

# Business Financial Plan

## The Brew House Coffee Shop

Sun Prairie High School, WI  
2018-2019

Brandon Edwards & Sara Malinowski



**The Brew House**

## Description of Business, Assumptions and Strategies to Obtain Loan

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In the ever growing community of Sun Prairie, Wisconsin, The Brew House coffee shop will enable high school students to have a place catered towards their needs in allowing nearby students to continue improving their education. Many teens lack space available for them to work on homework or meet up with classmates to complete group work. The Brew House will offer their customers an adaptable space to work individually, with others, or take a break to play games. The space will be equipped with multiple table sizes to accommodate a variety of groups. Also available to customers will be a group study space which will be equipped with a television enabling a customer to connect their computer, allowing ease of working off the same screen. The Brew House will be open from 6 am to 10 pm to allow students to have space available to them no matter their schedule.

Brandon Edwards and Sara Malinowski have the experience to ensure the success of The Brew House upon opening and for years to come. Brandon holds a bachelor's degree in Finance and Marketing enabling him to have a vast understanding of ways to manage finances and ensure The Brew House is known in the community. Sara has earned her master's degree in Communications, allowing her to cater to each customer's needs.



Customers of The Brew House will have access to a unique work environment allowing them to accomplish their work in a timely matter; a need of which is currently not being catered to in the Sun Prairie community. The addition of a second high school will create the need for a workspace with additional 1,500 high school students in the community. With the creation of The Brew House, these students will be able to walk to the ideal working environment after school as well as grab a coffee on their rush to class.

In order for The Brew House to be successful, the owners must obtain \$140,000 in funding. This funding will go towards leasing the space, paying the employees, and obtaining equipment to serve our customers. Each owner will contribute \$25,000 and a loan of \$90,000 will complete the funding for the opening. In talking with a financial loan advisor, the owners have decided to apply for a 504 SBA loan from Summit Credit Union based upon a strong relationship already established with the company along with a variety of other factors. Any asset purchased with the funding will be considered collateral. The ability to secure this loan is essential to the opening and growth of The Brew House.

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## Company Description

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### Legal Form of Business

The Brew House will be founded as a Limited Liability Partnership (LLP). With both owners taking 50% ownership of the company, each party will be fully responsible for their own business decisions. With having a LLP, both parties' assets are guaranteed safe in the event of a financial catastrophe involving The Brew House. Riley Law Office's have been hired to create a contract to ensure the success of our partnership.

### Mission Statement

The Brew House is committed to helping the Sun Prairie community by giving local teens a safe, fun, and productive location to chill, connect and collaborate.



### Company Governance

Brandon Edwards and Sara Malinowski will have equal ownership over the company. Each owner will hold a different leadership position in order to utilize the unique experiences of each owner.



Brandon Edwards  
Owner and Operator

Brandon Edwards holds a Bachelor's Degree in both Finance and Marketing from the University of Wisconsin. Brandon's role will be the Owner and Operator. With a double major in Finance and Marketing, Brandon will be an asset to the team by conducting the weekly tasks to manage all the financials as well as all marketing in the Sun Prairie and Madison area.

Sara Malinowski, a University of Minnesota graduate, holds a Master's Degree in Communications. She will own 50% of the business and will be responsible for the daily success of The Brew House. She will be able to utilize her vast experience as a General Manager of local coffee shop Beans n' Cream. Her ability to work with all customers while also ensuring the productivity of the shop will allow a great amount of success with the customer experience.



Sara Malinowski  
General Manager

#### Owner and Operator

- Brand marketing
- Financial forecast
- Cash flow management

#### General Manager

- Human resources
- Oversee employees
- Assure quality of products



## Company Location

The Brew House will be built at 120 N. Grand Ave in building A4, suite 1. This location allows The Brew House to be located in a prime spot in the rapidly growing city of Sun Prairie. Located directly behind building A4, the Sun Prairie Area School District owns an 80-acre piece of land. According to their website they will build a new high school on that property. (Sun Prairie Area School District)



This new high school located on the left side of the photo above is predicted to accommodate up to 2,000 students in grades 9-12. The roads around the proposed location for The Brew House averaged 28,510 vehicles per day in 2017 according to the Grand on Main builders. In order to ensure high school students are visiting the coffee shop, coupons will be given to the school in order to reward students within the school. The Brew House will operate in a 1,500 sq. ft. facility including a work space, a game room, storage, and a large countertop space for baristas.



