; he has “A” 3 year post secondary education and a final year student of Christian Service University College pursuing BBA Human Resource Management with 11 years teaching experience.

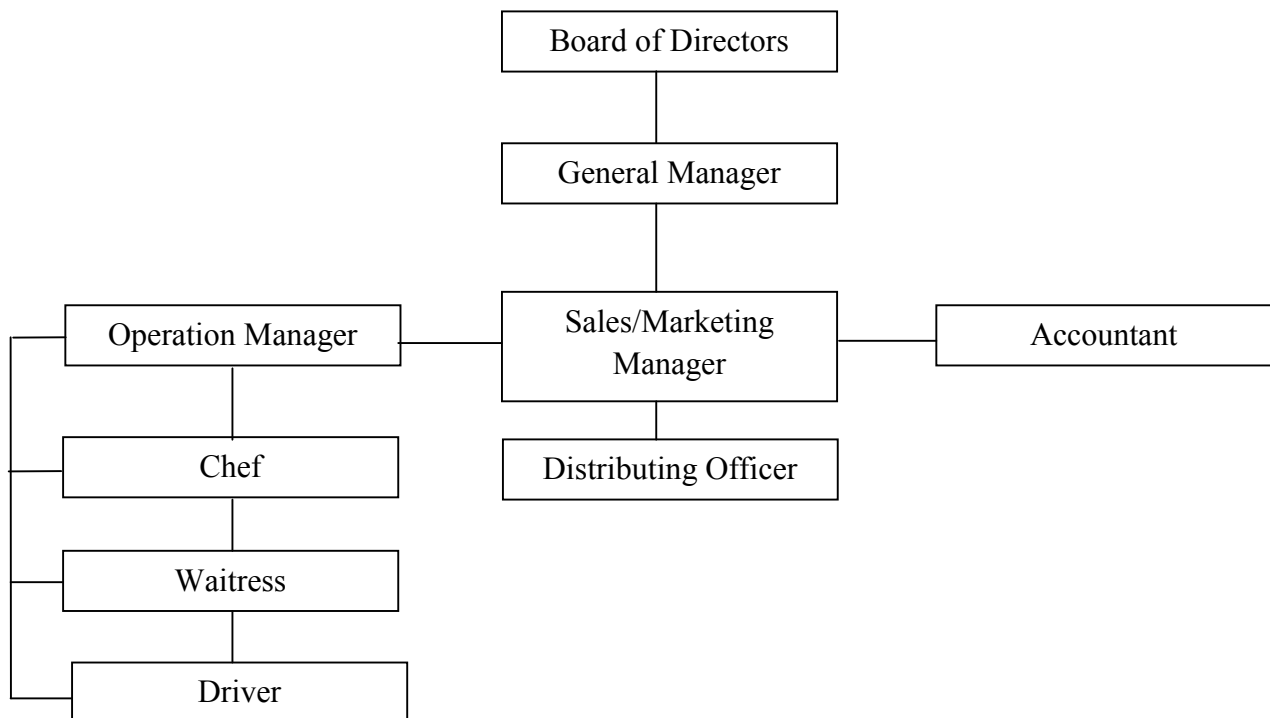
Owusu Ansah Isaac is a Board member of the company, he has HND Accounting and a final year student of Christian Service University College pursuing BBA Accounting with 3 years working experience in transport industry.

Adjei Danso Margaret as secretary of the company, she has HND Entrepreneurship and Finance and a final year student of Christian Service University College pursuing Banking and Finance with 5 years working experience.

Labour

In addition to the management, Best Choice Kitchen shall employ 16 additional staff who has skills and knowledge in the restaurant industry in their operations.

ORGANIZATIONAL CHART FOR BEST CHOICE KITCHEN



LEGAL FRAMEWORK AND ENVIRONEMNTAL AND SOCIAL FACTORS

1.0 Regulatory Restrictions

The Environmental Protection Agency assessment list includes the manufacturing of chemicals and drugs, serving of food and beverages industry and among others.

It will therefore constitute an offence under regulation LI 1652 of 1999 for Best Choice Kitchen Restaurant to operate this kind of business without M/A certification.

1.1 Approval and Licensing Requirements.

Best Choice Kitchen is located at Bomso Around the traffic light just opposite KPOGAS furniture limited.

To meet the requirements by the Environmental Assessment Regulation LI 1652 of 1999, the environment of Best Choice Kitchen has been inspected by the Environmental Protection Agency of which approval is granted to operate such a business at the above mentioned location.

