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Authors	O'Donovan, Conor;Scannell, Conor;Keane, Emma;Lordan, Seán;Yan, Ruiqian;Bresnan, Peter
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# ***FEASABILITY STUDY FOR LIONS YOUTH CENTRE COMMUNITY CAFÉ***

Conor O'Donovan

Conor Scannell

Emma Keane

Sean Lordan

Ruiqian Yan

Peter Bresnan

**CARL Research Project**

in collaboration with

**Carrigaline Lions Youth Centre Project**



<b>Name of student(s)</b>	Conor O'Donovan, Conor Scannell, Emma Keane, Sean Lordan, Ruiqian Yan & Peter Bresnan
<b>Name of civil society organization/community group:</b>	Carrigaline Lions Youth Centre Project
<b>Name of community group liaison person:</b>	Wendy McCarry & Brian Thoma
<b>Academic Supervisor(s):</b>	Dr Steve O'Callaghan
<b>Name and year of course:</b>	Master of Science in Corporate Finance Students
<b>Date completed:</b>	July 2016



## **What is Community-Academic Research Links?**

Community Academic Research Links (CARL) is a community engagement initiative provided by University College Cork to support the research needs of community and voluntary groups/ Civil Society Organisations (CSOs). These groups can be grass roots groups, single issue temporary groups, but also structured community organisations. Research for the CSO is carried out free of financial cost as much as possible.

CARL seeks to:

- provide civil society with knowledge and skills through research and education;
- provide their services on an affordable basis;
- promote and support public access to and influence on science and technology;
- create equitable and supportive partnerships with civil society organisations;
- enhance understanding among policymakers and education and research institutions of the research and education needs of civil society, and
- enhance the transferrable skills and knowledge of students, community representatives and researchers ([www.livingknowledge.org](http://www.livingknowledge.org)).

## **What is a CSO?**

We define CSOs as groups who are non-governmental, non-profit, not representing commercial interests, and/or pursuing a common purpose in the public interest. These groups include: trade unions, NGOs, professional associations, charities, grass-roots organisations, organisations that involve citizens in local and municipal life, churches and religious committees, and so on.

## **Why is this report on the UCC website?**

The research agreement between the CSO, student and CARL/University states that the results of the study must be made public through the publication of the final research report on the CARL (UCC) website. CARL is committed to open access, and the free and public dissemination of research results.



## **MSC CORPORATE FINANCE 2015/2016**

Conor O'Donovan  
Conor Scannell  
Emma Keane  
Sean Lordan  
Ruiqian Yan  
Peter Bresnan

## EXECUTIVE SUMMARY

Carrigaline Lions Youth Centre opened its doors in December 2015. It is a state of the art building that aims to provide a safe place for the youth of Carrigaline. The objective of this research project is to assess the feasibility of opening a community café located in the Carrigaline Lions Community Youth Centre.

The café's mission is to train and provide work experience and employment to young people from the Carrigaline area who have intellectual disabilities which will help them to develop their confidence and independence in the workplace.

Having conducted an assessment of consumer demand, the competitors in the area and community support for the café enterprise we concluded that there is a demand for a social enterprise of this kind. We outlined the potential consumer offering based on survey results and a competitor analysis.

The financial projections are based on our research into set up costs, operating costs and customer levels from a footfall analysis. An annual net cash flow of €18,754 was estimated in year one. The café requires an estimated average monthly sales of €13,245 to breakeven.

To assure that the café can achieve its objectives it will be important to create a partnership with COPE or a similar organisation to coordinate the employment of part time workers with intellectual disabilities which has been utilised successfully by the Chapel Gate café in Ballincollig partnering with Brothers of Charity. Finding a suitable manager with experience in both hospitality and social care will also be important for the café's success.

Overall based on financial projections and feedback from those surveyed in the Carrigaline community we find that the social enterprise would be a success.

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## 1. CARRIGALINE ECONOMY & BUSINESS

Carrigaline is a fast growing suburb of Cork City that serves as a commuter town for Cork City. The village comprises a single street town about 14km south of Cork City. It currently has an estimated population of about 16,000 people. This is an increase on the population of 14,775 recorded in the 2011 Census.

Given the rapid expansion of Carrigaline in recent years varying types of businesses have been established to cater for the growing population and economy. Since the 1980's neighbouring village Ringaskiddy became an important industrial centre, particularly for large multi-national pharmaceutical companies such as Centocor, GlaxoSmithKline, Hovione, Novartis, Pfizer, and Recoredati. The establishment of these firms in neighbouring Ringaskiddy acted as a wealth generator for Carrigaline as many families moved to the area, which in turn led to the creation of many indigenous Irish businesses. Ringaskiddy also has the second largest port facility in the country after Dublin Port.

The town boasts a four-star hotel, an industrial estate, a shopping centre, four large shopping outlets, several bars and restaurants, and many professional service firms. Interestingly for a town of Carrigaline's size it only has five cafes that with similar offerings to Community Café. These are commercial enterprises with the proposed being focused on the training aspect and reinvesting profits rather than operating as a commercial business.

The town weathered the recession quite well with the areas unemployment rate remaining consistently below the State average. Carrigaline will likely see a new wave of expansion as many facilities have been built in recent years with many more planned. For example, work is about to begin on the construction of a new Gael Scoil Secondary school. This brings to six the number of primary and secondary schools (Scoil Mhuire Lourdes, St Johns, Educate Together, Carrigaline Community School, Gael Scoil Primary School, Gael Scoil Secondary School). As stated earlier Carrigaline is a suburban town where the proportion of young children, teenagers, and young parents is above the state average. Given the amount of schools being built in the area this is set to continue, which bodes extremely well for the Community Café.

