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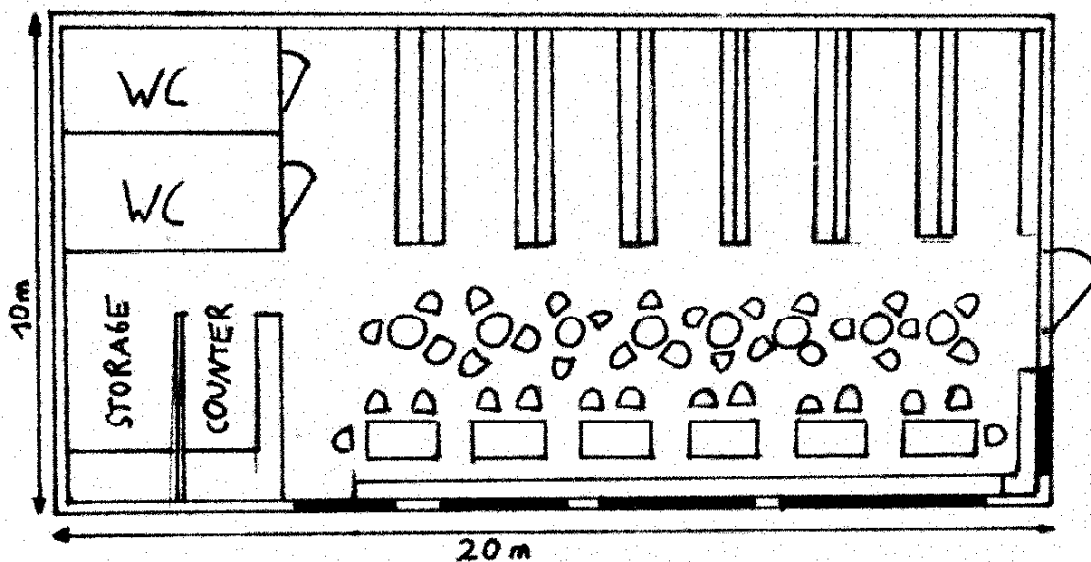
Table of Contents

1	INTRODUCING THE ENTERPRISE	3
1.1	Starbooks	3
1.2	Students – Our main customers	3
1.3	Location	4
1.4	Some things to take care about	5
1.5	Next Step – Expansion	5
2	ANALYSIS	6
2.1	Investment	6
2.2	Consumer Analysis	7
2.3	Cost/Income/Profit	8
2.4	Financing & Cash-Flow	13

1 Introducing the enterprise

1.1 Starbooks

Starbooks is a project to combine a coffee shop with a 2nd hand bookstore and is specially intended for students. One can search for books and enjoy a coffee while reading into the books and take the time to decide whether the selected book is worth buying or not. On the other side, people who just want a coffee can choose a book for reading. They don't have to buy it. Or you only enjoy an intellectually atmosphere. In addition customers can sell their used books, order new or 2nd hand books, that are available all over the world via databases.