.2 Social Compliance Issues

Measures have been taken to comply with all social standards relating to safety and well being of our employees, customers, clients and the community in which the business is established.

For instance the building in which Best Choice Kitchen is to operate has been well built and beautifully decorated with air conditions fully installed. Also fire extinguishers have been provided at all corners of Best choice Restaurant.

What is more interesting is that our able management team has arranged with fire service experts to educate all our staff as to the uses of these fire extinguishers and how they are operated so that in case of any emergency or fire outbreak anybody at all who happens to be at the scene can put off the fire. We have also installed a high quality electrical gargets which will help minimize the occurrence of electrical problems.

Development and Social Benefits

Creation of employment – Best Choice Kitchen has employed as many as twenty (20) employees including management team and this has helped solved part of the unemployment problem in Kumasi Metropolis.

It is our prime objective to obey all environmental laws just to contribute to the protection of the environment.

Moreover, our staff will serve as resource personnel's who will be organizing food fair programmers for the people of Bomso Community and Kumasi at large.

The by-product of Best Choice Kitchen will be used as feed for livestock and the peels of food stuffs purchased for use can also be used to support our local soap production industry.

4.0 MARKETING ANALYSIS

4.1 Business Systems and operation

Best choice kitchen is made up of five (5) members as partners of the venture. Members shall combine resources effectively and also provide leadership skills and service for the restaurant

Best choice kitchen is located at Bomso traffic light opposite Kpogas furniture limited. The restaurant has a spacious compound which could contain about 45 can for our customers who would wish to enjoy our member.

Best choice kitchen decided to operate at Bomso in order to target students, lecturers at KNUST and all those working around Bomso. The place of choice would also be convenient to our customers since we have spacious compound and an executive dining hall for all customers. It is easy to locate best choice kitchen.

4.2 Environmental Analysis

The restaurant industry is being controlled by the Ministry of Tourism. The industry serves as a service to the public. Their activities ensure that restaurant and other public area service are provided under proper hygienic and sanitary condition for visitors to the country in particular.

Professional handling of visitors' requirement and needs goes a long way to create a positive image of the country. Competitors like Abusua restaurant, McKeown restaurant, chopsticks restaurant, Obaapa restaurant, Royal park restaurant have already target a portion of the market share.

Best choice kitchen would put in-place measures to capture about 15% of the market share by the end of 2012.

From our analysis we observed that most of the Ghanaians are very busy. These situations have caused a lot of individuals to come home late and as a result they have to eat in the restaurant. This has really caused many restaurants to plan all kinds of menu to suite their customers. However, Best choice kitchen has decided to deliver the foods at the door step of their customers.

4.3 Target Market

KNUST students

Commercial Workers in and around Tech and Bomso

Individual households

4.4 Significant Trend

A lot of people like to eat at a good restaurant with a conducive atmosphere. Many individuals have change their style of eating, thus eating quality and nutritious food with “low cholesterol, low fat, natural ingredient” the objective of best choice is to prepare this kind of menu to suite the customer.

4.5 Barries and entry

The industry is very easy to enter and exit, since there are no restrictions to prevent other industries from entering into the market.

4.6 Key factors of success

- Available of raw materials
- Technological advancement
- Availability of distribution channel

4.7 Marketing Strategies

Best choice kitchen will provide a van, which will also carry out special foods on campus and offices as mobile food service. All kinds of food will be provided and be available to all those who wish to buy from the van.

Best choice kitchen will provide a mini bus which will be moving around to pick up customers who would want to enjoy the menu, and the transport fare will be at a reduced cost. However, most food will be prepared on the premises. The kitchen will be designed for high standard of sanitary efficiency and cleaned daily. Food will be made mostly to order and stored in large coolers in the basement. Food for delivery may be similar to take-out or it may be prepared earlier and stocked, catering will be treated as deliveries.

Most of our ingredients would be supplied by suppliers. Provision for an order would be made in advance, so that we may not run out of stock. Especially, the vegetables would be bought fresh from the market.

Employees will be trained not only in their specific operational duties but in the philosophy and application for our concept. They will receive extensive information from the chef and kept informed of the latest information on healthy eating. A big emphasis would be placed on extensive research into the quality and integrity of our products. They will constantly be tested for our own high standard of freshness and purity. Food cost and inventory control will be handled by our computer system and checked daily by management.

Best choice kitchen would be opened from 8:00am to 10:00pm. Best choice kitchen will operate during holidays for special discounts.

4.8Market Analysis

Best choice kitchen seek to serve students, lecturers, workers and individuals in and round tech and Bomso area. Best choice kitchen has targeted average and medium income earners.