## Long and Short-Term Goals

The Brew House has set out a ten-year plan to lead to the ultimate goal of opening a second location in a surrounding city. To do this, The Brew House understands the necessary steps to opening a second successful location by paying off loans and increasing net profits. Below we have spelled out our short- and long-term goals.

### 1 Year Goals

- Establish a steady customer base
- Hire a strong, friendly, and reliable work force.
- Develop a strong presence on social media
- Be more involved in the community

### 5 Year Goals

- Define our brand
- Establish loyal customers
- Increase net profits by 10%
- Implement online ordering
- Increase food menu



### 10 Year Goals

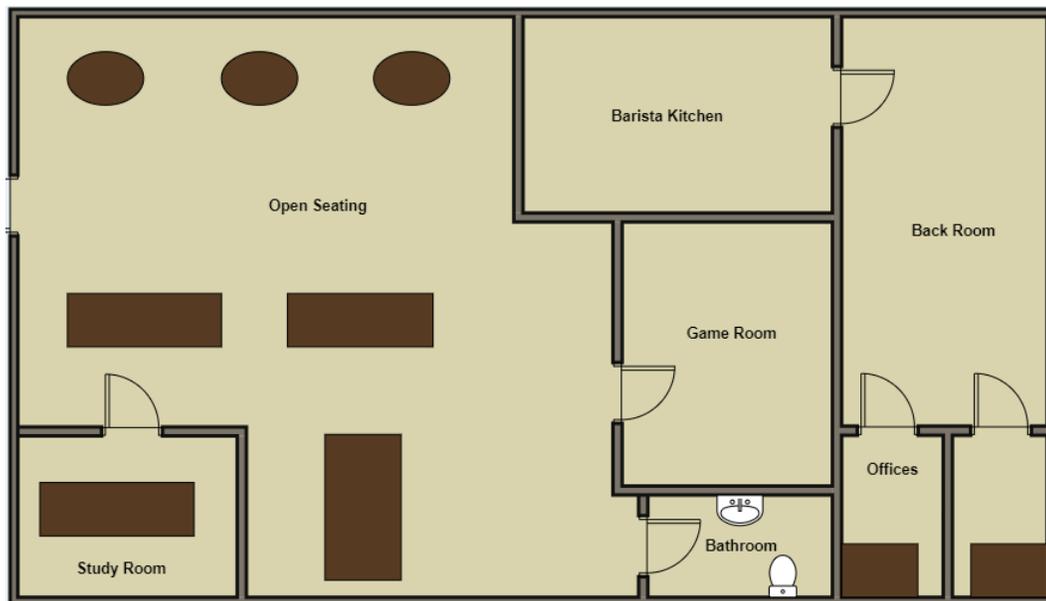
- Release our own brand of coffee
- Pay off all business loans
- Increase net profits to 25%
- Begin planning a second location



## Operations and Management

### Business Facilities Described

The Brew House will be located in a 1,500 sq. ft. portion of the new Grand on Main shopping facility. The building will include a gaming area, group study room, barista space, break room, and an office for both owners. The Brew House will be open seven days per week from 6am-10pm for customers to get coffee and start their day and study in the afternoon. The Brew House will be closed on Thanksgiving, Christmas, and New Year's Day with limited hours on Christmas Eve and New Year's Eve. As the business grows, mobile ordering will be incorporated.



### Open Seating

A large portion of the space will be arranged with a variety of different sized tables for people to work. This space will extend from the front door to the gaming area. This will be available to customers at all times.

### Gaming Area

The back of the area for customers will be a gaming area. This will include a flat screen television mounted to the wall with both an Xbox and a PlayStation. There will also be a pool table and a ping pong table available for customers to use. All games for the PlayStation and Xbox will be held at the counter and available upon request for collateral. Users are also allowed to bring in their own game if they choose.



## Group Study

There will be a group study area separated from the main seating area by a glass wall. There will also be a television available for groups to connect their computers in order to make working on a project as a group project easier. There will be whiteboard markers available at the counter in order to write on the glass for educational purposes.



## Barista Kitchen

The barista kitchen will be equipped with commercial counters including refrigeration under the counter as well as storage for all other equipment that is not currently in use. By having storage under the counter, it will allow the employees to craft beverages with ease. A portion of this counter will be connected to a high top with bar stools for additional customer seating. There will also be an opening for the employees to place finished beverages. A maximum of 3 employees will be crafting beverages at the same time to maximize efficiency. Any additional employees would create space limitations and cause beverages production time to increase (Gauger).