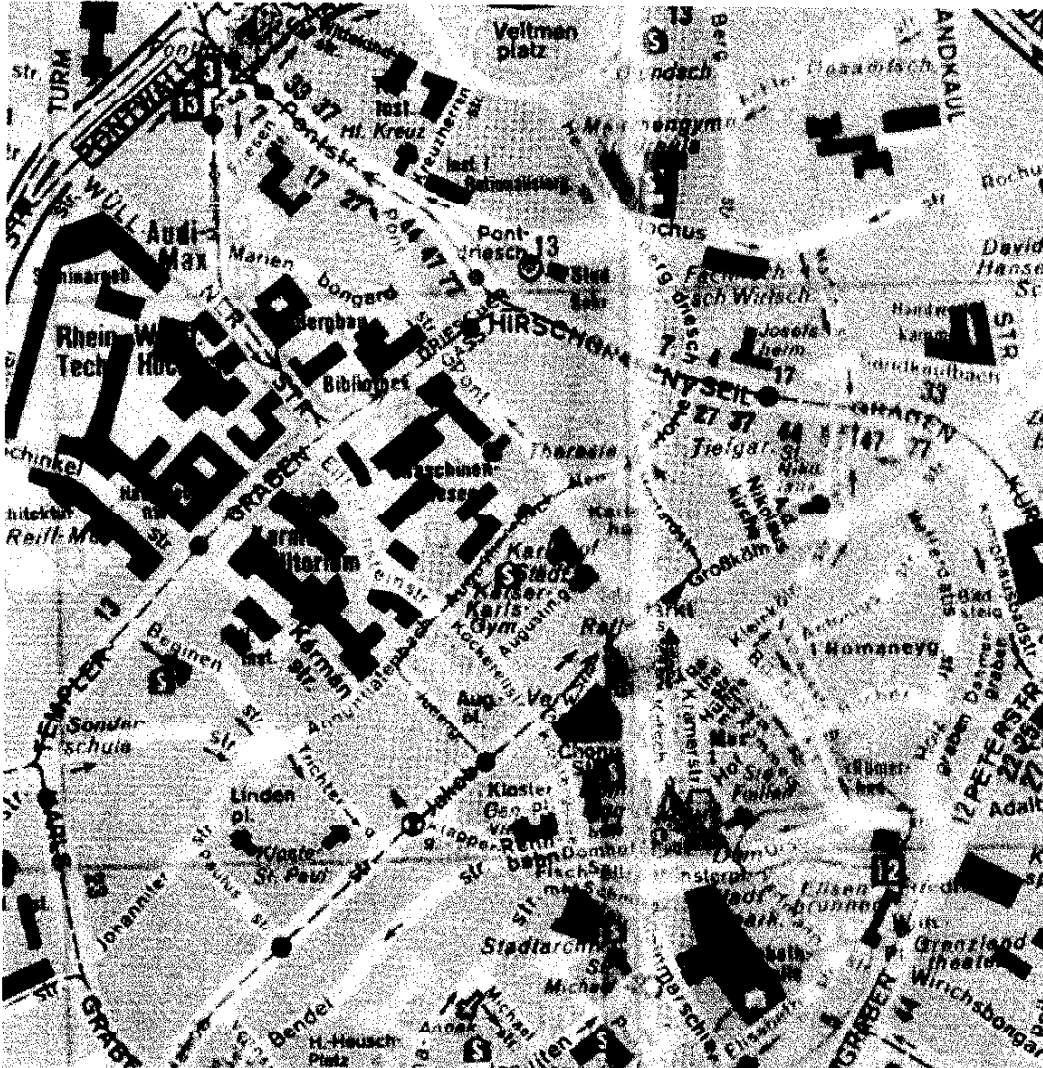
Picture: One possibility of arranging the interior of the shop

1.2 Students – Our main customers

Most students would take the chance to buy used and cheap specialist books, because most of them are very expensive in new condition. After the term they can sell them to us again. If students only want to learn in our coffee shop they can use our stockpile of books as reference. We will by this if our stockpile is interesting for students and should be related to the subjects offered by the Universities and schools around.

1.3 Location

As location we will choose something like the city of Aachen. Only a few positions in the city are interesting for our project. We will take a look at one of the streets that are most frequented by students. Please note the added map.



Picture: Map of suitable locations for the shop in the city of Aachen

1.4 Some things to take care about

There are many coffee shops for students in Aachen. If a new one opens and wants to have financial success, it has to offer something special. This is what we intend to realise with our bookstore combination.

From the book store point of view, we have discovered no serious competition. There are some 2nd hand book stores in Aachen, but they are only into antiques or are this unsorted, that they seem to have no target group at all. Most of them are small and overcrowded, that there is no fun to strive around. In every case they don't have any interesting books for students. With our store we do away with that disadvantages and create a place where the customer finds what he / she wants and feels welcome.

If this concept works, and we don't see any reason why not, we will make a lot of money with this idea. In fact we don't know any comparable offer anywhere.

1.5 Next Step – Expansion

Just in case the idea is successful, we can think about installing more branches, or chain shops, in other university cities.

We can also make more profit with an aggressive advertising campaign. Special events like live music, lecture series, discussion evenings and so on will strengthen the reputation as locality with intellectual demands.



2 Analysis

2.1 Investment

Subject	Investmentcost	D. in years	Depreciation
Exterior Design	5000	20	250
Interior Design	8000	20	400
Furnitures	20000	10	2000
Equipment	10000	10	1000
Unforeseen	15000		
1st Books (18000x10)	180000		
Cash	12000		
Sum	250000		3650

The table shows the investment costs of the project. First Item is the exterior design of the shop. This includes sign and frontside decoration and will approximately cost 5000 € with a depreciation time of 20 years. Interior design includes also decoration and renovation and is assumed to cost 8000 €.

Furnitures include tables, chairs, bookshelves and counter with a sum price of 20.000 €. The numbers are taken from catalogues.

The equipment contains all sorts of devices and gadgets the shop needs. In detail this are computers, coffee machines, dishes, dishwasher, cash register, alarm and security systems. Prices are taken from catalogues and in part from assumptions. with a sum of 10.000 €. Of course there are some uncertainties, so that a budget for unforeseen events is assumed with an amount of 15.000 € and 12.000 € are for needed cash capital while operating the shop.

