

Building the Dream: Delightfully Yours

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Delightfully Yours is a start-up bakery whose signature offering is their made-fresh-daily baked goods and value-added events. Delightfully Yours, as a retail bakery, operates in the growing specialty retail foods and beverages industry, which represent 13.7 percent of all food sales at retail, according to the National Association for the Specialty Food Trade (Unknown, 2012).

Delightfully Yours: Financial Plan

Once established, our company, Delightfully Yours, expects to grow over the next three years. Projected sales and profits show an upward trend and steady growth. Once the Dublin location is performing well, then adding another location in Comanche, Texas, will benefit that growth.

Important Assumptions

The assumptions made in the pro forma profit and loss statements is that a manager and two part-time employees will comprise the staff in year one. Employees will be added in years two and three to facilitate service to the increasing customer base. The projection is based on current economic conditions.

Projected Profit and Loss

Our company, Delightfully Yours, expects to experience steady growth in sales as customer awareness increases, and we become a recognized preferred name in local bakeries. We anticipate that increased business will result from aggressive promotion, including the use of guerrilla marketing, social media, public relations, and word-of-mouth promotion.

Pro Forma Profit and Loss Statement for Delightfully Yours

	Fiscal Year 1	Fiscal Year 2
Sales	\$ 187,200	\$ 280,800
Cost of Goods Sold	56,160	84,240
Net Sales	\$ 131,040	\$ 196,560
<u>Expenses</u>		
Rent	\$ 12,000	\$ 12,000
Electric	3,000	3,300
Water	1,800	2,100
Cable	600	600
Gas	1,200	1,800
Phone	1,800	1,800
Merchant Services	300	300
Internet	600	600
Advertising	3,600	4,500
Security System	720	720
Manager Salary	25,800	25,800
Labor	23,460	58,800
Total Direct Expenses	\$ 74,880	\$ 112,320
<u>Indirect Expenses</u>		
Insurance	\$ 11,428	\$ 13,474
Bank Fees & Interest	2,134	2,136
Depreciation	14,290	14,290
Taxes	2,100	2,100
Total Indirect Expenses	\$ 29,952	\$ 32,000
Total Expenses	\$ 104,832	\$ 144,320
Net Income (Loss)	\$ 26,208	\$ 52,240

Projected Balance Sheet for Delightfully Yours

	<u>Pro Forma Balance Statement</u>	
	End of FY 1	End of FY 2
Assets		
Current Assets		
Cash	\$ 12,546	\$ 13,987
Inventory	5,378	6,348
Other Current Assets	33,224	98,230
Total Current Assets	\$ 51,148	\$ 118,565
Long-Term Assets		
Long Term Assets	\$ 68,000	\$ 68,000
Accumulated Depreciation	14,290	28,580
Total Long-Term Assets	\$ 53,710	\$ 39,420
Total Assets	\$ 104,858	\$ 157,985
Liabilities and Capital		
Current Liabilities		
Accounts Payable	\$ 2,450	\$ 2,670
Current Borrowing	0	0
Other Current Liabilities	1,200	1,867
Subtotal Current Liabilities	\$ 3,650	\$ 4,537
Long-Term Liabilities	0	0
Total Liabilities	\$ 3,650	\$ 4,537
Paid-In Capital	75,000	75,000
Retained Earnings	10,000	62,240
Earnings	16,208	16,208
Total Capital	\$ 101,208	\$ 153,448
Total Liabilities & Capital	\$ 104,858	\$ 157,985
Net Worth	\$ 101,208	\$ 153,448

Delightfully Yours: A Guerrilla Marketing Strategy

Delightfully Yours would benefit enormously from guerilla marketing strategies, since it is a startup business with a limited advertising budget. One method to garner attention of those driving past the bakery is to install a giant cupcake on top of the building. This will differentiate this business from other storefronts. Another method is to create a “parade” of cupcakes, with people dressed in cupcake costumes and walking in a parade fashion in areas in which people congregate, such as the business district during lunchtime, parks and sports fields on the weekends, and so on.

There are several traditional promotional options that would be appropriate methods to supplement this strategy to bring customers into the store, generate sales, and create positive name recognition. Using social media would be one strategy. Setting up a Facebook account, a Twitter account, and a YouTube account would be a great boost to the business. Keeping the content fresh and active with lots of pictures, promotions, sponsored events, and short blogs or posts would be essential to be effective and generate buzz.

The bakery can create a “welcome to the community, good for two cookies” card, and provide a handful of them to the Chamber of Commerce, local churches, and realtors for their welcome baskets for incoming families and businesses. That would generate increased foot traffic for very little cost. Of course, the good will that goes with that would be priceless.