## Back Room

The back room will include a bathroom, a break area for employees, and an office for each owner. There will be a refrigerator for employees use as well as a table with chairs and a small couch for any employees on their break to relax. To ensure our employees are treated well and are working to the best of their ability, the management team will ensure all employees have what they need to be successful. This includes supplying all employees with the room they need to relax during a small break in the middle of their shift if needed. There will also be space for additional product storage in the back for any product that does not fit in the barista area.

## Current and Projected Management

Within the first year Brandon and Sara intend on hiring an Assistant Manager to relieve them of some of their duties. This person would take over all customer complaints and satisfaction while assisting in marketing campaigns, running social media accounts, and assisting Sara in submitting a weekly supply order.

Brandon – Owner and Operator

- Provide weekly, monthly, quarterly, and yearly financial reports
- Provide all financial forecasts
- Ensure all bills are paid in a timely fashion
- Develop and execute a marketing plan

Sara – General Manager

- Ensure customer satisfaction
- Complete weekly supply orders
- Hire employees and ensure employee happiness



## Workforce Described

Upon opening, The Brew House will be hiring 6 part-time employees and 2 full-time employees as well as Sara and Brandon who will be working full time upon opening. One of the full-time employees will be an assistant manager while the other will be a shift leader in order to assist with employee training. All part-time employees will work an estimated 20 hours per week (High School Student Survey) spread out over 4 days. As recommended by Jeff Gauger, the owner of a local coffee shop Beans n' Cream. A security guard will be hired part time Friday and Saturday nights until the atmosphere of the building is established. During all hours of operation, there will be two employees on duty for safety and to ensure all customers receive exceptional customer service. During our peak times we will have one manager on duty with up to three employees.



After one year of business, both owners and the General Manager will have an extensive meeting discussing staffing needs. Currently the projections show the need to add 2 more part time employees and 1 Assistant Manager. These projections also show the security guard can be relieved of their duty at the end of the first year. Projections also show typical staffing will need to follow the same pattern with two employees and one additional manager on duty during peak hours. After additional employees are hired, Sara and Brandon will lower their hours; however, they will be available at all times by phone.

The Brew House will remain in compliance with law by not discriminating against management, employees, or applicants in regard to one's race, religion, sex, national origin, or any other status federally protected.

## Personnel Responsibility

### Assistant Manager

Ensure all customers have a good experience.  
Help customers with any questions or concerns.  
Oversee all other employees.

### Shift Leader

Check in with employees to ensure they are doing quality work.  
Assist and direct employee training.  
Assist other employees in fulfilling customers' needs.

### Employee

Provide an exceptional experience for all customers.  
Maintain a clean work area.  
Ensure necessary products are in stock.

### Security Guard

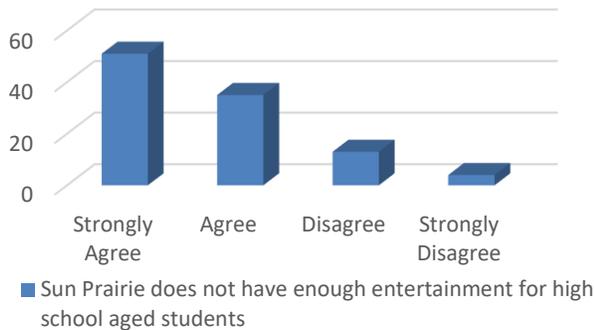
Ensure the safety of all customers  
Oversee the environment at all times



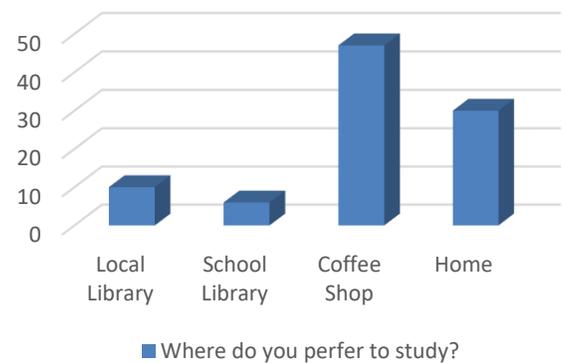
## Target Market

The Brew House will be targeting teens located in the Madison area, specifically Sun Prairie. With the extreme success the Sun Prairie School District has seen with the education of their students, these students need a space devoted to helping them get their school work completed. The creation of the new high school will bring in nearly 1,500 high school students who will have direct access to The Brew House allowing both individual study and group work space. In addition, the school will receive coupons which will be used as a reward for students. We will also be sponsoring events within the school to get the company known in the community. By surveying all high school students in the current high school, we learned a majority agreed there was not enough entertainment provided for students and the need for a study space, specifically coffee shops, is growing. Past generations have preferred studying in libraries which has become less popular today as seen in the surveys we conducted.