Largest entry in the list with a number of 180.000 € is the first stock of books. The price is calculated by the capacity of the bookshelves, 15.000 books and an average price of 10 € per book. The Books are mainly ordered by the internet. Depreciation of used books is assumed to be zero. The Sum of investment cost is 250.000 €, sum of depreciation per year is 3650 €.

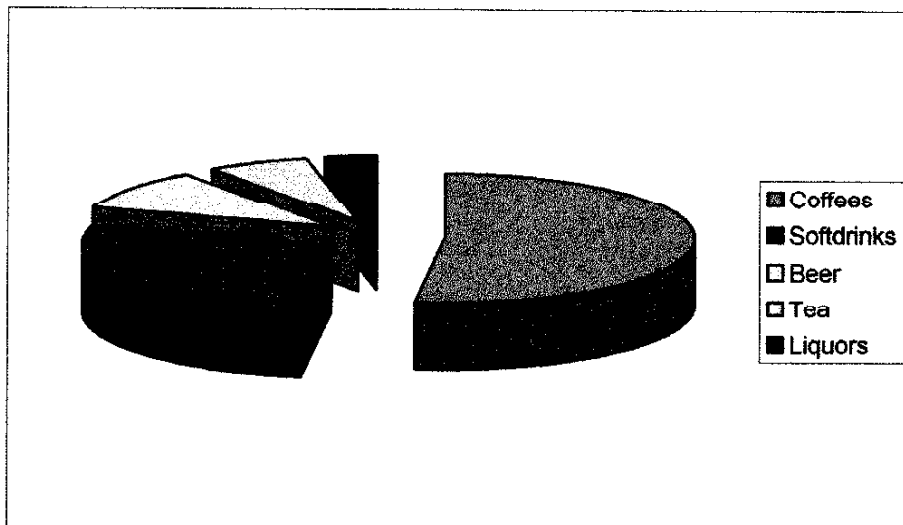
2.2 Consumer Analysis

In order to make a correct assumption of the expected profit we first have to conduct a analysis of consumer behaviour. For that we made a research in a existing coffee shop that fits best into our vision relating to size, kind of costumers, location, and atmosphere. We went to the shop at a time with average busy and counted the number of entering and leaving guests and observed, what they ordered and applied it to our profit calculation model.

Guests per hour	
Guests per day	336
Guests per month	10080

Consume

	Beverages/h	%	Beverages/d	Beverages/m
Coffees	15	63	212	6350
Softdrinks	8	33	111	3326
Beer	3	13	44	1310
Tea	2	8	27	806
Liquors	1	4	13	403



As seen in the table there are 24 guests entering and leaving the shop. This accumulates to 336 costumers per day and 10080 costumers per month. In the table one can also see the amount of the different classes of beverages we can expect to be ordered. More than 50 % of sold beverages are coffees (includes regular, cappuchino, espresso and so on..).

2.3 Cost/Income/Profit

The following tables show detailed cost vs. income per month- calculations and are arranged in three parts. First part is general costs. This includes a rent of 3000€ (15 € per m² for a good location in the city of Aachen), extras (water, garbage disposal, electricity and insurance), advertising (including magazine subscriptions & newspapers for customer reading) and salary for two employees on 400€-base. Most work is done here by the two owners of the shop. A second table shows the situation with three additional full-time employers without working of the owners.

Next Part shows the costs and income of the coffee shop branch of the project. The classes of beverages are named with costs, income and profit related to the beverages. At last you see the analysis for the bookstore part of the shop. Further tables show the most important values summed up to a year of operation.

Item	Single expense	No.	Costs	Price	No.	Income	Profit	in %
General								
Rent			3000				-3000	
Extras			600				-600	
Advertising			400				-400	
Employers Salary		2	960				-960	
Employers Salary		0	0				0	
							0	
Cafe								
Tea		806	161		806	968	806	500
Coffee		6350	1270		6350	11431	10161	800
Softdrinks		3326	998		3326	4657	3659	367
Beer		1310	524		1310	1966	1441	275
Liquors		403	161		403	605	444	275
Cookies/Cake		500	350		500	750	400	114
Bookstore								
Books			30000		3000	37500	7500	25
Investigations (Books)						300	300	
Stolen Books		300	750				-750	
Summe								49

