

THE BUSINESS PLAN OF NARA COFFEE & BAKERY, COFFEE SHOP & EATERY
IN PHNOM PENH, CAMBODIA

SOPHANARA SON
AN INDEPENDENT STUDY

Submitted in partial fulfillment of the requirements for the degree of

Master of Business Administration

Stamford Graduate School

Stamford International University

September 2013

2013

Sophanara Son

All Rights Reserve

This Research has been approved by

The Graduate School

Stamford International University

Title The Business Plan of Nara Coffee & Bakery , in Phnom Penh Cambodia.

Author: Sophanara Son

The independent Study Committee:

Advisor

(Dr. Puttithorn Jirayus)

Committee Member

(Dr. Ake Choonhachatrachai)

Committee Member

(Dr.Tanompong Panich)

(Dr. Apitep Saekow)

Dean, Graduate School

October, 2013

ACKNOWLEDGEMENTS

First, I would like to give all the credits to my role model is my beloved mom Phann Ny for her sacrificing, understanding and her encouragement on everything in my life. Also, thanks to someone who opened this opportunity for me without him I could not start. And, special thanks to my best friends Sokhamony Heng and Larin Chhani for their supports and inspirations. Also, thanks to all my family and good friends here and at Cambodia for their advices and complementarities on my works.

Secondly, thanks to my advisor, Dr. Puttithorn and committee members for their comments to modify for a better paper.

Also, a huge thank to my boss Henning Bragge for his understanding giving me times to work on my paper for the last three months in my University.

Finally thanks to all my professors I have learnt many good lessons in class as well as in life from each one of them : Dr. Noel , Dr. Jean, Dr. Carber, Dr. Arthur Dr. Nancy, Dr. Ek, Dr. K, Dr. Sopat . Also, Thanks to consultant department Mr. Daniel Ten Houten for his supports before and after I chose Stamford.

Overall, thank to Stamford I am glad to be here meet alot of new friends around the world and share a wonderful experience together.

EXECUTIVE SUMMARY

BUSINESS DESCRIPTION

Nara Coffee & Bakery will be a coffee house that offer the organic coffee , healthy beverage and delicious bread and cakes response to the growing market of coffee drinker and increasing number of business and educational meeting at the coffee house in the city . We will manage to get all the raw materail directly from farmer to ensure the freshness and healthyness.

Nara Cofee & Bakery arms to deliver both healthy products and services which mean we will set up our service standard to reach customer's satisfaction even exceed customer's satisfaction while we ensure that the products we sell to our customer is better compare to the other shop next door.

By offering a relaxed atmosphere , Our coffee house will feature a contemporary design and inviting feeling. All our employees will give a warmly smile welcome to every customer once they step into our coffee house.

We will locate our coffee house in Boeung Keng Kang I area which is in the central of NGOs and MNCs. Delivery service will be available with certain amount of ordering

and additional charge will also apply , minimum 45 minutes and menu will be applicable in the coffee house official web page and in Facebook page as well.

Nara Coffee & Bakery International Limited

- The business category will be classify as beverage sector - has it own coffee brand with own store at the first step .
- The store's location would be in Boeung Keng Kang I which is the central of NGOs , MNCs and expatriate location .

The address is located at Boeung Keng Kang I, Phnom Penh Cambodia.

Rental fee : (500USD)/months with one year agreement

6-months deposit : 3000USD

Advance payment : 4000 USD (6 months deposit and 2 month rental fee)

4. Capital registration equals to 200,000,000KHR(two hundred million Riel)
(50,000USD)

5. Company will choose ACLIDA to open a deposit account

6. Co-founder's background :

- Ms. Sophanara Son

Education : MBA , Stamford International University (Oct 2012- Sep 2013)

Bachelor degree of Accounting , Vanda Institute (Phnom Penh , Cambodia)

Working Experience:

- Company : Nokia Care Center
Position : Customer Service
Years : 2006-2008
- 2. Company : Hauwei Technology Cambodia Co.,Ltd
Position : Receptionist & Admin Officer
Years : 2008-2012
- 3. Company : Oskall Contact Center Co.,Ltd
Position : Sales & Marketing

Years : June 2013 -

TARGET MARKET & FORECAST

Our target market will be classified into two groups: primary target is business professional including expats and entrepreneur. Secondary target group will be University students, age ranking from 18 to 60. Primary target group will be professional worker in International organization who works nearby the location (Boeung Keng Kang I) and often drop by to grab the coffee in the morning and have breakfast and also after lunch time and at some occasion they come out from the office and have a small discussion with co-worker or with customers at the coffee house just to change the atmosphere. Also, most of those expats are offered apartment nearby their office so it very convenient for them just walk out and get some coffee in the weekend. For the secondary target group is University students which is now following the trend of staying at the coffee shop to do homework or having group project discussion seems increase rapidly as we can see in Thailand as an example, mostly student use fast food shop like Mcdonald, KFC and coffee shop like coffee world, Starbucks as their meeting place to do homework and have a group discussion.

These two target groups definitely are a growing market as the trend of coffee drinker increasing yearly, also people tend to look at the advantage of having organic food and products so this is an opportunity to promote our products and motivate them to taste and experience the local brand. furthermore, for an opening 2015 of AEC will bring more investment to the country.

COMPETITIVES ADVANTAGES

Local Trend : The number of the coffee shops in the city has increased rapidly but there is 90 percent of them are imported brand and here we do it differently , we choose local coffee bean and blend it. Also, there is political view changes over the country, it drives youth to look at the value of local products so we believe this is one of our competitive advantage to promote local product through our coffee house.

Competitive Price : Do benchmarking and lower the price compare to the competitor would be another competitive advantage for our coffee house. We will consider pricing as a main factor for the whole business plan as the new competitor in the business. And, more importantly service quality is also needed to set high to compete with international coffee shops .So, we believe customer will experience “ lower price with better service” .

Friendship Meme Program: Nara Coffee & Bakery Shop will offer customer a friendship meme program. Without customer notice , in the 5th time of their visiting customer will get free premium favorite drink and regular sized cake . Our friendly employee will make records of every customer’s visiting and follow up with customer’s status . That is the unique way to treat our customer compare to the other membership program that is required customer to hold the card and get notification of their visiting but we will do this for customer.

Special Treatment to each customer: “warmly welcome smile ” from all employees to impress customer , motivate employees to have a friendly communication more than just asking what customer wants for their ordering. by asking customer’s name and take note their favorite’s drink or menu they often ordered. And, welcome them for the next visiting by calling their name and ask if they want to repeat the previous menu. this is another strategy to improve on service quality and made the customer feel that the service they are provided are for them personally and this will make us different from other competitors.

Product Customization : This will be implemented as another competitive advantage , for example we will have coffee with soy milk for our customer who has milk allergic. this will make customer feel more comfortable to have the drink they like .