Cork County Council has moved to kick start the development of 1,000 homes outside Carrigaline, which will include the provision of a park and ride service to the city. Local Councillor John Collins states that this plan is "an indication of an upturn in demand from the housing market, you can't get a house in Carrigaline at the moment." Planning has also been given for a new motorway to be built between the city and Carrigaline.

The evidence shows that the Carrigaline area is set to continue growing into the future.

## 2. CARRIGALINE COMMUNITY CAFÉ

### 2.1 Mission

There is a lack of developed facilities for Carrigaline's young people outside the realm of sport. Currently the youth of Carrigaline have no one location to safely spend time in, they are reduced to loitering in shopping centres, car parks or in Café's which in turn can lead to antisocial behaviour, however minor. This problem is exacerbated during times of bad weather and short winter days. The Carrigaline Community Café aims to provide a safe and welcoming place for the youth of Carrigaline. Young people in the community deserve and need a dedicated building where they can spend time in a safe, secure environment that would also act as a conduit for educational programmes in areas such as mental health, music, entrepreneurship, nutrition and more. The Carrigaline Lions Youth Centre provides this safe space. Running a successful Café in this state of the art facility will attract young people into the centre and make full use of the facilities and services that the centre offers to the community of Carrigaline.

The mission is also train and provide work experience and employment to young people from the Carrigaline area who have intellectual disabilities which will help them to develop their confidence and independence in the workplace.

### 2.2 Services

The general facilities/services that the centre currently offers include:

- A fully operational domestic style kitchen which is currently catering to the needs of the staff working in the building but has the potential to be used for a Café
- A seating area off the kitchen that can seat up to 35 people
- A recreation room with standing room for up to 150 people – this room has couches, televisions, an X-box games console, a pool table, a Fußball table and bean bags and is a major attraction for young people to spend time in the centre. There is also large doors that open out onto a green lawn area that has the potential to be used as an outdoor seating area or sensory garden



- A soundproof music room suitable for music lessons or practice
- There is an IT room with computers and a large table suitable for meetings
- Meeting Rooms with funding acquired for a projector screen

Services being run out of the centre include:

- The Carrigaline Family Support Centre operate out of the Youth Centre. They offer a range of family support and community health programmes. They provide a drop in service where people are welcome to call in and have a chat and a cup of tea or coffee. The centre can then offer support or link you in to relevant services that will support your issue. There is also counselling services attached to the Centre which operate on a part time basis
- Foróige youth organisation operate a Youth Club in the centre. Foróige is a youth organisation in Ireland that helps young people aged 10-18. Foróige's aim is to help youths gain self-confidence, develop new abilities and take charge of their own lives and encouraging young people to shape the society in which they live. This youth club usually runs on two nights a week and makes use of the kitchen, recreation and IT facilities on offer in the centre

## 2.3 Social Enterprise

Social enterprises engage in activities of a commercial nature with the primary purpose of producing a social or community gain. Social enterprises can be both For-Profit and Not-For-Profit projects. This community café falls somewhere in between. The aim is for the commercial activities of the café to contribute financially to the new Lions Club Centre. There will be no rent payments but any surplus profits will be reinvested back into the café enterprise. However, the café will have to contribute to the utilities cost of the building. The other main purpose of this café which is unique in the Carrigaline area is that it will provide employment for individuals with intellectual disabilities. This is clearly the Not-For-Profit motivation of the café and it is hoped that the general population in the area will recognise this.

Many people, rightly or wrongly, take the fact that they have employment or employment opportunities for granted. Obviously the first benefit people associate with having a job is the financial gains. However, those in a work place environment are continuously developing their social skills such as communication, teamwork and leadership. In addition, one is required to be punctual and manage their time: all important life skills. The opportunities to work are unfortunately not readily available to everyone. Individuals with intellectual disabilities or people recovering from addiction problems looking to re-enter into the work force generally do not find employment opportunities easy to come by and hence are missing on the many benefits earlier mentioned. The staff of this proposed café will be provided with the opportunity to develop their skills (both individual and interpersonal), social inclusion and obviously a means for them to earn a wage. On the Cope Foundation's website, it says "Employment can change a person's life chances" – this is the very essence of what this café could do for its staff.

A job within the café also provides the staff with a sense of responsibility. While working in the café an employee is obviously responsible for tasks such as providing for customer's needs, handling of cash and possibly training in new staff. All these may seem like every day duties for some, but it should be acknowledged that not everyone has the chance to carry out these "every day duties". It can be said that those with intellectual disabilities unfortunately have to depend on others. However, a job in this café will give someone a chance to be in charge of customers' orders, returning correct change, maintaining cleanliness in the café and all these responsibilities would as such provide a temporary "shift of power" towards the employees. Instead of having to depend on others, this café and social enterprise will allow the staff to be in charge and take responsibility while at work.

Another possible benefit of this café is that it could help change the way people think about intellectual disabilities. When conducting market research with the surveys, people who acknowledged that the purpose was to provide employment opportunities to those less fortunate appeared more supportive of the idea of a café in that side of the town. It is hoped that this support will help the café grow, especially at the early stages of the project. If successful, then it may provide more employment opportunities, part time or full time, in the Carrigaline area for people with intellectual disabilities.

## 2.4 Hiring and Training of Staff

The staff in the Lions club may already have candidates lined up to work in the café and wish to provide them with employment firstly. However, there are schemes such as Ability@Work from Cope Foundation. The aim of this scheme is to help people with intellectual disabilities find work. Cope Foundation's website states that the business Community of

Cork can help Cope Foundation by, for example, offering both full time and part time jobs or work experience opportunities in a business.

