



The Herb Garden Community Café

Business Plan

1. Background information about the café

The Herb Garden is situated in the middle of Llandrindod Wells, the county town of Powys. Llandrindod is a small town of about 5,000 people with a centre consisting of one street with shops, banks, building societies, opticians, charity and other shops on both sides. The Herb Garden is at an angle off one end of this street. There are six other cafés in the town including the one in the town's largest hotel, the Metropole and one fast food outlet (Greggs).

Llandrindod Wells was built as a spa town in the late nineteenth century and the whole of the town centre is designated a conservation area. In recent years Llandrindod has suffered from a decline in tourism and from the cuts in funding which have affected the whole of Wales, especially in rural areas. The county council is the largest employer and job losses there have had an adverse impact on the prosperity of the town, but there is still employment in a number of sectors (health, education, retail, hotels) and the town is a popular place for retirement. The Herb Garden currently draws a significant part of its clientèle from these groups and from tourists.

The Herb Garden Café was started in 2007 by Sally Bramhall, with the ethos of providing high quality and varied home-cooked food in an environment which would have some elements of a community hub. Over the years Sally has built the café up into a busy and popular venue, whether to have a quiet coffee, or meet friends for lunch. Meetings are held here by groups including the Credit Union, Transition Llandrindod, Fairtrade and the SOUP group. The café also supplies outside catering for meetings of PAVO, Care & Repair, Mind, the Doctors and the Red Cross. It has spaces to display community adverts and also the work of local artists.

For various reasons including the difficulty of balancing the cost of providing good food and charging reasonable prices for the area, it has been hard for the Café to achieve profitability. Sally and her husband have kept it going by giving freely of their time, resources and efforts to run the café, maintain the equipment, and extend and improve the facilities. Sally and Richard now wish to retire from running the business.

2. Mission Statement

To establish a community café in Llandrindod Wells, the purpose of which is to provide good food in an accessible and inclusive venue, which is a resource and a focal point for the community and supports local providers and growers.

3. Key Objectives

- To develop the existing Herb Garden Café into a viable business, which will meet the aims of the mission statement.
- To develop and build on the Herb Garden Café's role as a community hub.
- To extend the role of the Herb Garden Café as a provider of quality food.
- To work with partners to provide social opportunities for a wider sector of society, thus improving their Health and Welfare.
- To facilitate opportunities for training and education in the local community.

3.1. These objectives will be achieved through

- Introduction of necessary efficiency measures in relation to staff deployment, menu planning and sourcing supplies
- Revision of working practices in the café to ensure that it runs at a profit
- Provision of good food, home-made and using locally sourced ingredients where possible
- Provision of an accessible and inclusive venue for all, including those with disabilities and special needs and welcoming to parents and children
- Provision of a venue which acts as a meeting place for local community groups.
- Supporting local providers and growers.
- Provision of social activities such as quiz nights, music evenings, games nights.
- Provision of gallery space for local artists.
- Use of the café facilities to provide opportunities for training/education for example on basic cooking and nutrition.
- Adoption of strategies to reduce food waste in the local community.
- Extension of the role of the café as a quality restaurant to the wider community.

3.2. Outcome measures

- Profit as a percentage of turnover- 5% at the end of first year
- Reduction of costs as a proportion of turnover
- Increase in community activities based in the Café
- Income generated from evening activity
- Increase in income from the take-out business

4. Vision for the future

In addition to its role as a provider of good food, the café also has an important role in the community.

Llandrindod Wells is a spread-out town which has great need of a community hub and the Herb Garden is the only place which currently meets this need to any extent. Our vision is that the Herb Garden Community Café will not only continue to fulfil this need, but will expand its activities to benefit more local people and encompass more of their needs and requirements.

To illustrate the variety of the food, the future menu and a sample list of specials for a week is at Appendix B

5. Organisation

5.1. Management structure responsibilities

As a Community Benefit Society, registered with the Financial Conduct Authority, we exist with the purpose of carrying on business for the benefit of the community – this is the Society's Purpose as stated in the registration document.

As such, we are committed to the following:

- Trading for the benefit of the community and not for anyone's private benefit
- Retaining profits and applying profit to advance the Society's Purpose.

The Society has Members, a Management Committee elected from the Members, and a Secretary.

Membership is the means by which the Society is owned by the Community. Membership provides members with access to information, a voice in the Society, by attending, speaking, and voting at Members' Meetings, and the opportunity to be elected to a representative role in its governance (subject to qualification criteria).

The Management Committee is committed to maintaining the Society's Purpose, and is regulated by Rules which set out the way in which the Society is owned, organised and governed.