Team

This business plan will need some involvement from stakeholders such as:

- **Bank :** our shop will represent this business proposal to the bank as security deposit for bank loan to ensure that the business plan would work and profitable. So, we will need an agreement with the bank on the specific rate of the loan . Also, the minimum capital deposit will also needed to apply for registration procedure with the bank in order to get the bank statement to represent to the Ministry of Registrar and Ministry of Commerce for the registration process. However, we will get loan from bank in case the fund budgeting exceed personal investment which we already have (50,000.USD)

- Government (MOR, MOC & Tax Department): As mentioned earlier, legally our shop has to process the business registration procedure follow by Ministry of Commerce & Registrar office and also register Vat number and patent in order to fulfil the requirements from those department we need to comply every step of the process.
- Labor activities : After registration process finished, our shop will looking for the employee to perform the business activities according to business category that has been registered by law.
- Supplier: This is the next step to perform our business by choosing the right supplier to provide the right ingredient with reasonable price and punctual time.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	4
Executive Summary.....	5
Business & The Company Description	5
Target Market & Forecast	6
Competitive Advantages	7
Team.....	8
Table of contents	10
Chapter I: Situation Analysis	14
Cambodia Geographic	14
Cambodia Demographic	15
Education	15
Health.....	16
Technology	17
Cambodia Economic	17
Coffee Chain in Cambodia	19
Chapter II: Introduction	21
Business Background	21
Mission& Vision	21
Logo & Slogan	22
Chapter III: Market Research & Analysis	23
Market Entry Strategies	23
Target Market.....	23
Market Size and Trends	24
SWOT Analysis	25
Strengths	25

Weaknesses.....	26
Opportunities.....	27
Threats.....	29
PESTEL Analysis.....	30
Political.....	30
Economic.....	30
Socio-cultural.....	31
Technical.....	31
Ecological.....	31
Legal.....	31
Competitive Analysis.....	31
Marketing Plan.....	34
Products and services.....	34
Pricing Policy.....	35
Promotion.....	38
Place.....	40
Physical Evidence.....	41
People.....	42
Chapter IV: Organization.....	43
Legal Structures.....	43
Management.....	44
Employment Processes.....	44
Suppliers.....	46
Project Schedule.....	47
Chapter V: Financial Plan.....	48
Capitalization.....	48
Income Statement(1st scenario-Best).....	49
Cash Flow Statement(1st scenario-Best).....	49

Balance Sheet(1st scenario-Best)	50
Income Statement(2nd scenario-Normal)	50
Cash Flow Statement(2nd scenario-Normal)	52
Balance Sheet(2nd scenario-Normal)	52
Income Statement(3rd scenario-Worse).....	53
Cash Flow Statement(3rd scenario-Worse)	54
Balance Sheet(3rd scenario-Worse)	55
Return on Investment	55
Net Present Value.....	55
References	57

List of Tables

Table 1: Price Ranking	37
Table 2: Start-up expenses.....	48
Table 3: Start-up assets.....	48
Table 4: Total cost required to start up.....	48
Table 5: Income Statement -USD(1st-Best Scenario)	49
Table 6: Cash Flow Statement-USD(1st-Best Scenario)	49
Table 7: Balance Sheet-USD(1st-Best Scenario)	50
Table 8: Income Statement -USD(2nd-Normal Scenario)	50
Table 9: Cash Flow Statement-USD(2nd-Normal Scenario)	52
Table 10: Balance Sheet-USD(2nd-Normal Scenario)	52
Table 11: Income Statement -USD(3rd-Worse Scenario)	53
Table 12: Cash Flow Statement-USD(3rd-Worse Scenario)	54
Table 13: Balance Sheet-USD(3rd-Worse Scenario)	55
Table 14: Return On Investment & NPV	56

CHAPTER 1

CAMBODIA GEOGRAPHIC

Cambodia is one of South East Asia country with an area of 181,035 square kilometers (69,898 sq mi) and lies entirely within the tropics, between latitudes 10° and 15°N, and longitudes 102° and 108°E. It borders Thailand to the north and west, Laos to the northeast, and Vietnam to the east and southeast. It has a 443-kilometer (275 mi) coastline along the Gulf of Thailand.

Having 24 provinces including the capital city. Municipalities and districts are the second-level administrative divisions of Cambodia. The provinces are subdivided into 159 districts and 26 municipalities. The districts and municipalities in turn are further divided into communes (khum) and quarters (sangkat).



Phnom Penh is the capital city which has 758square kilometers, the 3rd smallest area in the country with largest population 2,234,566. 70% of students after finished their high

school move to city in order to get employment and go to University. This became one of the reason why population in Phnom Penh is highest compare to other cities and provinces.

CAMBODIA DEMOGRAPHIC

Education

The education system in Cambodia still continues to many challenges term of quality and availability of location, numerous of young people from rural area didn't get proper education some of them didn't get at all because of their location of staying is too far from school or there is no school could access to that specific area.

Traditionally, for the last decades even still remain until now education in Cambodia was offered by the wats (Buddhist temples), thus providing education exclusively for the male population and during the Khmer Rouge regime, education suffered significantly.

However, during the past years there have been significant improvements, especially in terms of primary net enrollment gains, government set up free enrollment regulation for all students in primary and high school and also offer some scholarship for outstanding or poor students to get into public University for free. Similar practice also provided by most of the private Universities as well. This opportunity for those student improves the education level of people who were not able to support their study .

Also, the introduction of program based-budgeting, and the development of a policy framework which helps disadvantaged children to gain access to education where most acclaimed universities are based in the main city of the country , Phnom Penh.

Health

People start to be aware of healthcare and arising concern on products they are using and food they are eating as of 2010, the life expectancy is 65years for women and 5 years faster for men. However, a primary improvement since 1999 when average life expectancy was 49.8 and 46.8 respectively.

Health care service in Cambodia are offered by both private and public sector which most people rely more on private sector because they believe in the treatment and servicing but they have to pay more compare to private organization.

The distinctions among public, private and non-medical-sector providers can be very subtle in low-income country like Cambodia, it is common for the same providers to work in the health centre in the morning and in private clinics in the afternoon. The private sector includes qualified and unqualified professionals, for-profit and not-for-profit hospitals, and offers both western and traditional medicine. Although the dual faces of these health care providers make it difficult to classify their origins, a comparison of public, private and non-medical-sector providers offers important insights into Cambodians' health care provider preferences and the role that trust plays in their decisions.

Technology


As Cambodia is an developing country and speed up to grow in many sector including technology. There are numerous places where internet access is available for public use, such as coffee shops, bars, restaurants and petrol stations. USB modems and internet capabilities on cell phones now allow many Cambodians to connect with the outside world.

Internet service in metropolitan areas is less expensive than in rural areas. Recent improvements to internet connection technology and competition have resulted in lower prices.

This advantage brought Cambodian people to be more sociable , connectivity and the technology influenced people especially young generation changes their behavior over many perception including life style, education quality, advanced communication & technology by seeing neighboring countries as a role model like Thailand, Malaysia or Singapore or even other countries. Because the world became smaller with benefits of technology people can see what is happening, what is new trend of social life and they tend to value quality of life more than the previous generation when everything is close down.

CAMBODIA ECONOMIC

Cambodia is an export driven economy and thus its GDP growth has been led by sustained strong agricultural sector growth (mainly rice, which is exported formally and informally) and resilient garment exports, as well as rebounding construction activities and a robust tourism sector. The economic outlook, however, faces some risks. It is unclear how big an impact the post-elections situation is having on foreign direct investment (FDI) and growth, even with some improvements in the external front. Over the past years poverty has fallen sharply to around 20%. Despite this large poverty reduction, the vast majority of the families who were lifted out of poverty were so only by a small margin.