The staff of the café will be supervised and trained by a café manager. The aim is to find a suitable manager who has food service experience (preferably with supervising/management experience) and also has strong social care experience. Advertising the availability of this new role could be conducted through local print or radio media. Certainly avenues such as the internship scheme JobBridge and the website jobs.ie should be utilised in order to make the cost of hiring a manager as low as possible for the café.

### 3. CUSTOMER

#### 3.1 Potential Customer

To analyse whether or not there are potential customers for a café to be sited in the Lions Club community centre building we studied the demographic characteristics of residents in the Carrigaline in Section 1 to discover that it is quite a large community and fast growing community which should be able to sustain the opening of a new café on the “Waterpark” side of the village.

The location of the community centre is also something which should aid the opening of a café within it. It is situated on the “Waterpark” side of town where there are currently no other cafes operating. The community centre is ideally located next to the Carrigaline Community School which has roughly 1,200 students who could become customers of the café. Unfortunately, due to the fact that the school was in the process of doing their summer exams we were unable to go into the school to carry out our survey with the pupils but the principal did say that he would be delighted to assist the development of the café by letting us survey and question the students in September when the school reopens. The school is seen as an important market for the café to utilize but to do this they must incorporate the needs and wants of teenage school goers into the café. For example, at lunch many teenagers will not want tea/coffee and scones for their school lunches so alternatively items such as smoothies, minerals, energy drinks, wraps/sandwiches, fruit and other deli like products such as jambons, sausage rolls and wedges need to be sold to attract the school pupils as customers. These products must also be sold at a price which is affordable for teenagers.

It is also suggested that the opening of a “homework club” could benefit both the café and also the school. By opening a homework club this would offer students a suitable environment, free of charge, to continue with their homework and study after school if maybe both parents are out at work and therefore the student will be home alone. The café would then also offer food options to the students and also to parents to buy allowing the café to benefit from this homework club project and increasing their income.

The café would also be located only minutes from the start of the Carrigaline – Crosshaven walk which would be heavily populated by walkers every morning who when surveyed<sup>1</sup> expressed their desire to have a café nearby so they could enjoy a coffee after their walk. Across the road from the community centre there is also a crèche and community park/playground which draws a big crowd from parents with young children who also stated that having a café located next to the community park/playground would be a success.

Another benefit is the ease of parking for customers. The community centre itself has its own small car park and also the community park across the road has a large car park, both of which are free parking.

#### 3.2 Customer Demand

As can be seen from the above section, ‘Potential Customer’, there is clearly a big market which is currently not be exploited to its full potential as for these people at this side of the village they will have walk into the village centre to acquire tea/ coffee, scones and sandwiches.

Having surveyed roughly 60 people in the Carrigaline area we received very positive feedback, where over two thirds of people surveyed said that there is a gap in the market for the opening of the café within the Lions Club Community Centre. Parents of children in the community and in particular parents of young children who use the crèche and community park facilities said they would use the café and strongly believe the café would be a success.

Parents of the teenagers in Carrigaline stated that it would an ideal location for teenagers to gather in groups and socialise in a safe, supervised, friendly environment. These parents believe that the location of the café next to the school would attract a lot of the teenagers to the café and that they believe the teenagers would support the café. Parents were also happy that the student would not have to cross as many busy roads to get to the Café as they would to go to main street Carrigaline for their lunch.

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<sup>1</sup> APPENDIX A – Survey Instrument  
<http://carl.ucc.ie>

These parents also expressed their own interest in using the café. The majority of them stated they either walk the Carrigaline – Crosshaven walk or use the playground with their children in the mornings and if there was a café located at the beginning of the walk they would love to enjoy a coffee after the walk with friends. When they also were informed about the cafes principles of employing people with social or intellectual disabilities to give them an opportunity to work, they were very enthusiastic about supporting the café.

Parents of young children who use the crèche and community park facilities on the weekday mornings also expressed a huge interest in the opening of the café. They stated that there is nowhere nearby to get a coffee if you are collecting your child from the crèche and want to bring them to the park. These parents pointed out two main services which could be incorporated into the café which are - “take-away coffee” so they can grab a coffee on the go and bring the kids to the park and also to make the café “kids friendly” so that the can enjoy a coffee or lunch and the kids can entertain themselves in the café. Due to the fact there is a games room in the building there should be no problem in adding in a few extra items for toddlers to keep them entertained while their parents use the café’s coffee and lunch facilities.

The elderly population in Carrigaline also indicated that if they go out for a walk in the morning at that side of the village, they have no café to sit down and relax with a coffee or lunch. They indicated that they would be in huge favour of opening the café and were delighted when they were informed that the café would be run by the Lions Club and that people with intellectual or social disabilities would be employed. The elderly population did express a concern for the prices which are now being charged by some cafes for items as simple as a “tea and a scone”, and they would like for “fair” prices to be charged within the café. As the café is not driven with the purpose of making profits we would suggest that the demands of the elderly population could be met.

Based on the survey evidence we found that the key items that should be included in the café are tea/coffee, scones, smoothies, toasted sandwiches/wraps and cakes/cookies.

#### 4. MARKET ANALYSIS

The 2011 census showed that Carrigaline has a population of 14,775, with this number likely to have increased in recent years. Given that Carrigaline is a rapidly expanding suburban town it has an above average population of children, teenagers, and young parents.

As mentioned above we undertook a survey in Carrigaline, the results of which give us an insight into the local marketplace.

