The Bakery Business Plan

Student’s name
Student’s affiliations
The Needs of Customers Benefits

- High consumption of bread, pastries, cookies, etc.
- People buy fresh products every day
- People rarely order online, so there is a need for a retail bakery store
- People will get fresh bakery every day
Project Overview

☑ The bakery is proposed as a means of additional income for the family farm

☑ Products are homemade and of high quality

☑ The bakery will be run by the women of the family
OPERATION PLAN
Start Up

- The bakery will be constructed on the farm
- Construction will commence in January 2015
- The bakery is scheduled to open in May 2015
Organizational Structure

Board of Directors

President / Manager

- Head Baker
- Assistant Baker / Delivery Person
- Assistant Baker / Delivery Person
- Assistant Baker
Floor Plan

LEGEND
1. Oven area
2. Mixer area
3. Counterspace with overhead storage
4. Counterspace
5. Sink area
6. Shelving / rack area
7. Shelving area
8. Cash register
9. Display area
10. Bathrooms
11. Entrance
12. Sitting / cafe area
13. Rear entrance
14. Cooler
Work Plan

- ☑ 4:00 am – start baking
- ☑ 8:00 am – bakery opens
- ☑ Leave for farmers’ market
- ☑ 5:00 pm – bakery closes
Quality Control Program

☑ REGULATIONS

- Local
- Consumer Protection Branch
- CFIA
- Labor
- Sanitation
# Capital Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated</th>
<th>Source of Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buildings:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bakery</td>
<td>85,000</td>
<td>Humboldt Lumber Mart Ltd.</td>
</tr>
<tr>
<td>Total Build Cost</td>
<td>85,000</td>
<td></td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oven</td>
<td>2,400</td>
<td>Ace Mart Restaurant Supply</td>
</tr>
<tr>
<td>Proofer</td>
<td>2,000</td>
<td>Ace Mart Restaurant Supply</td>
</tr>
<tr>
<td>Showcase</td>
<td>560</td>
<td>Ace Mart Restaurant Supply</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>2,600</td>
<td>Sears Canada</td>
</tr>
<tr>
<td>Freezer</td>
<td>750</td>
<td>Sears Canada</td>
</tr>
<tr>
<td>Used Mixers 20 qt</td>
<td>3,200</td>
<td>Nicholson Equipment Ltd.</td>
</tr>
<tr>
<td>Shelves/dollies</td>
<td>525</td>
<td>Ace Mart Restaurant Supply</td>
</tr>
<tr>
<td>Additional equipment</td>
<td>5,000</td>
<td>Ace Mart Restaurant Supply</td>
</tr>
<tr>
<td>Furniture</td>
<td>640</td>
<td>Ace Mart Restaurant Supply</td>
</tr>
<tr>
<td>Total Equip. Costs</td>
<td>17,600</td>
<td></td>
</tr>
<tr>
<td>Total Working Capital</td>
<td>1200</td>
<td>Monthly requirements for capital*</td>
</tr>
<tr>
<td>Total Capital Required</td>
<td>103,800</td>
<td></td>
</tr>
<tr>
<td>Cost of Goods to be Manufactured</td>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Total Direct Labor</td>
<td>$30,500</td>
<td></td>
</tr>
<tr>
<td>Total Direct Materials</td>
<td>$16,700</td>
<td></td>
</tr>
<tr>
<td>Manufacturing Overhead</td>
<td>$10,440</td>
<td></td>
</tr>
<tr>
<td><strong>total</strong></td>
<td><strong>$57,640</strong></td>
<td></td>
</tr>
</tbody>
</table>
Inventories

☑️ Desired inventory = 0

☑️ Average days for inventories
  • Raw material inventory = 30 days
  • Finished goods inventory = 2 days
Accounts Receivable/Payable

**RECEIVABLES**
- From Bulk Cheese Warehouse and SaskMade Marketplace
- Have 30 days from the date of billing to pay
- No discounts offered

**PAYABLES**
- SaskPower, and SaskTel
- Have 21-day grace period
Administration, Marketing, and General Expenses

- Accounting
- Bookkeeping
- Management
- Fuel for delivery
- Benefits
- Income tax
- Interest on debt
- Marketing
HUMAN RESOURCES
President/Manager

✓ RESPONSIBILITIES

• Daily production overseeing
• Work schedules
• Assigning employee tasks
• Traveling
• Product quality ensuring
• Raw materials purchasing
• Keeping the facility clean and running
• Accounting Duties
Head Baker

☑ RESPONSIBILITIES

- Working long hours
- Ability to follow recipes
- Ability to produce quality product
- Ability to use ovens and mixers
- Dishwashing and janitorial skills
Assistant Baker/Waitress