Target Market

The target market for best choice kitchen is the student community in and around tech and Bomso. People would buy best choice food because, it is moderately sized and moderately low priced, offering a collection of local and continental dishes with a common theme healthy and nutritious food (low-fat, low cholesterol, natural migrate). Our goal is to create the image of light satisfying and still nutritious food for our customers.

Competition

Direct competitors of Best choice kitchen are McKeown restaurant, Obaapa restaurant, Presidential square restaurant etc.

McKeown restaurant provides local and continental dishes. Obaapa provides local dishes and presidential square also provide continental dishes.

However, best choice kitchen would compete effectively by providing local and continental dishes and delivering at our customers step. Best choice would also supply lunch to commercial bank, zenith bank and Ecobank inside the student community.

Location of Competitors

Presidential square restaurant is located at Bomso and they have daily turnover of 103 customers daily.

Obaapa restaurant is located inside KNUST opposite school of engineering and has a daily turnover of 120 customers.

McKeown restaurant is located inside KNUST around the faculty of pharmacy and has a daily turnover of 160 customers.

Past and current strategies of competitors

These restaurants served their customers with mineral water for free for only those who would order a meal.

Currently, there is a provision of free fruit like to all customers who would order a meal. Be it take-out or sit in the dining hall.

4.9SWOT ANALYSIS

4.9.1Strength

Location of best choice kitchen is highly competitive because it is easy to locate and has a spacious capacity which would contain about 45 cars. Best choice has a capital base of ₦136,680.00

4.9.2Weakness

Since students of KNUST are the main target of Best choice kitchen, the sales forecast will decrease during vacation.

4.9.3Opportunities

The restaurant will render mobile foods service to the customers at their door step and also transport people to the place where the restaurant is located. The transportation cost will be reduced to the customers.

4.9.4Threats

The restaurant will have its cost of production increased when there is an increase in taxes and tariffs.

Scarcity of raw materials for cooking the food will interrupt our activities.

There is a tendency of incurring some loss when mobile van does not supply food as expected, some foods are likely to go bad during certain periods.

4.10 Promotional strategy

Penetration method will help to price at a moderately low price in order to gain a market share. Best choice kitchen will offer a special discount to customers on holidays.

Advertising, this will be done through local newspapers, magazines and student publications.

Giving out flyers to people at vantage points like super markets, hotels, hostel, markets etc.

5.0 FINANCIAL ANALYSIS

5.1 Risk Analysis

5.1.0 Human risk

Workers under production department can be injured. There might also be the resignation of some of these workers due to various reasons such as unsatisfactory salaries, unfavorable working conditions or relocation of their family members.

It is also possible for a worker to lose his life untimely due to accidents, ailments or negligent of other employees.

5.1.1 Economic risk

Fluctuations in exchange rate will cause the increase in the cost of inputs and other materials used for production.

As a business entity there would be the purchasing of equipment and materials for operations, the business might suffer from changes in exchange rate, in the sense that the business will purchase inputs imported into the country by suppliers, therefore much Ghana cedis will have to be exchanged for fewer goods. This will have negative effects on operations as increase in cost of inputs will also increase cost of production and eventually decrease profit margin.

Also, if the prices of materials used to provide product increase at an increasing rate due to inflation leading to fluctuations in the general price levels, it will lead to targeted profit not being achievement at the end of operations, hence, leading to a less than expected cost flow.

All these forms of risk cannot be controlled by Best Choice Kitchen as they are all due to external forces.

5.1.2 Unexpected regulatory requirements

Government policies in terms of legal framework pertaining to restaurant industry can affect the opportunities of Best Choice Kitchen. For instance, there can be restriction on importation of inputs.

5.1.3 Natural risk

Another form of risk which cannot be controlled but can cause a major loss to operations is natural risk, this can be in a form of floods, fire outbreaks, earthquake etc.

5.1.4 Strategies of competitors

The company's competitors can establish branch at the company's operational area to compete with the business. They can also monitor and imitate the company's strategies and improves upon it to attract the customers.

5.1.5 Loss of Key customers.

Customers of today are not loyal to one particular company, so as to restaurant industry customers taste can change at any time.