	Population	14,864,646	2012
	GDP	\$14,061,796,429	2012
	GDP growth	7.2%	2012
	Inflation	2.9%	2012

As China is the biggest source of foreign direct investment in most of the sector including telecommunication, manufacturing and agriculture. China planned to spend \$8 billion in 360 projects in the first seven months of 2011. It is also the largest source of foreign aid, providing about \$600 million in 2007 and \$260 million in 2008.

The National Bank of Cambodia is the central bank of the country and provides regulatory oversight to the country's banking sector and is responsible in part for increasing the foreign direct investment in the country. Between 2010 and 2012 the number of regulated banks and micro-finance institutions increased from 31 covered

entities to over 70 individual institutions underlining the growth within the Cambodian banking and finance sector.

COFFEE CHAIN IN CAMBODIA

Phnom Penh is a capital city of Cambodia where all business sectors located and as Cambodia is still under developing so government encourage and welcome for all of the new investment.

Coffee business in Cambodia has started since decades with the traditional local store , with traditional way to make without any blending machine . The ambiance is simple no decoration just a place to grab a cup of coffee and go. Without any value added to the products they had because the cost of coffee is per cup or class is very cheap 1500R(40cents-USD) and not so many people like to drink coffee.

However, the trend of coffee chain concept has changed because of the advantage of technology seeing other country's living style and social life made people in Cambodia want to follow because it made they look cooler and people start wanted to have a good quality of life while they can earn alot more than the past. So, they prefer to find a good

place where they can relax , having nice food and drink with friend or family even have a small business discussion . And, now modern coffee shop is one of those places.

So, there are some of famous coffee chain came into Cambodia and grap this opportunity including Costa coffee , Gloria Jean and coming international brand from Korea Caffè Bene will operate their business in Cambodia soon. with similar target market they started their first location at Boeng Keng Kang I where most of the NGO and International companies located there.

CHAPTER 2

BUSINESS BACKGROUND

Nara Coffee & Bakery will be a coffee house that offer the organic coffee , healthy beverage and delicious bread and cakes response to the growing market of coffee drinker and increasing number of business and educational meeting at the coffee house in the city . Our store will directly get the raw coffee bean from the farmer in Mondolkiri province , southeast part of Cambodia and we will do the blending part once the customer order the drink to keep the freshness and smell of the coffee. And, same thing with other products like beverage and bread will get organic ingredient as much as we can to ensure customer will have healthy foods.

MISSION & VISION:

Mission:

Nara Coffee House mission is to provide customer an amazing experience through local coffee bean by putting all in one cup “ Taste, Aroma, Art & Smile” and let they feel it more than just a cup of coffee.

Vision:

Our vision is to stand competitive in coffee business locally and internationally in term of production and servicing.

LOGO&SLOGAN:



" The taste that always made you remember"

Brand Name: Nara Coffee & Bakery

Slogan: The taste that always made you remember

CHAPTER 3

MARKET RESEARCH & ANALYSIS

MARKET ENTRY STRATEGY

We will operate our own coffee store and sale directly to our target market, chose the central part of the city which market share (Coffee drinker) already exist and has been growing.

First step we will use the social media to reach target market by providing general information in the fan page (Facebook, LINE,Instagram Twitter or Google+) as we can see this would be an effective way to reach one of our secondary target market group (University Students). Also, we will develop a web page that will input the menu which customer can easily order and we will provide the home delivery service.

Another market entry strategy would be using advertising on newspaper (Phnom Penh Post), this tool will help our business to reach our primary target market group (Businessman).

TARGET MARKET

As mentioned , the business proposal is developed to serve two distinct target segments : primary target customer is professional businessmen in NGOs, MNCs, sophisticated investors and Local entrepreneurs as a huge opportunity with ACE opening will bring a

lot of foreign investor come to have a business trip in Cambodia , especially in capital city Phnom Penh, this will be considered as another target group as well. And, another secondary segment will be high educated students from every university around the city.

MARKET SIZE & TREND

Market Size and Trends

Our Strategy is a simple one. To be the best Cafe chain by offering a world class coffee experience at affordable prices .segmentation will be done on national incomes. This segmentation group will be considered as the target market group. So it will reflect the sales forecast since it includes variables as penetration grade, repeat purchases, average spending, below the line incomes and international consumers.

A good indicator to look at top incomes of a country is the High Net Worth Individuals (HNWI) segment. According to the Asia-Pacific Wealth Report 2012 by RBC Wealth Management and Capgemini, the number of high-net-worth individuals in Asia-Pacific surpassed both the US and Europe for the first time. In 2011, the population of high-net-worth individuals (HNWIs) in Asia-Pacific reached 3.37 million, more than in any other region.

Cambodia remarkably has seen the growth of the region in this segment with an estimated growth of 7.1% of HNWI's.

There is little information to know the group size of incomes between \$100,000 and \$1 million. Some sources indicate that 8% of the population of Cambodia can be considered as ‘‘high income.’’

SWOT

Internal Scanning

Strengths:

- **Store Ambiance:** We will bring the customer the new look of our coffee house, different from the other shop in the city , the classic western design together with local art decoration will distinct our shop to stand out.
- **Local Trend (start strong in home country):** As mention we will use local coffee bean and other ingredient as much as we can , in purpose to promote local product and get recognition from target and expand worldwide.
- **Strong human resource (Friendly atmosphere):** We will ensure to get the right employee with passion to work with us to deliver the best service to all value customer. We will treat all employee as family , encourage them and motivate them to work passionately. With this strategy will give us positive outcome in service delivery to customer . “Happy employee will deliver happy service to customer”. This is the concept that we do believe in.
- **Ethics (Responsibility):** Our coffee house will keep this commitment as our strong point, to stand out in the business ethical is important . Every

business owner need to pay attention. For us we are not just pay attention but we will practice appropriately.

- **Competitive price:** Pricing is another factor we would like to stand out compare other competitor, by doing benchmarking with our potential competitors. We will set up a very competitive price with same service quality.
- **Uniqueness of innovative product:** Before pricing, we will setup our products status really high in term of innovative, quality and taste. We need three outstanding combinations: Taste Aroma & Art together as one .
- **Delivery service:** Most of the coffee shop in the city doesn't have this service yet. we will be the first one to start and implement this service and make it as our strength to compete in this competitive market.

Weaknesses:

- **Brand recognition (Brand Identity):** As a new business in the market , brand recognition will become our weakness at this point we need to put a lot of effort including advertising or marketing campaign to get brand awareness by our target customer . this may take some time and expenses as well.
- **Lack expertise in marketing:** Of all the challenges we going to face one of them is the way that we advertise our products. We will have a hard time choosing the right marketing strategy to introduce our coffee house to our target market.

- **Limitation of ingredient resources:** As we commit ourselves to use 90 percent of local product including coffee bean and other ingredient. This can be our strong point but at the same time will become another weakness at the point that there are few suppliers that can provide us a good quality ingredient that we need. Since we stand to compete the international coffee brand so we have to ensure that the ingredient we going to use is qualified or exceed the standard.
- **Convenience:** We only start with one location, this may be cause our customer inconvenience to find us , unlike other coffee shop that has more than 2 brands and locate in the central part of the city which give their customer better access to find them.
- **Financial Resource :** Limitation of financial recourse will become our weakness in our business, this will give us a hard time to get financial support from bank or looking for a business partner .

