

12 December 2018

DRAFT

South Stoke Community Shop Ltd.

Outline Business plan for a Café as Part of the Shop

Background

The current community shop on the recreation ground in South Stoke offers:

- A wide range of groceries, bakery products and beverages
- Local produce
- Dry cleaning
- Newspapers
- Take-away hot food and drinks
- A new parcel service

Changing Market

The board has noted changes in several aspects of the market in which the shop is trading, notably:

- a. The arrival of Tesco in Goring has eroded market share and margin
- b. The take-away part of the business earns high margins
- c. The take-away part of the business is seasonal
- d. Customers frequently ask for somewhere dry and warm to eat the hot snack they have bought in the shop.
- e. Customers make frequent requests for food not currently offered e.g.
 - Hot soup
 - Sandwiches
 - Grilled panini
 - Cakes

The board believes the trading position is not likely to get any easier in the coming years and recognises some changes are necessary to protect the future viability of the business.

The board has considered how to effect this protection and to meet the evolving demand and has concluded that it would be appropriate to protect the viability of the business as a whole by aiming to increase turnover in high margin areas where there is no local competition. The board considers that it is not realistic to plan to greatly increase the turnover in take-away food and drinks. However, the board notes that there are few cafés locally and there is a market for a low-cost, light lunch and tea service and that this offers steady volume at good margins. The board considers it has an established business and resources to enable the 'stretch' to provide a small volume café service.

The Plan

The board considers that the new shop should be able to meet increased demand for hot and cold food for consumption on the premises but that this should be a part of the business that is developed slowly until there is certainty that sufficient market exists to support additional resources being committed. To enable this plan to come to fruition the board recognises that the business will require:

- i. A change to the existing planning permission to allow food to be consumed on the premises. N.B. the premises would not be licensed for the consumption of alcohol.
- ii. A licensed kitchen suitable for the storage and preparation of food for consumption by customers.
- iii. A seating area
- iv. Additional qualified and volunteer staff resources

Next Steps

The plan for the new shop will include a small dedicated indoor café space adjacent to the grocery trading area. Initially, this is envisaged to be sufficient for three tables with chairs and a coffee bar with high stools alongside one of the windows looking on to the playground area.

In addition, chairs and tables may be provided on the outside veranda for use in warmer weather.

To support this development in the business it will be necessary to provide a small licensed make-up kitchen.

The plan is to commence the café service with food such as:

- Hot soups
- Grilled panini
- Cold or grilled sandwiches
- Cakes
- Desserts
- Tea, coffee and other soft drinks

The objective in the first years is to buy-in pre-prepared food that can be reheated or cooked on the premises without the need for a trained chef.

The café would be open from 10.00 to 16.00.

It is envisaged that this level of café service should be maintained for one or two years until the market opportunity has crystallised.

The café service will put additional burdens on all areas of the business not least the ever-willing volunteers

Risks

There are no major risks to the business is trialling a café service and seeing if we can develop it into a meaningful line of business.

We are committing to extra space in the new shop. If the café is not used or is not profitable, we can use the space for displays and product promotion.

We may find that a number of volunteers are not comfortable operating a café service. We may need to change our operating hours and change how we schedule volunteers, maybe having more than one volunteer working during busy times.

The café may not be profitable. We will need to manage wastage carefully and keep a check on other local cafés to monitor prices, service and quality.

Longer Term Plan

In the longer term the ongoing café business will depend on the success of the first two years operation as outlined above.

It is possible that, in the future, the café could offer a wider range of simple lunch options such as salads and food prepared and cooked on the premises; this development would require the employment of a chef and would be a big step for a small business and require further careful cost evaluation.

The current building plan provides for the two year future and enables longer terms business development without the full capital commitment now.