The Management Committee manages the affairs of the Society and as such is collectively responsible for everything done by or in the name of the Society. On that basis it can:

- Employ a manager and/or any other staff deemed to be necessary and appropriate
- Delegate to any employee responsibility for day-to-day management of some or all of the Society's business
- Authorise members of the Management Committee to deal with specific matter
- Make use of the services of volunteers.

The Management Committee shall comprise not less than 3 and not more than 12 persons, who shall mainly be elected from the members. Not more than one quarter of the Committee may comprise persons co-opted by it. Members are elected to office at the Annual Members' Meeting, serving until the conclusion of the third AMM after that, so serving for three years. (They may be re-elected after that time).

The Management Committee elect from amongst themselves a Secretary, Chairperson, Vice-Chairperson and a Treasurer.

Members of the Management Committee are not entitled to any remuneration, and have roles and responsibilities designated in the Rules. They jointly have responsibility for producing Annual Accounts for Income and Expenditure, and a Balance Sheet giving a true and fair view of the state of affairs of the Society.

5.2. Share Issue

The Society has shares of £1 each. Application for shares shall be made to the Transitional Management Committee, and is subject to any maximum permitted by law. The Minimum shareholding shall be 20 shares. Shares are not transferable except on death or bankruptcy, and can be withdrawn at the sole discretion of the Management Committee, in accordance with the Rules.

5.3. Operational Management.

The day-to-day operation of the café will be managed by a team consisting of employed personnel as follows;

Manager, 8-5pm: responsible for day-to-day planning of menus, ordering, maintaining Health & Safety compliance, reporting problems with equipment, staff rotas.

Second chef: responsible for the above in the absence of the manager.

Front of House, 9-4pm: Start of day with respect to till, tables, taking orders, running the till, close of day on till

Drinks, 9-4pm: Start of day procedures, responsible for drinks and cakes.

All roles are responsible for clearing tables, washing up, and any other tasks within the running of the café.

Other duties may be covered by use of volunteers, who will be managed by a Volunteer Co-ordinator.

The Volunteer Co-ordinator's duties include the creation of procedures, policies and training, as well as day-to-day management.

5.4. Suppliers:

The existing list of local suppliers will be developed and extended.

5.5. Advisors:

- Plunkett Foundation – advice on setting up, registering as a Community Benefit Society, Business Plan, setting up Share Offer, Marketing
- PAVO – advice on fund-raising, use of volunteers
- Wales Co-operative Centre
- Cymni Cletwr Community café at Tre'r Ddol

5.6. Others

- Sense Cymru – to improve our relationships with those who have special needs, including providing a venue for 'nights out'.
- Ashfield Community Enterprise
- Feed Powys

6. Personnel:

6.1. Details of Transitional Management Committee



Chair – Doriene Robinson, MSc in Advanced Environmental and Energy Studies Director at Crooked Pool Logs, passionate about food, pro-active Vegan, chef at the Herb Garden and other cafés for 7 years, qualified independent Therapist



Secretary – Pat Howard, PhD in Corporate Planning, taught Maths, Business Studies, Accounts at Coleg Powys, did bookkeeping for husband's business, ran own café (Pat's Pantry), worked at the Herb Garden for 9 years (from chef to washing up, to book-keeping)



Sarah Palmer: Studied Home Economics, has worked in the catering industry for 14 years. Has trained under three different chefs to become head chef and acting manager for 11 years, of which 7 years at the Herb Garden since it started (2007)



Paul Jays: Has a background in the family business and a degree in Economics and Social Science. He has held senior management positions in Adult Social Services and the Department of Health and Northern Ireland Health and Social Care Commissioning board, Former Vice Chair of Housing Association, Consultant to the Falkland Island Government, Member of a National Institute of Clinical Excellence guidance group, trained mediator, Chair of Trustees for arts charity Celf o Gwmpas.



Penny Nicholson: Qualified solicitor specialising in children law, currently on contract to the Falkland Islands Government. She chairs the steering board for work on child protection in the British Overseas Territories. She has previously had careers in the police and the charitable sector. She enjoys performing music, often to raise money for various charitable purposes.

7. Resources

- Existing café business – premises, equipment, but most importantly, customer base and reputation
- Committed staff with years of experience in running the café
- Existing relationships with suppliers, both commercial and also locals with surplus produce

8. Marketing

- Customer base already established
- Existing branding, logo, web site, with customer loyalty
- Resources to create/update letterhead and revisions/additions to existing branding
- Professional advice from Plunkett Foundation (awarded as part of a grant)
- Creation of promotional material
- Active promotion of café and activities to potential new markets/age groups/community groups

9. External influences

9.1. Funding opportunities

- Grants: being a Community Benefit Society means that we can apply for grants from a wide range of charitable bodies, trusts, foundations and the Big Lottery
- Share offer: we will be offering Community Shares to members of the public who want to support the café and its social objectives
- Opportunities to tap into grants which support some of our aims – such as providing a venue for evenings where those with special needs are particularly welcome

9.2. Legal or regulatory restrictions

The Committee hopes to appoint suitably qualified and experienced people with responsibility for the following:-

- Licences
- Food Hygiene
- Public Liability
- Employer Liability
- Health & Safety
- Volunteer Management
- Employment Law (in particular the new Pension Scheme)

10. Financial

10.1. Financial Model

The financial model (at Appendix C) shows details of planned changes and effects on profitability of the café as a business.