External Scanning

Opportunities:

- **Growing market of coffee drinker:** In the first introduction of our business, we can see the growing of coffee drinker in Cambodia is increase rapidly. Most of businessman chose coffee shop as their business discussion place. And, some come to relax after stressful from office with peaceful atmosphere, enjoying the pretty nice taste of coffee along with some cake just to give them a cherish feeling. Also, most of University

student are following the trend of neighboring country (Thailand) that use coffee shops like Starbucks , Coffee world , Black Canyon..ect as the place to do their group project, assignment or homework. So we think this is an opportunity for our coffee house to present our self in this coffee business to serve our target market with an unexpected product and service that they never think of. “ We are new but we will be the best ”

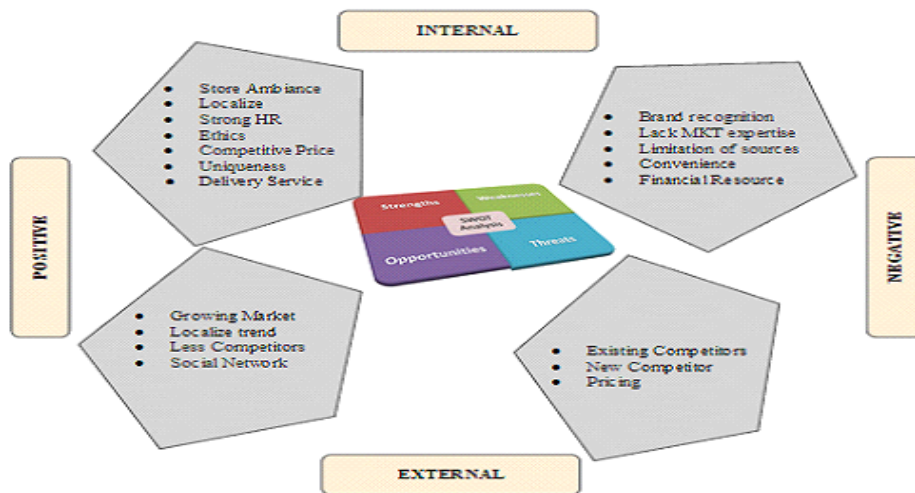
- **Localize trend:** Cambodian people simply understand and value local products more compare to the last 5 or 6 years. This will be another opportunity for us to grab and develop our self to stand a head as localize coffee brand. This force will lead our target market choose us over internal brand if they can see we are as good as them with lower price. Why not us?
- **Less competitors:** Coffee business in Cambodia, big brand like Starbucks, Coffee world or Black Canyon do not exist yet . So, this is another opportunity for Nara coffee house to stand out in the coffee market in term of pricing, market share also this will give better influence to customer over their decision making process .
- **Assistance from social network:** As trend of using social network in Cambodia also increasing rapidly . This will be another helps for us to introduce our self in the coffee business quicker than using other advertising channel. We going to have Facebook fan page, Twitter and Google+ using all this sources will help our business get recognize faster. We believe so.

Threats:

- **Existing competitors:** We have few competitors and they have more experiences and stand really strong in the beverage business , they perform quite well too such as Costa Coffee (is a British multinational coffee house company that established their business in Cambodia in 2012 , has two outlet shops), Gloria Jean Coffee Shop (is an Australian owned business that their business in Cambodia since 2010 and has three outlet shops) and also other coffee shop like Brown Coffee , Cafe Fresco ..ect. And, all of them has its first outlet store in Boeung KengKang I area which is the central part of expatriate, NGOs and apartment for long term foreigner businessman.
- **New competitor in home country :** Since the trend of coffee drinker growing this will be an opportunity but another become a threat for new local brand like us if the big brand like Starbucks or coffee world also see the same benefit and plan to come in this growing market . It will give us a hard time to compete as those big brand also very popular and got brand recognition globally already.
- **Pricing :** In marketing strategy , setting the right price is very important . As a business starter we wanted to attract customer by setting a lower price compare to other competitor but at the same time we also want to generate

profit for our business sake of course . Since we commit ourself to stand a head over competitor by lower the price and serve customer with better service . This can be our strength but at the same time it can become our threat too.

SWOT Analysis Chart :



PESTEL ANALYSIS

Political:

- Political stability after National Election (Jul-2013)-Threat
- Conflict (Instability) between opposite party and ruling party-Threat
- AEC 2015, potential investment and businessman visiting -Opportunity

Economic:

- Opening for new investment, Infrastructure ,NGOs,MNCs more businessman more foreigners-Opportunity
- Rising minimum wages for official government-Opportunity
- Growing of tourism industry -Opportunity

Sociocultural :

- Limitation of brand identity- Weakness
- Local products exhibition events , organized every year by Ministry of Economic will promote local brand awareness-Opportunity

Technical:

- E-Commerce-OOS (Online Ordering Service)-Strength
- Assistance from social media to raise brand awareness from potential customer- Strength

Ecological:

- Trend of using organic products (Health Conscious)- Opportunity
- Trend of using local products -Opportunity

Legal :

- Registration Procedure
- Tax
- Law & Regulation
- NSF (National Science Foundation) certification

COMPETITORS ANALYSIS

By doing benchmarking, we identified several potential competitors :

Costa Coffee:

Business background:

Costa Coffee is a British multinational coffee house company headquartered in UK and has corporate business in Cambodia in December , 2012 .

Business hours: 6.am-9.00pm

Branches: 2 , Boueng KengKang I & PPIU (Pnhom Penh International University)

As a well known coffee brand , Costa is located itself perfectly as the central of a businessmen crowded (Boueng Kengkang I). With the similarity of target market group Costa also perform well in term of communication (English) and employee's performance over its customer. Also, with sophisticated interior design Costa attracted a lot of existing and new customers. Marketing campaign over promotion and other information through social media also got a lot of positive feedback from customer. However, there are few weak points from Costa one is the pricing is higher compare to the other coffee brand in the city , also the ordering time also long and some of customer got upset because of this.

Gloria Jean Coffee

Business background:

Gloria Jean's Coffees is an Australian owned global specialty coffee company has established it business in Cambodia since 2010.

Business hours : 6.30am-09.30pm

Branches : 1st store, Street 51 (Pasteur) Corner Street 310, Boeng Keng Kang I. 2nd store, Preah Sisowath Quay. Phnom Penh Port and 3rd (Opening Soon).

Again, Gloria Jean's also chose its first location in the best part of coffee community (Boeung Kengkang I) and in terms of service delivery to its customer also outstanding. But, some of their employees don't speak proper English. Also, they have a mixed target market since their core business not only focuses on coffee and beverage but more like a restaurant. Gloria Jean's coffee doesn't have an attractive store design and also the service they deliver to customers is not outstanding. In terms of pricing is a bit lower compared to the other coffee shop.

Cafe Fresco:

Business Background:

Cafe Fresco is a deli, bakery and coffee shop, Cafe Fresco's vision is to provide a world-class coffee shop and eatery. And, Cafe Fresco originally incorporated its business in Cambodia in 2002 and re-launched in 2005.