Sun Prairie does not have enough entertainment for high school aged students



Where do you prefer to study?



(“Study & Entertainment”)

The company will use marketing along with their logo to become an established business in the Sun Prairie community. This will be done primarily through social media due to the growing in social media among teenagers. Social media is an effective way to promote businesses and establish the environment of The Brew House. Through generations, technology use has continued to rapidly increase meaning a large portion of our target market will see marketing most through social media. Ensuring The Brew House has effective marketing, primarily with a social media presence, is crucial in establishing the business. As the company continues to grow, mobile ordering will be implemented to decrease wait times and expand our customer base.

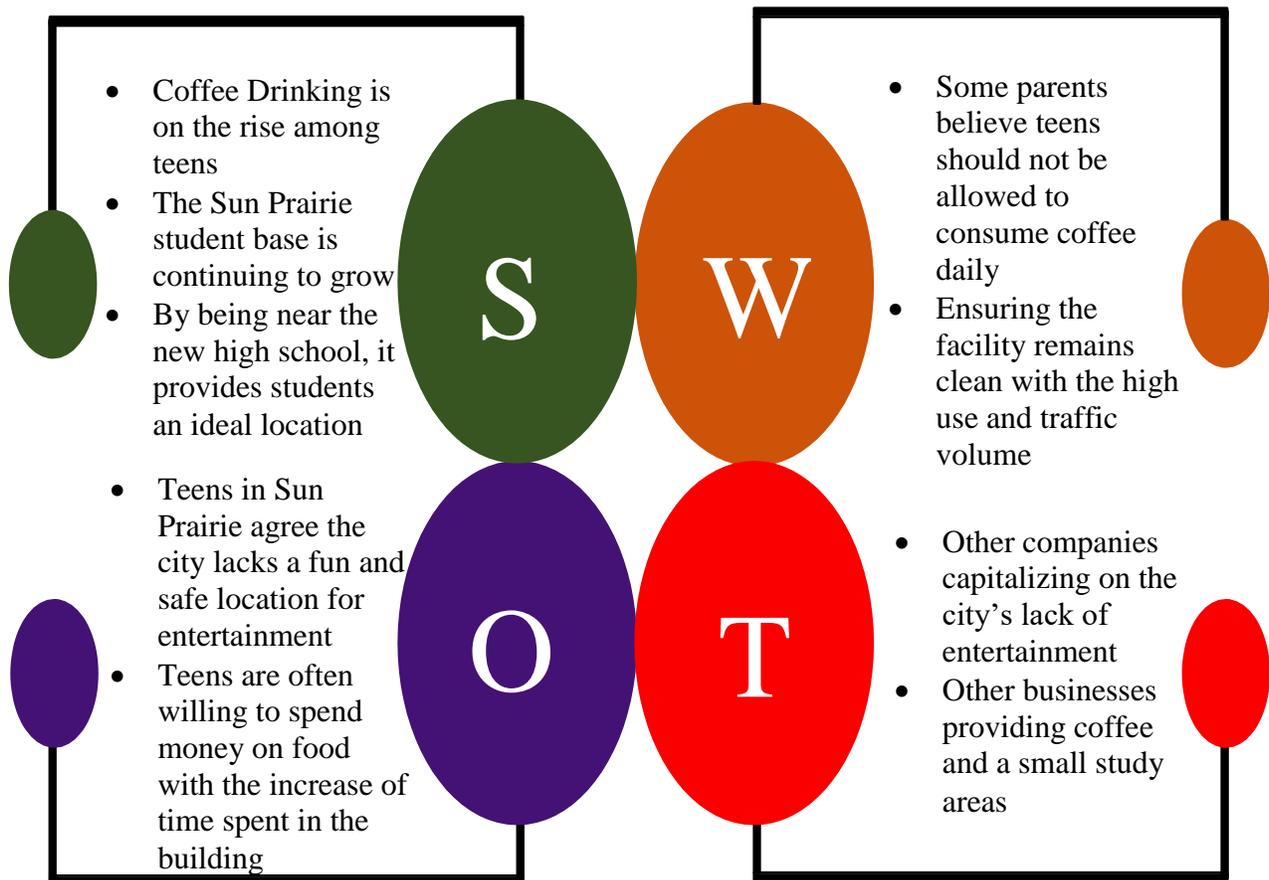


## Size and Growth Potential

The Brew House will be established in Sun Prairie, Wisconsin due to the rapid increase in the population. Sun Prairie is among the top 10 cities in the state of Wisconsin for their growth rate as of 2016. (US Census Bureau) Sun Prairie Area School District has also been named the fastest growing school district in the state with an addition of two elementary schools built last year and the current planning of the second high school. According to the Sun Prairie School District, 100-250 students a year are added to the school district which provides a constant increase in the customer base. This provides insurance that The Brew House will continue to increase in revenue yearly.

## Risks and Potential Adverse Results Identified and Planned For

Management will be constantly analyzing The Brew House and any risks that may have been previously overlooked. To start The Brew House, a SWOT analysis has been completed to determine the strengths and weaknesses of the business. This analysis will also allow us to project any weaknesses or threats to the business. In order to overcome these, this information will be looked at as vital for the success of our business. Management will work to create a positive outlook on The Brew House in order to ensure the company is viewed as a welcoming place to get work done. We will also ensure there are a variety of beverage options for customers who need a space to work and would prefer a variety of different beverage options.



## Financial Institution

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### Name and Type of Financial Institution

Summit Credit Union is a major Credit Union throughout Wisconsin. With over 20 locations in the Sun Prairie area, Summit Credit Union provides financial help and aid for both personal and commercial needs. We will be working with a financial loan advisor at the Sun Prairie branch. We have consulted with Patrick, an employee at Summit Credit Union and it has been determined the loan amount will be granted.