##### 4.1 Strengths

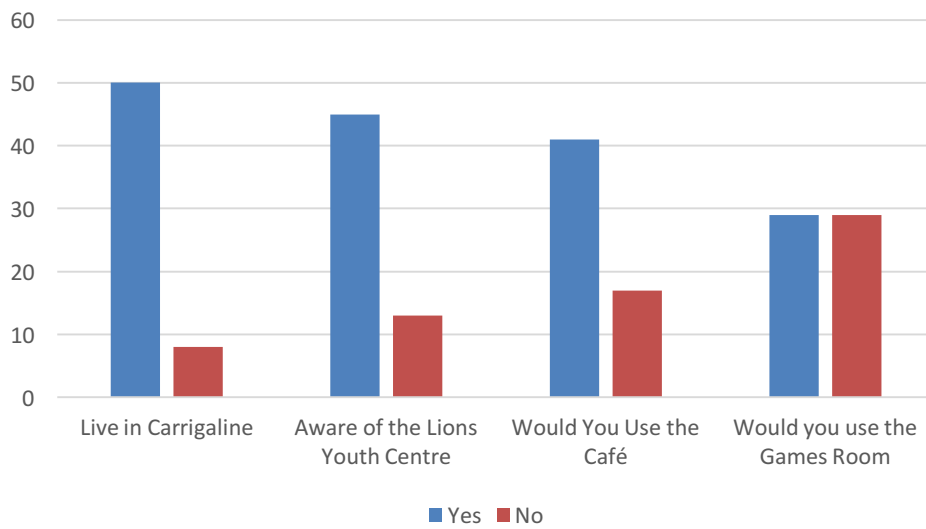
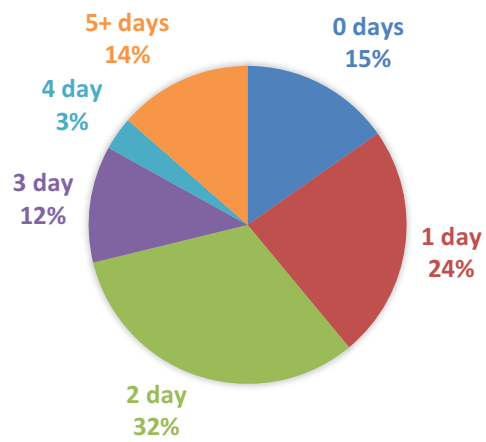
Location: The café has many strengths but none more so than its location near the local secondary school providing a huge potential customer base to tap in to. (Info on school survey details from above). The close proximity to the Crosshaven walk is also a benefit as previously mentioned.

Goodwill: From surveying the people of Carrigaline it is clear there is a lot of goodwill toward the Lions Club and the youth centre and that their endeavours here would be generously supported.

Infrastructure: The café area has seating for 35 people inside and 150 extra in the adjoining games room and outside patio which could be utilised for outdoor seating facing the park as another attraction for morning coffee.

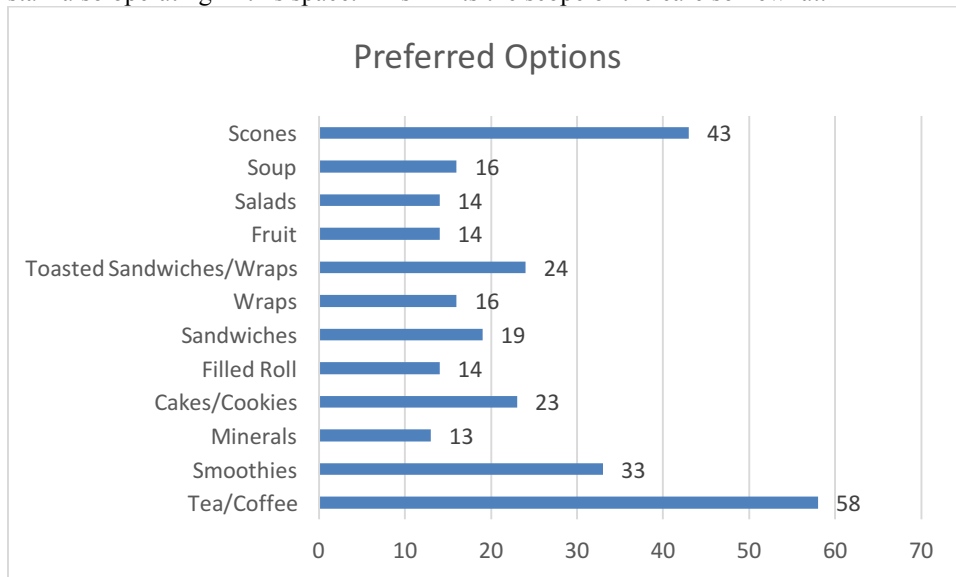
Local market: As can be seen below from the survey results large portions of the local community go for coffee multiple days of the week, with over 70% of those surveyed stating that they would use the centre if opened as a café.

## HOW MANY DAYS A WEEK DO YOU GO FOR COFFEE



## 4.2 Weaknesses

**Kitchen size:** As can be seen below some of the most popular options for the café are tea, coffee and scones. These options are easily prepared with little new equipment required. With the options such as toasted sandwiches, wraps and smoothies it is less likely that the necessary appliances for a wide range of options could be catered for in the current kitchen area with staff also operating in this space. This limits the scope of the café somewhat.



**Signage:** Although people are generally aware of the youth centre and the work the Lions Club does, many did not know the exact location of it and some mentioned that some signage near or outside of the building would be of huge benefit to any potential café. A name for the café and the appropriate signage would be vital in creating an identity for the venture and help create awareness throughout the greater community.

## 4.3 Opportunities

**Pre-Ordered Lunches:** with the nearby secondary school there is the opportunity for a pre-ordered lunch service to the school whereby orders could be collected in the morning for sandwiches/wraps etc. and then prepared and delivered to the school for lunchtime. This would be a great boost to business and would also spread awareness.

**Coffee Mornings:** The close proximity to the Carrigaline-Crosshaven walk provides the opportunity for designated coffee mornings on weekends while the walk is used the most which again, would help introduce the café to the community and a new customer base.