Business hours: 06.00am-9.00pm

Branches: First location near riverside, ground floor of FCC Phnom Penh, Second location is in Boueng Keng Kang I.

As the oldest member in coffee business, Cafe Fresco positions itself very well in terms of service delivery, understanding consumer's behavior with their innovative store ambiance design. And, in terms of pricing is also competitive compared to the other coffee houses too. Personally they have friendly employees to serve their valued customers.

Overall, different coffee shop has its own strengths and weaknesses. However, what we can see as a benefit for our future when we implement our business proposal is we will heavily focus on competitive price and excellent service and distinguish ourselves in terms of taste, store ambiance and create additional value on our product and service to gain brand awareness from customers.

MARKETING PLAN:

PRODUCTS

Our coffee house mainly has three different products:

- Coffee Drink (hot, ice, milk, black or mix)
- Smoothly/Alternative beverage (Fruit shake, tea, etc)
- Bread/Cake/Cookie or Brownie

To develop and promote our product we define its main characteristics as follows:

Coffee(Bean):

Localize : We chose local coffee beans to serve our customers in order to promote local products and receive positive feedback from our target market. As we can see, the potential of Cambodian coffee can be as good quality as the big names that we might hear from the west or compare to the existing coffee shops in town.

Natural & Organic : This is what we want to distinguish ourselves from other coffee brands which are mostly imported from neighboring countries. The limitation of technology in

Cambodia will be an advantage for us since farmer still plant coffee and grow in traditional way which gave us a quality coffee bean with reasonable price.

Aroma: Related to the quality of coffee bean , to feel the aroma of the coffee we will ensure the coffee bean we going to use is fresh before roasting, appropriate temperature, the place to store them..ect. Coffee drinker would love to smell the coffee before they drink and that would be the first impression about the coffee.

Body: This part will involve with oiliness and the sense over coffee leaves in processing stage. And, we won't make our coffee contain too much liquid because it going to spoil the taste and also the smell .

Taste: Last characteristic of our coffee will be the taste , after the look and smell capture attention from the drinker , these two combination factors will give coffee a special taste.

Alternative beverage & bread, cake..

Organic, localize and natural ingredient: Same with coffee bean we will try to use organic ingredient as much as we can and using local product will be our priority. Just use what we have in our home country.

Value added (Color/Decoration): We arm to provide customer not only tasty food and beverage but, including a pretty looking of each product that will represent to customer. We will include art and innovative idea to decorate our product make it come out with a spectacular picture that will give customer a good impression.

Contain less sugar: Follow the trend of health conscious people, instead of using pure sugar or use a lot of amount of sugar we will use other ingredient like fruit , honey or sugar free to replace the sugar.

Taste: The source of ingredient and the look will attract customer's attention then in the end the taste of each product will be needed to ensure that they still impress for overall evaluation.

SERVICES

Regardless to our business size, we set up a standard service performance and generalize the company's service characteristic as following:

Social : We believe that in each business category communication is so important to maintain customer relationship from our representative employee. So, we will train our employee to be more socialize, has open communication with customer, co-worker and employer .

Enthusiastic: Motivation in working environment is very important which can influence outcome of the service that employee performs to customer “ happy employee will deliver happy service to customer”. So, as employer we will treat employee fairly and motivate them to work hard in order to achieve the same goal which we will share the same benefit.

Responsible: Sharing responsible is another service characteristic that we will implement to improve on customer service satisfaction .

PRICING



As a new player in business we consider pricing as the main factor in marketing mix, setting the right price is very crucial . we want to get customer by lower the price compare to competitors but still remain profitable and sustain the turnover for organization.

Price Ranking-Table 1

Ref	Product	Price Rank	Notice
<i>Coffee</i>			
	Coffee hot/ice	2\$-4\$	
	Latte Soymilk	\$2.50	Special customization for milk alagic customer
	Choco-Cafe	\$2.50	Special product

	Cambo-Cafe	\$3.00	Set with a pice of brownie
<i>Smoothies</i>			
	Milk Shake	\$2.50	
	Soymilk Shake	\$3.00	Special product -Homemade soymilk
	Mango Shake	\$2.50	
	Cambo-Fruit Shake	\$3.50	Special product
<i>Tea</i>			
	Cambo- Honeylametea	\$2.00	
	Fresh morning tea/pot	\$2.50	Jasmine tea-Local
	Smille tea/pot	\$2.50	Sunflower tea-Local
	Milk-tea	\$1.50	Green tea-Local
<i>Softdrink</i>			
	Soymilk	\$2.00	Homemade
	Water	\$1.00	
<i>Bakery</i>			
	Cake/pc	\$2.00	
	Brownie	\$2.00	

	Pinky Cake	\$3.00	Special Product
	Cambo-Cake	\$3.00	Special Product

Note: Price adjustment will be made depending on the trend of market (sourcing), demanding changing and competitive strategy (Competitors).

Promotion

Starting from grand opening of the store itself is an opportunity for promotion campaign , we will hand out shop opening invitation to customers, with special offer buy 1 coffee will get 1 brownie or 1 piece of cake free.

In grand opening ceremony, we will introduce our premium products at long testing table.

Promotion Campaign: We will organize a weekend promotion campaign “ Life Free” 10% discount for premium customers and 5% for new customer with a pretty gift.

Surprising Offering : for our loyal customer , without they notice at the 5th times of their visiting our coffee house will offer a free favorite drink and bakery.

Mini-Birthday: By notice customer’s birthday , we will offer customer a special Mini-Birthday Cake.

Create special event for customer depending on special occasion, festival like Christmas , New year ..ect.

Introducing new products with special discount.

Advertising

Website :

In our official web page will provide customer with general information about our store including : Menu, Promotion Campaign, Delivery Service, New Products, Location & Contact and also Employment opportunity.

Social Media

By knowing that social media is an effective tool to raise brand awareness . So, in our advertising strategy we consider social media is an important part to implement by creating fan page in Facebook, Line , Instagram & Google + to provide customer updated information about our coffee house , special promotion or events. And, social media is a good place that we can get feedback from customer over whole store performance, getting customer's feedback will help organization to improve their performance in term of service as well as production.

Place:

Location

We considered to choose Boueng KengKang I which traditionally been considered the city's 'foreigners quarter to be our location to operate our coffee house, seeing the opportunity of growing MNCs , NGOs and Local entrepreneur in this area. The area is

base to many NGOs, embassies and international organizations as well as expatriate residences and hotels catering to long-term visitors. So, this is matching our target market segment.



The reason why we choose this location even we aware of competitors because coffee market already grew in that area so what we have to do having a good strategy how to get customer and have them choose our store over other store next door.

Physical Evidence

The first impression from customer when they step in our shop will come from the physical evidence, how is the store look like , the space , decoration ..ect.

So, with colorful decorating , modern wooden furniture, air conditioners jutting out from the walls and soft music playing in the background create a welcoming ambience. So does the smell of coffee brewing.

This creation will surely deliver customer cherish and relax atmosphere where they always can come and enjoy a cup of coffee, chit chat with friends, business.

Store Outlet:





PEOPLE

We believe in investing with the right people to serve our customer, with working passion, friendly communication skill (English-Khmer) and open minded employees will deliver a fresh and friendly service to our value customer. So, From our Barista to

Waitress/Waiter to our Head of Human Resource, we embrace the idea of personal growth and teamwork.