Delightfully Yours can also partner with a related business to promote one another’s business. Daycare centers, schools, beauty salons, and specialty dress shops are potential partners. Our brochures and promotions would be prominently displayed in their establishments, as well as their promotional material in ours.

With a business like Delightfully Yours, there are many options and opportunities for promotion. Guerrilla marketing, traditional advertising, sponsorships, and public relations will help to create goodwill and promote our business. Our goal will be to use methods that are highly effective and low cost.

Delightfully Yours: Our Second Store Location

The goals and objectives of Delightfully Yours in Dublin are to reach profitability in the first year, and garner a positive name in the area, while refining the menu offerings, pricing and marketing. After the first year, Delightfully Yours is projected to grow rapidly and expand to another location. Criteria that the original Delightfully Yours location in Dublin, must meet before a second store would be feasible include: 1) show a consistent profit; 2) develop a stable, trained workforce; and 3) establish favorable credit terms with reliable, quality suppliers. Until those criteria are met, opening a second store would not be wise.

After the Dublin store meets the above criteria, Delightfully Yours plans a second location at 146 Central (also known as Texas 36, US 377/67), Comanche, Texas. The new location, on the town square in downtown Comanche, is a good choice for our second location (Scarborough, 2012, p. 537). While the Dublin store pulls from the Erath County region, the Comanche store would be selling to the Comanche County region. Comanche County had an estimated population of 13,765 in 2012 (U. S. Census Bureau), and the city of Comanche is the economic center of that population, so the trade area size is ideal. The only other location within that area that sells fresh baked goods is the grocery store, which offers generic, uninspiring choices.

The building will be an inviting, turn-of-the-century two-story building with display windows and brick columns, and will be nestled between an attorney's office and a title

company benefiting from their customer traffic. And across the street, the Comanche County Courthouse will also generate steady customer traffic. There are also a number of attractive small retail businesses in historic buildings that line the square, creating a retail cluster effect that benefits Delightfully Yours (Scarborough, 2012, p. 533).

The two-story aspect of the building will make expansion possible without increasing the amount of the lease. Two sides of the square are primarily local traffic, so ample parking is available and walking around the downtown is enjoyable. The third side is a smaller farm-to-market road, which brings outlying customers into town. The fourth side of the square is a busy street/highway that brings visitors through Comanche at an average rate of 10,000 vehicles a day. Two traffic lights at each end of this busiest side of the square slow traffic down, as well as make a safe opportunity for customers to cross the busy street to the store.

The slowed/stopped traffic would increase visibility for the store, and would encourage visitors and travelers to swing into the available parking spots, and stroll along nostalgic sidewalks to explore our store. It would also build sales for Delightfully Yours when the scrumptious smells from the bakery waft across slowed/stopped vehicles as they maneuver the two traffic lights along our side of the square.

Delightfully Yours: Sources of Debt Financing for Our Second Store

The second location for Delightfully Yours would be launched--at the earliest--a year after the Dublin store is launched. If the Dublin store makes the profit projected for the first year, \$10,000 of that profit would go toward the \$75,000 needed to launch the second store. Debt financing will be needed for the remaining \$65,000.

There are several sources for debt financing for our second store. More options are available since our first store will have been operating for a year or so, showing a profit, and

have established a track record for paying suppliers, pleasing customers, and managing day-to-day business decisions.

One of the first resources to consider would be the Comanche Economic Development Corporation (CTEDC). According to CTEDC, it is available to provide potential solutions for companies' growth, expansion, or relocation needs through various economic incentives. For eligible businesses and companies, the CTEDC provides assistance in the form of capital investment grants or loans (property and equipment); site selection and property acquisition; and job creation cash incentives (Comanche Economic Development Corporation).

Delightfully Yours could be eligible for the job creation cash incentives, which would lower the total amount needed. The capital investment grants or loans would also be a benefit to the business for the commercial equipment necessary to launch the second location. Site selection and property acquisition could possibly be a help as well, in turning a rental property into an owned property, if the incentives were strong enough for owning to make business sense. Finally, the remaining balance needed to start the business (approximately \$50,000) would be obtained through local lenders, secured by equity in Delightfully Yours, and guaranteed by the CTEDC.

Summary

According to the financial projections, Delightfully Yours, the local made-from-scratch bakery, has good potential and could make a reasonable return for a dedicated entrepreneur. This successful business will provide jobs in the local area, as well as tax revenue to support the overall economy. Additionally, Delightfully Yours will be viewed as a socially responsible business in the community with its philanthropic emphasis.

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