



Pan de Café



Business Administration WS 11/12
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Why this project?



- ⌘ There's a lot of bakeries
- ⌘ There's a lot of coffee shops

BUT....

Can you tell me where to find homemade pastries?

And in the same place to find a nice coffee like
Grandma makes?

Business Idea



- ☞ In the past years people is rediscovering the passion of enjoying a good taste of a cake and a coffee
- ☞ Coffee has became more popular lately, even young people are into coffee (ex. Starbucks had a great impact)
- ☞ Our business idea is to offer in Mexico the concept of a bakery-coffee shop
- ☞ Offer the option to enjoy a high quality coffee with homemade desserts and be attended by Grandma
- ☞ In Mexico is not easy to find homemade pastries most of the places are from big chains
- ☞ A real quest is to find homemade pastries where they sell a very good coffee

Business Description



- ☞ Pan de Café will be a “limited” company.
- ☞ Pan de Café is the place where people will find finally good homemade style pastry & high quality coffee
- ☞ A very nice old lady will treat you like her/his grandson and make you a coffee and bring you a delicious lemon pie..... I bet you want to be there just now!
- ☞ To eat in or to take away
- ☞ Located in Monterrey, Mexico (3.7 million people)
- ☞ Our profit will come from our own made pastries and the coffee will be buyed from Veracruz, Mexico and no significant profit will be obtained direct from the sell of coffee but a good coffee will attract more costumers, it is part of our marketing strategy



Attractions



- ☞ To make it clear.....
- ☞ Homemade pastries
- ☞ High quality coffee (from the best region of Mexico)
- ☞ 100% Mexican
- ☞ You will be attended like your Grandma does it
- ☞ We help old people by giving job opportunities

Market analysis



Our competitor, a National Chain, you can have a coffee and eat there or just to take away



Mostly they sell coffee



Cheap cakes
No coffee



Local chain; Good quality. Cakes and cookies to take away.
No coffee

Market Prices



Company	Average Price Cake MX Pesos	Coffee MX Pesos
Starbucks	354	23
Las Delicias	220/405/280	NA
Lety	230	NA
El Gobo	260	14

Capacities



☞ Schedule: Tuesday-Saturday 10:00 – 22:00

Sunday 10:00 20:00

72 total hours per week

Production Staff (1) 8 hrs per day (3 Grandmas) 4 hrs per day

Cashier Staff (1) 8 hrs per day

Cleaning (1) 8 hrs per day

Managers (owners) support in cashier, innovation and in customer service

LAYOUT

160 M2

\$12,000 Mexican Pesos per month (source: www.elnorte.com)



Production



Assumption per month:		
	Total production	Selling price
Carrot cake	115	\$ 280
3 milk cake	115	\$ 400
Lemon pie	70	\$ 220
Brownies	200	\$ 8
Cookies	200	\$ 8
Coffee	450	\$ 15
Fresh produced in our Pan de Café		
Monthly production		
Prices in Mexican Pesos		

Investment & Depreciation



Depreciation Costs	Units	Cost	Total Cost	Depreciation Rate (years)	Annual Depreciation
Industrial Fridge	1	\$ 15,000	\$ 15,000	10	\$ 1,500
Horizontal Fridge	1	\$ 26,850	\$ 26,850	10	\$ 2,685
Coffee Machine	1	\$ 12,750	\$ 12,750	10	\$ 1,275
Computer	1	\$ 4,698	\$ 4,698	1	\$ 4,698
Cash Register	1	\$ 1,299	\$ 1,299	10	\$ 130
Car (Tsuru)	1	\$ 110,000	\$ 110,000	5	\$ 22,000
Oven	1	\$ 10,500	\$ 10,500	10	\$ 1,050
Mixer	1	\$ 6,000	\$ 6,000	10	\$ 600
Furniture		\$ 60,000	\$ 60,000	10	\$ 6,000
Unexpected	1		\$ 24,710		
			\$ 271,807		\$ 39,938
			Total Investment Costs		Total Depreciation Costs

Financing



- ∞ Due that the investment is not a huge amount there will be no finance required
- ∞ The two owners invest in the same quantities 50% - 50%

Labor Costs



Labor Costs	Units	Cost	Total Cost
Production	4		\$ 9,000
Cashier	1	\$ 4,200	\$ 4,200
Cleaning	1	\$ 3,000	\$ 3,000
Managers/Innovation	2	\$ 18,000	\$ 36,000
Total Labor Cost			\$ 52,200

Utility Costs & Raw Material



Utility Costs*	Units	Cost	Total Cost
Natural Gas	1	\$ 800	\$ 800
Electricity	1	\$ 2,500	\$ 2,500
Water	1	\$ 240	\$ 240
Internet and Phone	1	\$ 1,200	\$ 1,200
Rent			\$ 6,500
Total Utility Cost			\$ 11,240