CHAPTER 4

GENERAL PLAN

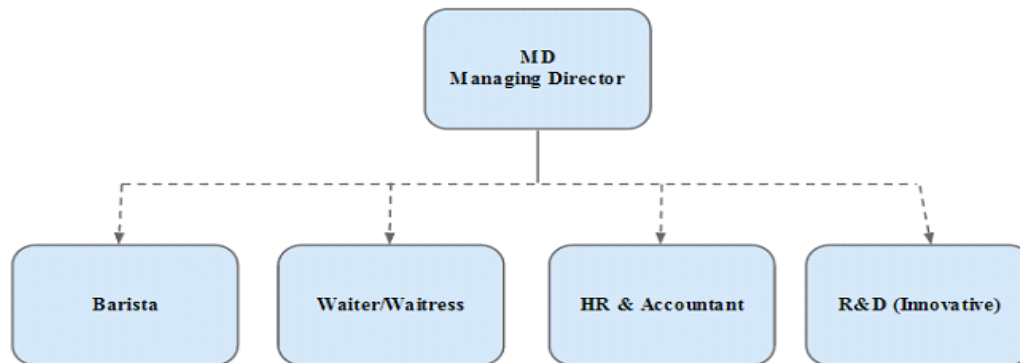
LEGAL STRUCTURE

Company Limited Legal Regulation

- The formal name of company will be “ Nara Coffee & Bakery International Limited” and we will replaced “Nara Coffee” for the next statement.
- Share payment was fully paid with the capital lists in the registration form as the registration. Minimum capital 4,000,000 KHR (four millions riels)-1000USD was paid in an authorized bank in Cambodia.
- Following documents was also represented to ministry’s registrar of Cambodia with the specific quantity :
 - Registration form for registration (model): three sets
 - Copy of identity card (Cambodian) and passport of each company member(foreigner) : three sets
 - Photo (4 * 6) of each company member : three sets
 - Reference letter from bank that Nara Coffee have deposited the money, clarifying the minimum capital KHR 4,000,000 -1000USD : one original (Bank statement)
 - Articles of incorporation: three sets
 - Declaration of non-guilt of directors : three sets
- Made a company seal: the ministry of commerce issued a seal to The Nara Coffee together with the registration certificate.
- Completed registration documents stamped and approved by Phnom Penh Tax Department.
- Registered the company VAT and patent at the Real Regime Tax
- Notified the ministry of Labor of the start of business operations and hiring of employee. and the procedure cost covered the following process as well :

- Announcing the opening of the new company and registering it with the Ministry of Labor
- Employee number declaration
- Developing internal regulation
- Obtain the payroll ledger and book (record) of establishment
- Electing staff delegates
- Filing employee contracts
- Obtaining employee handbooks
- Registration with the National Social Security Fund (NSSF) Public Insurance
- Paying contributions for staff to the NSSF and obtaining occupational risk insurance cards
- Received inspection from Labor Inspector

MANAGEMENT/ CORPORATE GOVERNANCE



EMPLOYMENT PROCESS & BENEFITS

Job Description:

- Barista-1 Position

Salary Budget: 120USD to 150 USD

Job description:

- Take care of ordering
- Coffee art design
- Ingredient forecast
- Inventory management

Benefits & Condition:

- One day off every week (shift day off every week)
- Annual leave 18 days/Year
- OT & Allowance
- Health insurance (Sick & Accident) will provide after finish probation
- period(3 months)

- Sales & Customer Service (Waiter/Waitress)-2 Positions

Salary budget: 100USD-150USD

Job description:

- Passionate in working life
- Hard working & friendly
- Able to communicate in English
- Positive thinking and willing to learn new things
- Able to have a good communication with customer

Benefits & Condition:

- One day off every week (shift day off every week)
- Annual leave 18 days/Year
- OT & Allowance
- Health insurance (Sick & Accident) will provide after finish probation
- period(3 months)

- HR & Financing-1 Position

Salary budget: 150USD-200USD

Job description:

- Handling monthly payroll
- Employee recruitment process
- Employee's document management
- Issue sale invoice
- Handling on expense report and manage the expenses document

Benefits & Condition:

- One day off every week (shift day off every week)
- Annual leave 18 days/Year
- OT & Allowance
- Health insurance (Sick & Accident) will provide after finish probation
- period(3 months)

Job Position: Research and Development Officer (Innovative Department)

Budget salary: 180USD-250USD

Job description:

- Create interesting advertising to promote the shop
- Sale promotion and create activity to attract customers
- Give idea for make a value added to existing products or even new product
- Outsourcing raw material suppliers which benefit company the most , established long relationship with all potential vendors.
- Ensure production quality as well as service quality

Benefits & Condition:

- One day off every week (shift day off every week)
- Annual leave 18 days/Year
- OT & Allowance
- Health insurance (Sick & Accident) will provide after finish probation

- period(3 months)

SUPPLIER:

Innovative production department will take care of supplier outsourcing process like coffee bean supplier, fruit and also other ingredient. Farm visiting will be necessary for our business purpose to ensure quality management. And, supplier selection process will required all qualified supplier to follow our quality standard over all the ingredient they going to supply to our store .

PROJECT SCHEDULE:

Nara Coffee & Bakery will implement its business operation on 02- January-2015

(Friday) for several relevant reason :

- Opening ACE 2015
- Processing in funding and capital investment (Own fun & Bank Loan)
- Resourcing for store decoration /Supplier Sourcing Process
- Employee recruitment process
- Legal procedure (Company registration, patent & tax)
- MKT strategy process (Ads, promotion campaign)
- New employee orientation/ Training

CHAPTER 5
FINANCIAL PLAN

Capitalization

Start-up expenses: (Table 2)

Registration & Legal Docs	5,000.00USD
Marketing & Ads expense	8,000.00USD
Rental Deposit (6 months)	3,000.00USD
Working Capital	8,000.00USD
Other	2,000.00USD
Total startup expenses	26,000.00USD

Start-up assets:(Table 3)

Building Renovation	10,000.00USD
Facilities	8,000.00USD
Coffee Blending Machine (2 sets)	6,000.00USD
Total Assets startup cost	24,000.00USD

Total cost required to start-up:(Table 4)

Startup Expenses	26,000.00USD
Startup Assets	24,000.00USD
Total cost required to startup	50,000.00USD

Source of Funds :

Private Investment	50,000USD
Used of Funds	
Operating Capital	26,000.00USD
Fixed Assets	24,000.00USD
Total	50,000.00USD

In this business proposal, we will make three different scenarios in financial plan (Income Statement, Cash Flow and Balance Sheet).