**Games Room:** The games room is another fantastic resource the café has at its disposal and the potential for games mornings or tournaments is there to be utilised and is a USP that other cafes do not have.

## 4.4 Threats

**Speed of Awareness:** As the café is a social enterprise with a great degree of local goodwill attached there are not too many direct threats aside from the competitors mentioned in the competitor analysis but certainly it is clear that for the café to become a success activities like the pre ordered lunch and events tied to busy occasions in the locality like weekend walks to spread awareness and gain a market share quickly in what is a fantastic location with great footfall is vital. As mentioned previously giving the café a name, signage and therefore an identity in the eye of the customer will go a long way toward this.

**Initial Start-Up Costs:** There will be high initial start-up costs associated with the project which will be a significant barrier to the viability of the café.

## 5. COMPETITION

The following Cafés have been identified as competitors to the proposed Lion's Community Youth Centre Café:

- Hassett's Bakery
- Sarah's Tea Rooms
- O' Cruaioi's
- SuperValu

A description of the competitors as well as the menu options and price points of these competitors are shown in the following section of the report.

### 5.1 Hassett's Bakery

Hassett's Bakery is situated on Adelaide Street in Carrigaline and has been in operation since 2007 so it is well established in the area. Michael Hassett is an Artisan Master Baker who established his first bakery in 1984 originally in Donnybrook Douglas. It is an Artisan Bakery that specialises in handmade breads and cakes. They have a wide range of Artisan Breads that are available fresh each day which include Sourdough, Rye, Granary, Soda bread, Spelt, Vienna, Oatmeal etc. They also offer a selection of homemade chutneys, jams and relishes as well as a wide variety of desserts.

As well as its takeaway options Hassett's is also a sit in Café with a selection of sandwiches, salads, cakes and coffees are available all day. With a staff of twenty, the product range has also continued to grow now producing over fifty different products every day.

Breakfast 8am-3pm		Lunch 8am-4.30pm		Drinks (Regular)			
Fresh Juice	€2.50	Sandwich	€4.95	Americano	€2.30	Tea	€3.00
Porridge	€3.95	Soup & Brown Bread	€4.95	Latte	€2.70	Green Teas	€2.75
Eggs on Toast	€5.25	BLT	€5.95	Cappuccino	€2.70	Hot Chocolate	€2.90
Pancakes	€7.95	Wrap	€5.95	Espresso	€2.30	With cream/Marshmallows	+€0.50
American Breakfast	€9.25	Salad	€6.95	Mocha	€3.15		

### 5.2 Sarah's Tea Rooms

Sarah's Tea Rooms is a small family run business located on Main Street in Carrigaline which opened in August 2014. They offer a mix of breakfast, lunch and dinner options.

Breakfast		Lunch			
Medium Irish Breakfast	€5.95	Sandwich	€4.95	Soup	€3.50
Full Irish Breakfast	€7.95	Toasted Special	€4.95	Soup Sandwich Combo	€5.95
Scrambled Eggs on Toast	€3.00	BLT	€4.95	Lasagne	€7.95
Pancakes	€3.50	Wrap/ Panini	€5.50	Chicken Curry	€7.95
Pancakes with Bacon	€4.95	Salad	€5.50	Chicken Goujon Wrap & Fries	€7.95

### 5.3 O' Cruaaloi's Carrigaline

O'Cruaaloi's is a family Butchers that started in Ballincollig and now have stores in Fermoy, Wilton and Carrigaline. As well as being a retail butchers the Carrigaline store has a café. The café offers sandwiches, wraps, rolls and salads. They also offer tea/coffee, minerals, soup and a full carvery menu as well as a wide selection of desserts.

Desserts			
Banoffi Pie	€2	Chocolate Brownie	€2
Strawberry Tart	€2	Rocky Road	€1
Apple Crumble	€2	Homemade Cupcakes	€1
Lemon Cake	€2	Chocolate Chip Cookies	€1

Carrot Cake	€2	Fresh Cream Cakes	€1.50
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#### 5.4 Barry Collins SuperValu

SuperValu has a staff of about 140 people and is considered to be Carrigaline's largest employer. It was established in 1865 and is located in the Carrigaline Shopping Centre.

Menu					
Hot Sandwiches	€3.99	Scones	€0.80	Soup	€3.50
Large Breakfast Roll	€4.25	Sausage Rolls	€0.50	Large Filled Roll	€3.99
Medium Breakfast Roll	€3.25	Toasted Bagel	€3.99	Medium Filled Roll	€3.25
Regular Smoothies	€3.00	Toasted Wrap	€3.49	Hot Chicken Roll	€3.99
Large Smoothies	€3.90	Toasted Special	€4.49	Hot Chicken Roll with filling	€4.49

## 6. POTENTIAL OFFERING

### 6.1 Offering to Customers

To analyse what products should be sold in the café we carried out a survey of residents in the Carrigaline area to see what they would like to be offered in a newly established café. All survey participants stated how they would like to see the stereotypical café products like coffee/ tea/ scones etc. sold. Many people also stated how they would bring their children into the café while they are on their way to park/ crèche so they also wanted healthy items on the menu like smoothies to cater for the children.

Along with this we sampled the other cafes in Carrigaline to see what our competitors would be selling and to analyse the prices at which they sell their products.

After carrying out this research, these are the products we selected to offer to customers along with roughly what we expect the products to be bought and sold for.