**RESPONSIBILITIES**

- Assisting in baking
- Operating cash register and serving customers
- Dishwashing, and basic janitorial skills
Delivery Persons

☑ RESPONSIBILITIES

● Delivering of product to Bulk Cheese Warehouse & SaskMade Marketplace

● Delivering of products and work at the Farmers’ Markets in Saskatoon, Melfort, and Wakaw
MARKETING PLAN
The Marketing Mix

☑ PRODUCTS/SERVICES

- Bread – the various varieties
- Buns
- Tarts
- Muffins
- Cookies
- Sitting area with coffee/tea and in-store products
Marketing Mix

✅ PRICE
- High but still competitive

✅ PROMOTION
- Fresh, homemade, good quality, down home farm feel

✅ PLACE
- Wakaw, Saskatoon, Melfort
Segmentation, Targeting, and Positioning

- Population of Saskatoon and rural and urban centers of Wakaw and Melfort

- **TARGET MARKETS**
  - Saskatoon
  - Rural/small centers
  - The Country Oven

- **POSITIONING**
  - Bulk Cheese Warehouse/SaskMade Marketplace
  - Farmers’ markets
SWOT Analysis

☐ INTERNAL STRENGTHS
  ● Family business
  ● Location
  ● Homemade recipes

☐ INTERNAL WEAKNESSES
  ● Location
  ● Inexperience
  ● Increased prices
SWOT

- **EXTERNAL OPPORTUNITIES**
  - Desire for healthier lifestyle
  - Niche market in urban areas
  - Large target market area

- **EXTERNAL THREATS**
  - Change in lifestyle trends
  - Increased fuel prices
  - Competitors having lower prices
<table>
<thead>
<tr>
<th>Competition</th>
<th>Prices</th>
<th>Edge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Crossroads</td>
<td>Very High</td>
<td>• located just off Highway 41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• many services; gas bar/ Subway/c-store/restaurant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• make product from scratch and Ready-made</td>
</tr>
<tr>
<td>Wakaw Fine Foods</td>
<td>Very Low</td>
<td>• use pre-mixed frozen dough, which cuts costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• located in downtown Wakaw</td>
</tr>
<tr>
<td>Melfort Co-op</td>
<td>Very Low</td>
<td>• located right in co-op grocery store</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• very wide variety of products</td>
</tr>
<tr>
<td>Golden Grain Bakery</td>
<td>Average</td>
<td>• viewpoint of customers is very positive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• charge more for individual items</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• is a café/bakery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• located in the city of Melfort</td>
</tr>
<tr>
<td>Farmer’s Market</td>
<td>Average-high</td>
<td>• located in downtown</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• charge more for individual items</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• large number of customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• wide variety of products</td>
</tr>
</tbody>
</table>
## Compared To

<table>
<thead>
<tr>
<th>The Bakery</th>
<th>Products</th>
<th>Prices</th>
<th>Edge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bread/loaf</td>
<td>Bread</td>
<td>High</td>
<td>• brand new facilities</td>
</tr>
<tr>
<td>Buns/dz</td>
<td>Buns</td>
<td></td>
<td>• products made from scratch</td>
</tr>
<tr>
<td>Other</td>
<td>Muffins</td>
<td></td>
<td>• family owned/operated</td>
</tr>
<tr>
<td></td>
<td>Tarts</td>
<td></td>
<td>• is a café/bakery</td>
</tr>
<tr>
<td></td>
<td>Cookies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sales and Profit Objectives

- 26,300 units & 3 farmers’ markets
- 6,200 units & SaskMade and Bulk Cheese Warehouse
- 5,000 units at Country Oven
- Objective: achieve a yearly revenue of $121,500
# Marketing Plan Budget

<table>
<thead>
<tr>
<th>Advertising</th>
<th>Expenses/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspaper</td>
<td>$400</td>
</tr>
<tr>
<td>Western Producer</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Billboard</td>
<td>$100</td>
</tr>
<tr>
<td>Bulletin</td>
<td>$60</td>
</tr>
<tr>
<td>Promotion and Development</td>
<td></td>
</tr>
<tr>
<td>Business cards</td>
<td>$90</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>$200</td>
</tr>
<tr>
<td>Total Marketing Expenses</td>
<td>$850</td>
</tr>
</tbody>
</table>
Blue Ocean Strategy Innovations

✔️ Brand-new recipes of bread, cookies, cakes, and chocolates that can be ordered or developed by experienced cooks (spicy bread, spicy chocolate)

✔️ Fresh delivery on demand, a small coffee-shop at the bakery, where customers can try various kinds of bakery before they buy it to take and share with friends and relatives