INCOME STATEMENT-USD (1st-Best Scenario) Table5

<i>Description</i>	<i>Y-I</i>	<i>Y-II</i>	<i>Y-III</i>	<i>Y-IV</i>	<i>Note</i>
Sale	75,600.00	105,840.00	148,176.00	207,446.00	[+40%]
Cost of Goods Sold	22,680.00	31,752.00	44,453.00	62,234.00	[+40%]
<i>Gross profit</i>	<i>52,920.00</i>	<i>74,088.00</i>	<i>103,723.00</i>	<i>145,212.00</i>	
Gross Margin in %	70%	70%	70%	70%	
Utilities	2,400.00	2,880.00	3,170.00	3,485.00	[+20% & +10%]
Payroll	10,000.00	12,000.00	14,400.00	17,280.00	[20%]
Store Rental	6,000.00	6,000.00	6,000.00	6,000.00	
MKT & Ads	10,000.00	8,000.00	6,400.00	5,120.00	[-20%]
Miscellaneous	6,000.00	7,200.00	8,640.00	10,368.00	[+20%]
Legal doc	5,000.00				
<i>Total Operation Expenses</i>	<i>39,400.00</i>	<i>36,080.00</i>	<i>38,610.00</i>	<i>42,253.00</i>	
<i>EBITDA</i>	<i>13,520.00</i>	<i>38,008.00</i>	<i>65,113.00</i>	<i>102,959.00</i>	
Profit Tax	-1,352.00	-7,601.60	-13,022.60	-20,591.80	
Depreciation	-4,800.00	-4,800.00	-4,800.00	-4,800.00	
Net profit/ loss	7,368.00	25,606.00	47,290.00	77,567.00	

CASH FLOW STATEMENT-USD(1st-Best Scenario)-Table 6

<i>Description</i>	<i>Y-I</i>	<i>Y-II</i>	<i>Y-III</i>	<i>Y-IV</i>
Receipts				
Sale	75,600.00	105,840.00	148,176.00	207,446.00
<i>Total receipts</i>	<i>75,600.00</i>	<i>105,840.00</i>	<i>148,176.00</i>	<i>207,446.00</i>
Payments				
Payment for Ingredient	22,680.00	31,752.00	44,453.00	62,234.00
Opt expense	39,400.00	36,080.00	38,610.00	42,253.00
Non-opt exp				

Tax	1,352.00	7,601.60	13,022.60	20,591.80
Assets	24,000.00	0.00	0.00	0.00
<i>Total payment</i>	<i>87,432.00</i>	<i>75,433.60</i>	<i>96,085.60</i>	<i>125,078.80</i>
Net cash flow	-11,832.00	30,406.40	52,090.40	82,367.20
Opening balance	50,000.00	38,168.00	68,574.40	120,665.00
Closing balance	38,168.00	68,574.00	120,665.00	203,032.00

BALANCE SHEET-USD(1st-Best Scenario) Table 7

<i>Description</i>	<i>Y-I</i>	<i>Y-II</i>	<i>Y-III</i>	<i>Y-IV</i>
Current Assets				
Cash	38,168.00	68,574.00	120,665.00	203,032.00
Fixed Assets				
Building Renovation	8,000.00	6,000.00	4,000.00	2,000.00
Facilities	6,400.00	4,800.00	3,200.00	1,600.00
Machine	4,800.00	3,600.00	2,400.00	1,200.00
Total Assets	57,368.00	82,974.00	130,265.00	207,832.00
Liability and Equity				
Capital	50,000.00	57,368.00	82,974.00	130,265.00
Net profit/loss	7,368.00	25,606.00	47,290.00	77,567.00
Total Liability & Equity	57,368.00	82,974.00	130,265.00	207,832.00

INCOME STATEMENT-USD(2nd-Normal Scenario)-Table 8

<i>Description</i>	<i>Y-I</i>	<i>Y-II</i>	<i>Y-III</i>	<i>Y-IV</i>
Sale	42,000.00	67,200	94,080.00	131,712.00
Cost of Goods Sold	12,600.00	20,160	28,224.00	39,514.00
<i>Gross profit</i>	<i>29,400.00</i>	<i>47,040</i>	<i>65,856.00</i>	<i>92,198.00</i>
Gross Margin in %	70%	70%	70%	70%
Utility	2,400.00	2,880	3,170.00	3,485.00
Payroll	10,000.00	12,000	14,400.00	17,280.00
Store Rental	6,000.00	6,000	6,000.00	6,000.00
MKT & Ads	8,000.00	6,400	6,400.00	6,400.00

Miscellaneous	5,000.00	6,000	7,200.00	8,640.00
Legal doc	5,000.00	-	-	-
<i>Total Operation Exps</i>	<i>36,400.00</i>	<i>33,280</i>	<i>37,170.00</i>	<i>41,805.00</i>
EBITDA	(7,000).00	13,760	28,686.00	50,393.00
Tax	0.00	(1,376)	(4,303.00)	(10,079.00)
Depreciation	(4,800.00)	(4,800.00)	(4,800.00)	(4,800.00)
Net profit/ loss	(11,800.00)	7,584.00	19,583.00	35,514.00

Assumption

Sale : In this assumption , in Year-I we forecasted sale volume 1,400 cups of coffee each month (chose a cup of coffee to represent all the product since the price is approximately the same 2.5USD/Cup) So the total sale income will be : $1400 \times 2.5 \times 12 = 42,000 \text{USD/Year}$. And, we increased sale 60% in the second year of the business operation $42,000 + (4,200 \times 60\%) = 67,200 \text{USD}$. By following year sale increase by 40% in 3rd and 4th year as per calculation in the table 5.

Cost of Goods Sold : We assume that the price of ingredient will cost us 0.75USD per cup of coffee and the we will sale 2.5USD per cup . So, cost of goods sold in the first year will be $1,400 \times 12 \times 0.75 = 12,600 \text{USD}$. Sale increase 60% in the second year cost of goods sold also increased 60%. Also follow by 3rd and 4th year cost of goods sold also increased another 40% (Table 5).

Utilities : Utilities forecast started in the first year by 2,400USD , 120 USD/Month (0.20USD/Unit). And, the cost increased 20% by the second year and keep it stable 10% increasing by the 3rd and 4th year.

Payroll: Starting with 5 employees average salary 200 USD/Month and increased 20% by following year including OT and incentive.

MKT & Ads : Expense forecast start from 8,000USD in the first year and reduced 20% by following year.

Miscellaneous: Expense forecast on this section will start from 5,000USD and increased 20% by following year.

Depreciation: Asset life =5 Years
 Scrap Value= 0
 Total Asset: 24,000USD

So, Total Depreciation: 24,000USD/% Yrs = 4,800USD/Year.