Items	Total production	Unit Cost**	Total Cost
Carrot cake	115	\$ 93.7	\$ 10,770.9
3 milk cake	115	\$ 76.8	\$ 8,836.6
Lemon pie	70	\$ 50.1	\$ 3,503.5
Brownies	200	\$ 2.7	\$ 542.0
Cookies	200	\$ 3.4	\$ 688.0
Coffee	450	\$ 2.9	\$ 1,296.0
			\$ 25,637

*Utility costs were estimated for the production above stated

**Unit cost just take into consideration Raw Material Costs

Self Costs (Years 1 - 3)

	1.Year	2.Year	3.Year
Utilization of capacity (%)	60%	80%	100%
Quantity of pastries produced:			
Carrot cake	828	1104	1380
3 milk cake	828	1104	1380
Lemon pie	504	672	840
Brownies	1440	1920	2400
Cookies	1440	1920	2400
Quantity of coffee produced	3240	4320	5400
Costs	Costs per year	Costs per year	Costs per year
Depreciation costs	\$36,414	\$36,414	\$36,414
Labour costs	\$610,800	\$610,800	\$610,800
Raw material & utilities costs	\$262,093	\$349,458	\$436,822
Total of costs	\$909,308	\$996,672	\$1,084,036
Self costs:			
Carrot cake	\$230	\$230	\$230
3 milk cake	\$200	\$200	\$200
Lemon pie	\$170	\$170	\$170
Brownies	\$8	\$8	\$8
Cookies	\$8	\$8	\$8
Coffee	\$15	\$15	\$15

Calculation of turnover/revenue



Year	Total Turnover/Revenue
1	\$745,560
2	\$994,080
3	\$1,242,600
4	\$1,242,600
5	\$1,242,600
6	\$1,242,600
7	\$1,242,600
8	\$1,242,600
9	\$1,242,600
10	\$1,242,600

✎ The calculation was based on the production and costs of all our products seen in the “Self Cost Table”.

Cash Flow Calculation (1 -3 Years)



	1. Year	2. Year	3. Year
Turnover/Revenue	\$745,560	\$994,080	\$1,242,600
Depreciation costs	\$36,414	\$36,414	\$36,414
Labour costs	\$610,800	\$610,800	\$610,800
Raw material and utilities costs	\$262,093	\$349,458	\$436,822
Loss carried forward		\$163,748	\$166,340
Profit before tax	-\$163,748	-\$166,340	-\$7,776
Taxes (22.5%)	\$0	\$0	\$0
Profit after taxes	-\$163,748	-\$166,340	-\$7,776
Cash-flow (net profit + depreciation costs)	-\$127,333	-\$129,925	\$28,638

Cash Flow Calculation (10 Years)

	1. Year	2. Year	3. Year	4. Year	5. Year	6. Year	7. Year	8. Year	9. Year	10. Year
Turnover/Revenue	\$745,560	\$994,080	\$1,242,600	\$1,242,600	\$1,242,600	\$1,242,600	\$1,242,600	\$1,242,600	\$1,242,600	\$1,242,600
Depreciation costs	\$36,414	\$36,414	\$36,414	\$36,414	\$36,414	\$14,414	\$14,414	\$14,414	\$14,414	\$14,414
Labour costs	\$610,800	\$610,800	\$610,800	\$610,800	\$610,800	\$610,800	\$610,800	\$610,800	\$610,800	\$610,800
Raw material and utilities costs	\$262,093	\$349,458	\$436,822	\$436,822	\$436,822	\$436,822	\$436,822	\$436,822	\$436,822	\$436,822
Loss carried forward		\$163,748	\$166,340	\$7,776						
Profit before tax	-\$163,748	-\$166,340	-\$7,776	\$150,788	\$158,564	\$180,564	\$180,564	\$180,564	\$180,564	\$180,564
Taxes (22.5%)	\$0	\$0	\$0	\$33,927	\$35,677	\$40,627	\$40,627	\$40,627	\$40,627	\$40,627
Profit after taxes	-\$163,748	-\$166,340	-\$7,776	\$116,860	\$122,887	\$139,937	\$139,937	\$139,937	\$139,937	\$139,937
Cash-flow (net profit + depreciation costs)	-\$127,333	-\$129,925	\$28,638	\$153,275	\$159,301	\$154,351	\$154,351	\$154,351	\$154,351	\$154,351

Expected Profit



Investment \$271,807

	1. Year	2. Year	3. Year	4. Year	5. Year	6. Year	7. Year
Dividend	-\$399,140	-\$529,065	-\$500,427	-\$347,152	-\$187,851	-\$33,500	\$120,852

Total profit after 10 years: \$583,905


ROI