Product	Cost to Buy <sup>2</sup>	Sell Price	Profit Margin	Gross Profit Margin
Coffee	€0.24	€2.20	€1.96	89%
Tea	€0.04	€2.00	€1.96	98%
Scones	€0.55	€2.80	€2.25	80%
Cakes	€0.91	€2.50	€1.59	63%
Cookies	€0.67	€2.50	€1.83	73%
Toasted Sandwiches/ Wraps	€0.90	€3.90	€3.00	77%
Soup	€0.60	€2.45	€1.85	76%
Smoothies	€2.00	€3.50	€1.50	43%
Minerals	€0.42	€1.00	€0.58	58%
Snacks (Taytos, purple snacks, etc.)	€0.49	€1.00	€0.51	51%

When the café initially opens we acknowledge that it may not be possible for all products to be sold straight away due to lack of finances etc. so in this case we would recommend starting small by selling tea/coffee/scones/cakes and then move into having a bigger menu including sandwiches, once the café establishes itself.

### 6.2 Equipment Required

In order to achieve the above product offering in the Café it will be necessary to purchase some additional equipment to what is already included in the kitchen. The most important piece of equipment will be the coffee machine which will be the basis of café's business along with the boiler for tea. Also a toasting grill will be needed in order to provide toasted sandwiches and wraps. Another piece of equipment that would add value is a smoothie maker especially for the younger users of the café who may not want tea or coffee. A soup kettle will also add value with it being a popular option for lunch according to our survey.

A mineral fridge for outside in the main seating area will be needed as space in the kitchen itself will be at a premium. The same can be done with a stand for chocolate and crisps and then a counter stand will be required for cakes and confectionary.

On a more basic level other equipment required will be cutlery and crockery and items necessary for the tables.

Consumables like coffee cups and napkins are also included in this section.

Equipment	Price (including VAT)
Renting:	
Coffee Machine	€206 per month
Fixed Assets Equipment	
Boiler	€86
Toaster Grill	€353
Soup Kettle	€68
Mineral Fridge	€120

<sup>2</sup> Appendix B - List of Suppliers  
<http://carl.ucc.ie>



Counter Stand (Plastic)	€50
Chocolate/Crisp Stand (Cardboard)	€0 (provided by supplier)
Cutlery (96 piece)	€38
Crockery	€120
Milk & Water Jugs	€43.50
Salt & Pepper Shakers	€20
<b>Consumables – Monthly supply</b>	
Coffee Cups & Lids (500 of 2 sizes and 1000 lids)	€128.88
Sleeves & Napkins x1000	€33.90

### 6.3 Miscellaneous Requirements / Operational Requirements

In addition to the specific equipment (**Section 6.2**) required to provide the initial product offering (**Section 6.1**), several appliances need to be purchased to run an operational café. Firstly, any over-the-counter business dealing with cash paying customers will need a cash register. These vary in costs, but it is hoped that a second hand or donated cash register could be obtained.

Any establishment serving food obviously needs cold storage and hence a larger refrigerator than the existing model will be needed in the kitchen. According to the Environmental Protection Officer, refrigerators are required to be stainless steel.

Washing apparatus is an obvious necessity. There is currently no dishwasher in the existing set up. Commercial models are costly, but a necessary expense. A cheaper domestic version takes longer per cycle, thus slowing down the running of the café, and also more expensive to run.

Lastly, there will be a need to purchase cleaning consumables such as a detergents and cloths.

Items in Section 6.2 and Section 6.3 would appear to be the most significant setting up expenses. However in order for this café to run successfully, these expenses are a necessity.

Item	Price (including VAT)
Double Sink (Plus Installation)	€497
Cash Register	€330
Refrigerator	€995
Commercial Dishwasher	€1645
Cleaning Equipment	€150

#### 6.4 Set-Up Costs

The initial set up costs that need to be covered in order to open the business are costs such as purchasing the initial stock for the café as well as being able to cover the employee's first month wages and having a cash float for the cash register.

There will be a short turnover of stock as storage will be at a premium in the premises. Therefore, the stock level required at opening will be enough to cover the first week of business. In order to decide this the footfall analysis will be used to estimate customer demand and we will allow for a novelty factor whereby there may be extra demand due to customers being interested in trying out the new café in town.

The week's stock requirement is calculated using the monthly stock levels in the sales forecast from the Excel sheet (Financial Projections) 3a divided by 4 to get the weekly stock required and then multiply this by the cost to buy per unit of each product.

Product	Units Sold in 1 week	Cost
Coffee	156	€ 37.55
Tea	156	€ 6.26
Scones	130	€ 71.71
Smoothies	104	€ 208.60
Sandwiches/Wraps	261	€ 234.67
Cookies	130	€ 87.35
Cakes	52	€ 47.46
Soup	104	€ 62.58
Minerals	104	€ 43.81
Snacks/Taytos	52	€ 25.55
<b>Total</b>	<b>1252</b>	<b>€ 825.53</b>
<b>Plus 10%</b>		<b>€ 908.08</b>

The employee's first month's wages are calculated to be €8,844 and then adding on Employers PRSI at 8.5% (€751.74) we get a wages expense of €9595.74. (See Excel sheet Set Up Costs for this calculation).

A day's cash float of €328 will put €100 in 20 euro notes, €50 in 10 euro notes, €50 in 5 euro notes as well as one bag of €2 coins at €50, one bag of €1 coins at €25, one bag of 50c coins at €25, one bag of 20c coins at €10, one bag of 10c coins at €10, one bag of 5c coins at €5, one bag of 2c coins at €2 and one bag of 1c coins at €1. Note that due to the rounding system the 1c and 2c coins are optional however they might be useful to have. A small safe will also be required to keep till takings in overnight (can be purchased from €69.99 from [www.allsafes.ie](http://www.allsafes.ie) if the building does not have one already)

#### 6.5 Overheads

An important expense which needs to be taken into account is the overhead costs of running the café. These include all ongoing business expenses not including or related to direct labour, direct materials or third-party expenses that are billed directly to customers. Overheads must be paid for on an ongoing basis, regardless of how the café is performing.