CASH FLOW STATEMENT-USD (2nd Scenario- Simple Case)-Table 9

<i>Description</i>	<i>Y-I</i>	<i>Y-II</i>	<i>Y-III</i>	<i>Y-IV</i>
Receipts				
Sale	42,000.00	67,200.00	94,080.00	131,712.00
<i>Total receipts</i>	<i>42,000.00</i>	<i>67,200.00</i>	<i>94,080.00</i>	<i>131,712.00</i>
Payments				
Payment for Ingredient	12,600.00	20,160.00	28,224.00	39,514.00
Opt expense	36,400.00	33,280.00	37,170.00	41,805.00
Non-opt exp				
Tax	0.00	1,376.00	4,303.00	10,079.00
Assets	24,000.00	0.00	0.00	0.00
<i>Total payment</i>	<i>73,000.00</i>	<i>54,816.00</i>	<i>69,697.00</i>	<i>91,398.00</i>
Net cash flow	-31,000.00	12,384.00	24,383.00	40,314.00
Opening balance	50,000.00	19,000.00	31,384.00	55,767.00
Closing balance	19,000.00	31,384.00	55,767.00	96,081.00

BALANCE SHEET-USD (2nd Scenario-Simple Case) -Table 10

Nara Coffee & Bakery

Balance Sheet December 2015-December 2018

<i>Description</i>	<i>Y-I</i>	<i>Y-II</i>	<i>Y-III</i>	<i>Y-IV</i>
Current Assets				
Cash	19,000.00	31,384.00	55,767.00	96,081.00
Fixed Assets				
Building rental	8,000.00	6,000.00	4,000.00	2,000.00
Facilities	6,400.00	4,800.00	3,200.00	1,600.00
Machine	4,800.00	3,600.00	2,400.00	1,200.00
Total Assets	38,200.00	45,784.00	65,367.00	100,881.00
Liability and Equity				
Capital	50,000.00	38,200.00	45,784.00	65,367.00
Net profit/loss	-11,800.00	7,584.00	19,583.00	35,514.00
Total Liability & Equity	38,200.00	45,784.00	65,367.00	100,881.00

INCOME STATEMENT-USD (3rd-Worse Scenario) Table 11

<i>Description</i>	<i>Year I</i>	<i>Year II</i>	<i>Year III</i>	<i>Year IV</i>
Sale	28,350.00	45,360.00	56,700.00	68,040.00
Cost of Goods sold	(10,800.00)	(15,120.00)	(18,900.00)	(22,680.00)
Gross Profit	17,550.00	30,240.00	37,800.00	45,360.00
Gross margin in %	62%	67%	67%	67%
Operation Expenses :				
Utilities	2,400.00	2,640.00	2,904.00	3,195.00
Store Rental	6,000.00	6,000.00	6,000.00	6,000.00
Payroll	9,000.00	99,000.00	10,890.00	11,980.00
Marketing & Ads	8,000.00	5,600.00	5,600.00	5,600.00
Registration & Legal Docs	5,000.00	-	-	-
Miscellaneous	5,000.00	5,500.00	6,050.00	6,655.00
Total Operating Expenses	35,400.00	29,640.00	31,444.00	33,430.00
EBITDA	(17,850.00)	600.00	6,356.00	11,930.00
Depreciation	(4,800.00)	(4,800.00)	(4,800.00)	(4,800.00)

Annual Profit Tax	-	-	(636.00)	(1193.00)
Net loss/Profit after Tax	(22,650.00)	(4,200.00)	920.00	5,937.00

Assumption:

Year I

First year of the business operation , we forecast sale in the first six months in a low rate and gave the sale rate *2 after six month . Also expense will also cover registration and legal document which will not be apply for the following year. At the first year we push on sale so we put a huge budget on marketing campaign and Ads to gain brand awareness from target customer. Other than that we have payroll, utilities and miscellaneous expenses.

Year II

By assuming sale rate will increase >70% from year I also cost of goods sold is increased 40%. Payroll and utilities expense will also increase another 10% compare to the past year. But, by reducing cost of marketing campaign and advertising in 30% .Also, miscellaneous expense will already 10% from the first year. following the same rate for the next two year forecast.

Year III

Continue growing rate sale in year 3 will increase 25% of total sale also another 25% of the cost of goods sold will also increase . But, keeping marketing and miscellaneous expense the same from last year.

Year IV

By growing rate sale another 20% from the previous period also 20% of the cost of goods sold . and, as our business get busier we will recruit more employee so payroll expense will also increase in certain of percentage including incentive and allowance for old employees. same time sale rate increase so miscellaneous also increase 10% more.

CASH FLOW STATEMENT-USD (3rd- Worse Scenario) Table 12

<i>Description</i>	<i>Y-I</i>	<i>Y- II</i>	<i>Y-III</i>	<i>Y-IV</i>
Cash Receipt				
Sale	28,350.00	45,360.00	56,700.00	68,040.00
Total Cash Inflow	28,350.00	45,360.00	56,700.00	68,040.00
Cash Payment				
Payment on ingredient	10,800.00	15,120.00	18,900.00	22,680.00
Operating Expense	35,400.00	29,640.00	31,444.00	33,430.00
Non Operating(Assets)	24,000.00	-	-	-
Total Payment	70,200.00	44,760.00	50,980.00	57,303.00
Net Cash Flow	(41,850.00)	600.00	5,720.00	10,737.00
Opening Balance	50,000.00	8,150.00	8,750.00	14,470
Cash Balance(NPV)	8,150.00	8,750.00	14,470.00	25,207.00

BALANCE SHEET-USD (3rd-Worse Scenario) -Table 13

Balance Sheet

Description	Year I	Year II	Year III	Year IV
Current Assets				
Cash	8,150.00	8,750.00	14,470.00	25,207.00
Fixed Assets				
Store Renovation	8,000.00	6,000.00	4,000.00	2,000.00
Facilities	6,400.00	4,800.00	3,200.00	1,600.00
Coffee Machines	48,000.00	3,600.00	2,400.00	1,200.00
Total Assets	27,350.00	23,150.00	24,070.00	30,007.00
<i>Liability & Equity</i>				
Capital	50,000.00	27,350.00	23,150.00	24,070.00

Net Profit/Loss	(22,650.00)	42,000.00	920.00	5,937.00
<i>Total Liability & Equity</i>	27,350.00	23,150.00	24,070.00	30,007.00

RETURN ON INVESTMENT

In 1st scenario, we got return on investment in Year 3 equal to 94.58% out of 50,000 USD with total initial capital investment.

NET PRESENT VALUE-(USD)

$$NPV(i) = \sum_{t=0}^N \frac{R_t}{(1+i)^t}$$

Formula

R Net Cash Flow occurs at the end of the period

t Period of the project

i Annual interest/discount rate assumption (We assumed 8%)

Table 14

<i>Year</i>	<i>Cash Flow(USD)</i>	<i>Net Present Value(USD)</i>
Y-I	38,168.00	21,204.44
Y-II	68,574.00	21,164.81
Y-III	120,665.00	20,697.26
Y-IV	203,032.00	19,336.38

As the result, PNV>1 it means that the business plan is appropriate and profitable .

REFERENCES:

<http://tax.gov.kh/en/btop.php>

<http://www.entrepreneur.com/>

<http://www.fabjob.com/coffeehouse.asp>

http://en.wikipedia.org/wiki/Net_present_value#Use_in_decision_making

<https://www.google.co.th/search?q=pricing+strategy+matrix>

<http://www.phnompenhpost.com/7days/how-coffee-chain-conquered-cambodia-brown%E2%80%99s-success-story>

<http://www.b2b-cambodia.com/news/new-coffee-chain-for-phnom-penh/>

<http://cambopedia.com/2012/11/08/its-just-another-cafe/>

<http://www.nis.gov.kh/>

http://www.unicef.org/infobycountry/cambodia_statistics.html

<http://www.embassyofcambodia.org.nz/cambodia.htm>

<http://www.futurehealthsystems.org/publications/comparison-of-trust-in-public-vs-private-health-care-provide.html>

<http://www.worldbank.org/en/country/cambodia>

<http://www.doingbusiness.org/data/exploreeconomies/cambodia>

<http://www.worldbank.org/en/news/press-release>