Brandon and Sara both use Summit Credit Union for their personal needs. Both owners have personal loans and credit cards providing them with connections within the company. With Brandon and Sara's outstanding credit score, they hold the necessary requirements to get a business loan. Summit Credit Union has agreed to work with us to determine an interest rate and offering us the longest possible period to pay them back in the event of financial trouble. Due to the personal relationship with Patrick and the assistants at Summit Credit Union, we have elected they are the best option for The Brew House.

Below are the benefits of the final two loans being considered to start The Brew House. After multiple consultations with Patrick, our loan advisor, and deep consideration, Brandon and Sara will apply for a 504 SBA Loan from Summit Credit Union. By electing a 504 SBA Loan there is the option to extend the loan out over 25 years and a competitive fixed interest rate among many other benefits (Loans). This loan will be used to purchase equipment, furniture, and many other necessities outlined on the following page.

Express SBA Loan	504 SBA Loan
<ul style="list-style-type: none"><li>• Available up to \$350,000</li><li>• Fixed interest rate available</li><li>• Low down payment options</li><li>• Online loan access and payment options</li></ul>	<ul style="list-style-type: none"><li>• 10-, 20-, and 25-year payment options</li><li>• Competitive rates, including fixed rate financing</li><li>• Low down payment options</li><li>• Online loan success and payment options</li></ul>



## Loan Request

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### Purpose of Loan & Amount Requested

The Brew House will apply for a \$90,945 504 SBA Loan. This loan will be used in addition to the \$25,000 each owner will contribute, totaling \$50,000. This money will be spent on marketing in order to increase the business' net profits as well as add to the current assets of the companies. The chart below shows the amount expected to be used in each category.

Item (s)	Price
<b>Security Deposit &amp; Three Months' Rent</b>	<b>\$48,000</b>
<b>Electronic Gaming Equipment</b>	<b>\$1,022</b>
<b>Tables &amp; Chairs</b>	<b>\$6,549</b>
<b>Non-Electronic Gaming Equipment</b>	<b>\$3,497</b>
<b>Equipment</b>	<b>\$19,315</b>
<b>80% Consideration</b>	<b>\$62,562</b>
<b>Total Funding Needed:</b>	<b>\$140,945</b>
<b>Owner Capital Contribution</b>	<b>\$50,000</b>
<b>Loan Amount</b>	<b>\$90,945</b>



## Projections for Future Financial Stability

Below is a projected balance sheet for December 31, 2024. The numbers listed below are based on the 3% rule followed by many companies in the Sun Prairie community (Gauger). The assumption is that 3% of all traffic that passes our facility will be captured and walk in to The Brew House.