Due to the café operating within in community centre it is presently unclear what arrangement there will be for apportioning electricity and insurance costs for each of the buildings users. The below figures are estimates based on a similar sized cafe in Co. Cork with the exception of rubbish charges which is the cost of the use of one large industrial bin for collection each month.

Overhead	Approximate price per month
Electricity	€120

Advertising	€50
Rubbish Collection	€50
Insurance	€116

## 7 FINANCIAL ANALYSIS

### 7.1 Sales

**Footfall:** A footfall analysis was carried out on 16<sup>th</sup> June 2016 from 10.30am to 11.30am. The foot traffic passing the Café was observed as well as the foot traffic outside other Café's in Carrigaline. The percentage of that footfall that entered those Café's was also recorded as a basis for the percentage of footfall we estimate will become customers of the Café.

The following was the results of the analysis.

	Footfall	Customers	Observation period	Customer %
HASSETS	100	35	30 mins	35%
FIG & OLIVE CAFÉ	240	33	30 mins	14%
Average	170	34	30 mins	24%
PARKING	73		30 mins	
			Customers per hour	
Estimated number of people go into Community café in 30 mins				18
Operating hours per day	8	hours		
Peak (10am – 2pm)	4	hours		20
Off Peak (9am -10am, 2pm – 5pm)	4	hours		10
Estimated number of people go into Community café per day				<b>120</b>

Assumptions:

1. The café operates 8 hours a day.
2. The number of people walk in the community café are based on the average walk-in rate of competitors.

We split the operating hours of the café into peak and off peak times and used the footfall analysis to estimate the customers at those times. We then adjust this for the fact that the café is off the main thoroughfare so it would expect a lower number of customers as a percentage of footfall. That gives us a customer level of 120 customers per day. This will be used as the basis of sales projections for the Café.

**Units Sold:** The units sold are calculated on the basis that a certain percentage of the customers will purchase the different products offered. These percentages are based on the survey carried out on the Carrigaline population.

Product Lines	Estimated % of Customers that will purchase these products
Coffee	35%
Tea	30%
Scones	25%
Smoothies	15%
Sandwiches/Wraps	50%
Cookies	25%
Cakes	10%

Soup	20%
Minerals	20%
Snacks (Taytos etc)	10%

	Customers per day	Average Net Cash Flow	Total Net Cash Flow Year 1
Baseline	120	€1,563	€18,754
Assuming lower customer level	100	€ - 663	€ - 4,310
Breakeven	104	€0	€0

## 7.2 Labour

The Social Employment Model is the key aspect of this project. The sourcing of these employees has yet to be decided. However, we suggest that an agreement with COPE or a similar agency would be beneficial as discussed in Section 3a of the report. Finding a manager with the right mix of social care and café management skills will be vital to the café's success and therefore a competitive salary must be offered to attract the right person to the position. The higher range of the average salary for a Café manager in Ireland was found to be €30,000 and that is why this salary was selected. All other employees will most likely be paid minimum wage of €9.15 as is the industry norm for food service employees not taking on management roles.

The number of employees and the hours worked will be up to the individual preferences of the manager however the financial projections include the assumptions that the manager will work 40 hours a week and there will be 160 hours split between non managerial level staff.

Employee Types	Number of Owners /Employees	Average Hourly Pay	Estimated Hrs./Week (per person)
Manager	1	€14.42	40
Non-Manual Employee Hours	Flexible	€9.15	160 (Hrs./Week for all employees)
Total Salaries and Wages		€32.72	100

## 8 POTENTIAL RISKS

Some of the risks we have identified for this project include the following:

- Not reaching estimated customer levels – the Café is in a good location however it is important to advertise and spread the word about its presence locally to capture as many of the potential clients as possible
- Not finding a suitable manager with the experience of catering and social care – a very specific set of skills is required to be a suitable manager for the café. The manager will need to have strong business and commercial skills as well as the ability to manage and train people with disabilities so they can reach their full potential. Finding a suitable person to fill this role is vital to the Cafes success both commercially and to achieve its objective as training resource for the Carrigaline Community
- Not being able to achieve economies of scale in bulk buying – however this issue can be reduced by having a manager with good organisational and stock management skills
- Equipment failures – the café needs to generate enough cash to update and improve the kitchen area so that equipment failures can be dealt with immediately without requiring closing the café during business hours
- Businesses with high attrition rate risk - Certain business sectors have historical high failure rates and are routinely avoided by investors and many founders. Food service is one of these sectors. However,

we feel that the thriving business of other cafes in the Carrigaline area as well as the added incentive to support this business will reduce this risk for this café.

## 9 CONCLUSIONS

Having carried out an analysis of the feasibility of this café we have found that there are numerous factors pointing to the success of the business. The location, the interest of the local community and the support it would offer to the 1800 families in Carrigaline who have a family member with an intellectual disability all mean that the café would be well received in the Carrigaline area.

We have analysed the local competition in the café/restaurant sector in Carrigaline and found acceptable price points for café's offering that would allow them to compete with the existing cafes in the area. Due to the different business model of the café which will be more focused on providing a community service than generating maximum profits the café stands out from its competitors and our survey found the concept to be well received by the public.

The cash flow analysis has forecasted an annual net cash flows of €18,754 with cash outflows being significantly less than cash inflows from month one of opening the café. The breakeven analysis found that the café needs to generate an estimated average monthly sales of €13,245 to cover monthly costs which is very achievable.

These conclusions are based on the assumptions outlined in section 8 of the report and are subject to change given actual customer demand and labour costs. However, based on our research they are conservative measures and sales have more upward than downward potential.