Table: Costs, Income and Profit for the shop with most work done by the owners

Item	Single expense	No.	Costs	Price	No.	Income	Profit	In %
General/								
Rent			3700					-3000
Extras			500					-600
Advertising			400					-400
Employers Salary		2	960					-960
Employers Salary		3	6000					-6000
Cafe								0
Tea		806	161		806	968	806	500
Coffee		6350	1270		6350	11431	10161	800
Softdrinks		3326	998		3326	4657	3659	367
Beer		1310	524		1310	1966	1441	275
Liquors		403	161		403	605	444	275
Cookies/Cake		500	350		500	750	400	114
Bookstore								
Books			30000		3000	37500	7500	25
Investigations (Books)						300	300	
Stolen Books		300	750				-750	
Summe								29

Table: Costs, Income and Profit for the shop without work done by the owners – three additional employers hired

Item	Costs	Income	Profit
<i>General</i>	0	0	0
Rent	36000	0	-36000
Extras	7200	0	-7200
Advertising	4800	0	-4800
Employers Salary	11520	0	-11520
Employers Salary	0	0	0
	0	0	0
<i>Cafe</i>	0	0	0
Tea	1935	11612	9677
Coffee	15241	137169	121928
Softdrinks	11975	55884	43908
Beer	6290	23587	17297
Liquors	1935	7258	5322
Cookies/Cake	4200	9000	4800
	0	0	0
	0	0	0
<i>Bookstore</i>	0	0	0
Books	360000	450000	90000
Investigations (Books)	0	3600	3600
Stolen Books	9000	0	-9000
Sum			

Table: Costs, Income and Profit for the shop with most work done by the owners

Item	Costs	Income	Profit
<i>General</i>	0	0	0
Rent	36000	0	-36000
Extras	7200	0	-7200
Advertising	4800	0	-4800
Employers Salary	11520	0	-11520
Employers Salary	72000	0	-72000
	0	0	0
<i>Cafe</i>	0	0	0
Tea	1935	11612	9677
Coffee	15241	137169	121928
Softdrinks	11975	55884	43908
Beer	6290	23587	17297
Liquors	1935	7258	5322
Cookies/Cake	4200	9000	4800
	0	0	0
	0	0	0
<i>Bookstore</i>	0	0	0
Books	360000	450000	90000
Investigations (Books)	0	3600	3600
Stolen Books	9000	0	-9000
Sum			

Table: Costs, Income and Profit for the shop without work of the owners – three additional employees hired

The small tables show a comparison of the costs, income and profit with general costs divided by two and added to the single branches of the shop. It is clear that the real profit is made by the coffeeshop part of the enterprise. Also you see a break even calculation about the minimum sells in order to make profit.

Min Employers	Costs	Income	Profit	%	Break Even
Cafe	5945	20376	14431	343	
Bookstore	33230	37800	4570	114	
General	4960				

Explicit that are 56 guests/day what is not very much – only 4 per hour. For the bookselling part we have a break-even point of 969 bought and sold books per month to have positive profit.

The next table shows the situation with all work done by additional hired employees

Max Employers	Costs	Income	Profit	%	Break Even
Cafe	8945	20376	11431	228	
Bookstore	36230	37800	1570	104	
General	10960				

The tables on the next pages show the financing of the project and the cashflow while financing and after.

2.4 Financing & Cash-Flow

Investition Cost	250000
Owners Capital	
Bank Capital	150000

Payoff per year
Interest

Financing Year	Rest Dept	Interest	Cost of Interest p.a.	pay off
1	150000	7	10500	30000
2	120000	7	8400	30000
3	90000	7	6300	30000
4	60000	7	4200	30000
5	30000	7	2100	30000

Year of Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Turnover	228012	228012	228012	228012	228012	228012
Depreciation	-3650	-3650	-3650	-3650	-3650	-3650
Financing	-10500	-8400	-6300	-4200	-2100	0
Profit without Tax	213862	215962	218062	220162	222262	224362
Tax (50%)	106931	107981	109031	110081	111131	112181
Profit after Tax	106931	107981	109031	110081	111131	112181
Pay Off	-30000	-30000	-30000	-30000	-30000	0
Cash-Flow	80581	81631	82681	83731	84781	115831

Table: Cashflow for the shop with most work done by the owners

Year of Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Turnover	156012	156012	156012	156012	156012	156012
Depreciation	-3650	-3650	-3650	-3650	-3650	-3650
Financing	-10500	-8400	-6300	-4200	-2100	0
Profit without Tax	141862	143962	146062	148162	150262	152362
Tax (50%)	70931	71981	73031	74081	75131	76181
Profit after Tax	70931	71981	73031	74081	75131	76181
Pay Off	-30000	-30000	-30000	-30000	-30000	0
Cash-Flow	44581	45631	46681	47731	48781	79831

Table: Cashflow for the shop without work of the owners – three additional employers hired