Based on numbers provided by The City of Sun Prairie and the expected profits from our drinks and food, the numbers calculated provide an estimate of the profit after all operating expenses. This provides evidence that the company will be adequately funded to serve all of its customers and begin a second location in the future.

<b>The Brew House Coffee Shop</b>			
<b>Balance Sheet</b>			
<b>31-Dec-24</b>			
<b>Assets</b>		<b>Liabilities</b>	
Current assets:		Current liabilities:	
Cash	32,000	Accounts Payable	250
Prepaid Rent	12,000	Summit Credit Card	10,245
Petty Cash	500	Accrued Fed & FICA Tax	1,667
Inventory	2,000	Accrued State WH Tax	20
<b>Total current assets</b>	<b>46,500</b>	Accrued Unemployment Tax	125
Equipment		Accrued Sales Tax	1,130
Barista Equipment	19,315	<b>Gift Certificates</b>	<b>1,527</b>
Accumulated Deprecation- Barista Equipment	(7,726)	<b>Total current liabilities</b>	<b>14,964</b>
Gaming Equipment	4,519	Long-term debt	
Accumulated Deprecation- Gaming Equipment	904	Business Loan	36,000
Furniture	6,549	<b>Total Liabilities</b>	<b>50,964</b>
	655		
<b>Total Assets</b>	<b>61,654</b>	<b>Shareholder's Equity</b>	
		Equity Capital	7,124
		Retained Earnings	3,566
		<b>Shareholder's Equity</b>	<b>10,690</b>
		<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>61,654</b>

(Gauger)



## Projections for Future Income Stability

Below is a projected income statement for December 31, 2020 - 2024. The numbers are based on the same rule used in the balance sheet. In reading the projected income statement, please note the first three months of rent are included in our business loan and the new high school located behind our building will open in 2023. If our projection is correct, we will meet all of our 5 year goals and ensure we are on the path to meeting our 10 year ones too.

<b>The Brew House</b>					
<b>Income Statement</b>					
For Period Endings Decemeber 31					
	2020	2021	2022	2023	2024
Revenue from Coffee	57,345.9	59,283.5	58,234.2	75,623.9	78,487.4
Revenue from Rentals	12,547.3	12,539.5	14,364.8	28,543.0	35,398.0
Refunds, Dicounts, Coupons	(876.9)	(534.6)	(678.4)	(3,543.7)	(4,987.3)
<b>Total Net Revenue</b>	<b>69,016.3</b>	<b>71,288.4</b>	<b>71,920.6</b>	<b>100,623.2</b>	<b>108,898.1</b>
Cost of Goods Sold	5,435.8	6,435.3	6,856.2	8,534.5	9,433.0
<b>Gross Profit</b>	<b>63,580.5</b>	<b>64,853.1</b>	<b>65,064.4</b>	<b>92,088.7</b>	<b>99,465.1</b>
<b>Expenses</b>					
Advertising & Promotion	1,489.3	3,245.8	2,453.2	4,734.5	4,567.8
Insurance	1,567.3	1,567.3	1,634.1	1,649.3	1,675.9
Cleaning	300.0	250.0	275.0	575.0	625.0
Office Supplies	354.3	258.4	465.4	1,245.1	1,353.2
Rent	-	-	-	12,000.0	12,000.0
Salaries, Benefits & Wages	30,675.4	32,134.2	31,236.5	40,231.5	40,867.8
Utilities	2,546.0	2,789.2	3,265.2	3,923.4	5,245.0
Loan Payment	8,465.5	8,465.5	8,465.5	8,465.5	8,465.5
Total Expenses	45,397.8	48,710.4	47,794.9	72,824.3	74,800.2
<b>Earnings Before Interest &amp; Tax</b>	<b>18,182.7</b>	<b>16,142.7</b>	<b>17,269.5</b>	<b>19,264.4</b>	<b>24,664.9</b>
Interest Expense	298.9	298.9	298.9	298.9	298.9
<b>Earnings Before Taxes</b>	<b>17,883.8</b>	<b>15,843.8</b>	<b>16,970.6</b>	<b>18,965.5</b>	<b>24,366.0</b>
Income Taxes	5,077.2	7,245.6	7,523.6	9,234.2	10,146.5
<b>Net Earnings</b>	<b>12,806.6</b>	<b>8,598.2</b>	<b>9,447.0</b>	<b>9,731.3</b>	<b>14,219.6</b>

(Gauger)



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