BEST CHOILCE KITCHEN

PROJECTED COMPREHENSIVE INCOME

STATEMENT FOR THE YEARS ENDED

	2012	2013	2014
	GH¢	GH¢	GH¢
Sales	378, 000	504, 000	650,160
Less Cost of Sales	145,000	245,000	348,440
Gross profit	233000	259,000	301,720
Less Admin. Exp.			
Wages & Salaries	63,000	69,500	75,000
Rent & Rate	6,000	6,600	7,000
Utilities	<u>4,000</u>	<u>4,400</u>	<u>6,000</u>
	73,000	80,500	88,000
Operating Exp.			
Insurance	600	660	720
Advertising	1,000	1,100	1,300
Transportation	6,000	6,600	6,900
Repair & maintenance	2,000	2,200	3,000
Pre – operation Exp.	1,000	1,100	1,100

Depreciation	<u>10,876</u>	<u>7,717</u>	<u>5,895</u>
	21,476	19,377	18,915
Net profit	<u><u>138,524</u></u>	<u><u>159,123</u></u>	<u><u>194,805</u></u>

BEST CHOILCE KITCHEN

PROJECTED STATEMENT OF FINANCIAL

POSITION FOR THE YEAR ENDED

	2012	2013	2014
	GH¢	GH¢	GH¢
NON-CURRENT ASSETS;			
Property, Plant & Eq	58,550	47,774	40,057
Less Accumulated Dep.	10,776	7,717	5,895
Net book value	47,774	40,057	34,162
CURRENT ASSETS:			
Closing inventory	45,000	60,438	64,836
Cash in hand	57,430	57,338	61,737

Cash at bank	<u>125, 000</u>	<u>164,000</u>	<u>206,180</u>
	227,430	281,776	314,200
TOTAL ASSETS	<u>275,204</u>	<u>321,833</u>	<u>366,915</u>

FINANCED BY:

Stated Capital	136,680	162,710	172,110
Net Profit	<u>138,524</u>	<u>159,123</u>	<u>194,805</u>
	<u>275,204</u>	<u>321,833</u>	<u>366,915</u>

PROJECTED CASH FLOW STATEMENT FOR THE YEARS ENDED

	2012	2013	2014
	GH¢	GH¢	GH¢

CASH INFLOW

Stated Capital	136,680	162,710	172,110
Sales	<u>378,000</u>	<u>504,000</u>	<u>650,160</u>
	<u>514,680</u>	<u>666,710</u>	<u>822,270</u>

CASH OUTFLOW

Cost of sales	145,000	245,000	348,440
Administrative Expenses	73,000	80,500	88,000
Operating Expenses	10,600	11,660	13,020

Property, Plant & Equipment	<u>58,550</u>	<u>58,550</u>	<u>58,550</u>
	287, 150	395,710	508,010
NET CASH FLOW	227,530	271,000	314,260

Net present value (NPV)

YEAR	CASH FLOW	DISCOUNTED FACTOR	NPV
0	136,680	1	– 136,680
1	227,530	0.8	182,024
2	271,100	0.64	173,440
3	314, 260	0.512	<u>160,901</u>
			<u>379,686</u>

Since NPV is positive the business is profitable to undertake

BREAK EVEN ANALYSIS

Fixed Cost

Wages and Salaries	-	63000
Rent and Rates	-	6000
Utilities	-	4000
Insurance	-	600
Advertising	-	1000
Transportation	-	6000
Repairs and Maintenance	-	2000
Pre-operational Cost	-	1000
TOTAL	=	GH¢83,600

Variable Cost

Foodstuffs	-	15000
Rice	-	8000
Floor	-	600
Maize	-	5000
Beans	-	5000
Cooking Oil	-	15000
Vegetables	-	6000
Species	-	3000
Meat and Fish	-	50000
Gas (fuel)	-	3000
TOTAL	=	GH¢116,000

$$\text{Selling Price Per Plate} = \text{GH¢ } 7.00$$

$$\begin{aligned} \text{Contribution} &= \text{Sales} - \text{Variable Costs} \\ &= 378.000 - 116.000 \\ &= \mathbf{262.000} \end{aligned}$$

$$\text{Break Evens} = \frac{\text{Fixed Cost}}{\text{Contribution to Sales Ratio}}$$

$$\begin{aligned} \text{Contribution to Sales Ratio} &= \frac{\text{Contribution}}{\text{Sales}} \\ &= \frac{262.000}{378.000} \\ &= \mathbf{0.69\text{units}} \end{aligned}$$

$$\begin{aligned} \text{Break even} &= \frac{836.000}{0.69} \\ &= \mathbf{121,159.42} \end{aligned}$$

$$\text{Break even in units} = 121,159.42$$

$$\begin{aligned} \text{Break even in sales} &= \frac{\text{Selling Price}}{\text{Break even in units}} \\ &= 121,159.42 \times 7 \\ &= \mathbf{GH¢848,115.94} \end{aligned}$$