### **Recommendations**

Our recommendations for the café are:

- Create a partnership with COPE or a similar organisation to coordinate the employment of part time workers with intellectual disabilities. This recommendation is based on our visit to Chapel Gate Café in Ballincollig which had an agreement with the Brothers of Charity organisation. This will help maximise the training potential of the café and provides professional counselling and support for the employees
- It will be important to find a suitable manager so we recommend that when interviewing for this role the candidates are screened for both their hospitality experience as well as experience in social care
- We recommend renting the coffee machine initially as it is a large fixed cost to buy one and it is a fundamental piece of equipment for the café.
- Due to the timing of the project we were unable to interact with the schools but we would recommend advertising the café to the schools in September as they are huge pool of potential customers. Perhaps it would be possible to create a lunch partnership with the schools in the future where they give their orders at the start of the day and the café delivers lunches to the schools
- Much of the equipment we have priced has been brand new and there is a potential for savings if the café sources equipment from second hand sources such as shops/cafes that are closing
- Look to local businesses and suppliers e.g. Supervalu that may be willing to support this social enterprise. The survey completed found huge local support for the café so the business sentiment may follow this

## 11 APPENDIX

### Appendix A: Survey Instrument

# Survey: Demand for a Community Café in Carrigaline

This survey is being carried out to establish the potential market for a Café in the Carrigaline Lion's Youth Centre. The Cafes primary purpose is to provide employment and training to people who have social and learning difficulties thus helping them acquire the skills necessary for future employment. The centre also has a large recreation area/ games room with a pool table and play station. The information collected in this survey will be anonymous. The questionnaire should take 5 minutes to complete.

Do you live or work in Carrigaline or the surrounding areas?

☐ Yes ☐ No

Are you aware of the Lion's Youth Centre and its services?

☐ Yes ☐ No

Would you use a Community Café located at the start of Crosshaven walk?

☐ Yes ☐ No

How many days a week do you go for coffee?

☐ 1 ☐ 2 ☐ 3 ☒ 4 ☐ 5+

Would you use the recreation facilities in the Community Centre more often if there was a Café in the building?

☐ Yes ☐ No

Tick the box next to options you would like to see offered in the Café:

Options		Options		Options	
Tea/Coffee	<input type="checkbox"/>	Filled Roll	<input type="checkbox"/>	Fruit	<input type="checkbox"/>

<b>Smoothies</b>		<b>Sandwiches</b>		<b>Salads</b>	
<b>Minerals</b>		<b>Wraps</b>		<b>Soup</b>	
<b>Cakes/ Cookies</b>		<b>Toasted sandwiches/wraps</b>		<b>Scones</b>	

**Comments:**

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**Thank you for taking the time to complete this survey.  
Your feedback is valued and very much appreciated.**

- Toaster Grill – (Buffalo Electric Quartz Grill): <http://www.nisbets.ie/3/Catering-Appliances-Cooking-Equipment-Grills/c02c02c01.r12.1>
- Boiler – Boiler (Buffalo Manuel Fill 10 Litre): <http://www.nisbets.ie/3/Catering-Appliances-Beverage-Machines-Water-Boilers/c02c02c02.r12.1>
- Soup Kettle – <http://www.nisbets.ie/buffalo-black-soup-kettle/L715/ProductDetail.raction>
- Mineral Fridge - [http://touch.adverts.ie/for-sale//business-office/business-shop-fittings/890/q\\_Fridge](http://touch.adverts.ie/for-sale//business-office/business-shop-fittings/890/q_Fridge)
- Cash Register - <http://www.systems.ie/cash-registers/er-230.html> 285 plus 45
- Cutlery - IKEA x 4 sets : <http://www.ikea.com/ie/en/products/tableware/cutlery/cutlery-sets/>
- Plates & Bowls x 72; Cups x 100 - <http://www.ikea.com/ie/en/products/tableware/glasses-cups-mugs/>
- Coffee Cups 12oz x 500 €46.99 8oz x 500 €41.99, Lids x 100 €3.99 – [www.discountcoffee.ie](http://www.discountcoffee.ie)
- Sleeves €23.40 x 1000 The paper cup factory - <http://www.thepapercupfactory.ie/acatalog/Sleeves-and-Trays.html>
- Napkins IKEA x1000 €10.50 - <http://www.ikea.com/us/en/catalog/categories/departments/eating/20561/>
- Water Jugs €19.50 x 10 IKEA and Milk Jugs for 12 €24 - <http://www.ikea.com/ie/en/products/tableware/jugs-carafes/>
- Salt & Pepper shakers x 10 Nisbets Catering - <http://www.nisbets.co.uk/salt-and-pepper-shaker-set/CD237/ProductDetail.raction>

#### Appendix C: List of products and suppliers

- Coffee prices quoted from machine rental company – Hire Innovation (IRL) based 8x 1kg cases @ €136 total.
- Tea from Barrysteashop.ie 480 teabags for €20. - <http://barrysteashop.ie/collections/tea-multi-packs/products/barrys-gold-blend-80s-6-pack>
- Scones from Pallas foods €38.40 for 70 ready made scones.
- Cakes from Pallas foods based on 16 slice chocolate fudge cake @ €14.50.
- Cookies from Pallas foods based on 80pcs @ €53.50
- Soup from secret recipe cork €20 for 5ltr delivery broken into 150ml servings @ 60 cent per serving - <http://www.soups.ie/contact.php>
- Toasted Sandwiches priced based on break down of ingredients from local supermarket made in a similar local business in the catering industry using the same equipment as type proposed for the café.
- Smoothies based on break down of average price of typical smoothie ingredients sourced from local supermarket.
- Minerals from Musgrave's Ireland 330ml cans @ €9.90 per 24 pack.
- Taytos price based on direct delivery from Tayto Ireland @ €29.40 per 60 pack box.