10.2. Set up costs:

Purchase of existing equipment:	£5,000
Cost of replacing equipment:	£12,000
Cost of refurbishment:	£8,000
Working capital to cover initial costs: stock purchase, wages, lease payments rates	£25,000
Total amount =	£50,000

10.3. Financial controls

- Production of monthly accounts
- Regular review by Management Committee
- Reports to the Financial Conduct Authority

10.4. Strategies for improving profitability

- Price rise of 5% average over entire menu
- Revision of menu including reduction of number of specials per day (enabling reduction in staff), reducing breadth of menu choices, giving savings in purchases and cost/storage of stock
- Serving breakfast
- Changes in serving methods to improve efficiency and reduce waste of cooked products
- Closing at 4pm – loss of revenue compensated by reduced hours for staff. Those on duty will use the time to do close down and cleaning
- Evening opening – at least one evening per week, currently Friday, with a variation in types – could be for example themed evening, fine dining, family menu, or curry and quiz
- Increase use of café in quiet times by introducing special sessions for particular visitors such as children and interest groups
- Develop and extend the existing take-out service
- As a Community Benefit Society the café will be able to apply for a significant reduction in Business Rates

10.5. Fundraising plan

- Share issue – target £50,000
- Applying for grants; there are a number of grants and charitable trusts available to Community Benefit Societies
- Crowd Funder applications

11. Lease

A new lease has been negotiated with the landlords: a 10 year lease with a break point and rent review at 2 years, with 6 months' notice to quit. We have successfully negotiated a rent freeze for 2 years at the current rate

12. Action Plan

Objectives	Key tasks	Priority	Performance indicators	Responsible person
Keep café open - Make café profitable whilst maintaining the quality of the food	Revise menu Reduce waste Close at 4pm (experiment) Increase efficiency Open at least one evening per week Produce monthly accounts	Top	Increase sales revenue Decrease purchase costs Decrease wages costs Monthly profit/loss accounts	Café manager Volunteer?
Increase use of volunteers	Set up volunteer policy: Recruitment procedure Regulations Health & Safety Training Working procedures	Top	Percentage use of volunteer hours/staff hours Monitoring of volunteer attendance Weekly review/comment sheet	Volunteer manager (managing volunteers)
Increase opportunities for inclusivity	Review provision for mother and baby, disabled, special needs individuals and groups Promote use – special times Create sessions such as story telling	Medium	Questionnaires Record usage	Volunteer manager working with café staff
Increase use of venue by community groups	Promote use by marketing Liaise with community groups Create policy re use of room, procedures and responsibilities	Medium	Use of venue record	Volunteer (could be a member of staff)
Support local providers and groups	Contact existing providers Contact potential providers Discuss possibilities for extending use for example of seasonal surplus produce (Jam Busters!)	Medium	Record of number of local providers Record of usage	Volunteer
Reduce local food waste	Contact local supermarkets and shops Create procedures for recording source, dates Find and set up disposal routes for unwanted food waste	Medium	Records	Volunteer
Set up social activities	Survey customer likes/needs Organise social activities Promote events both internally and externally. Keep records of activities/success/failures	Medium	Records	Volunteer
Training opportunities	Investigate the possibilities for using café facilities for cookery classes	Long Term	Record and monitor uptake	Volunteer

13. Monitoring and review

The Management Committee will meet monthly in the first instance in order to monitor and review progress in all of the activities.

If insufficient money is raised from the share issue and any grants that are forthcoming, the café will close and the Community Benefit Society which is intended to support it will cease to operate.

14. Risk assessment

Area of risk	Impact	High/Medium / Low	Mitigation	Who is responsible	Date reviewed
Failure to raise sufficient capital to take over café	Terminal: the café will cease trading	High	Vigorous promotion of shares	Transitional Management Committee	Monthly
Failure to achieve sufficient efficiencies to produce trading profit	Depends how serious the losses are and whether we might close the gap by further share issue or by winning grants; and if there is time	High	Rigorous cost control in all areas of operation Apply for grants to cover possibility of losses Constant monitoring of books	Management Committee	Weekly
Loss of customer base	The Herb Garden has a loyal clientele and its loss, without compensatory new customers, would kill the café	Low in the short term	Strategies for increasing use of café by community groups. Wide advertisement. Find out why customers are leaving	Marketing volunteer and Management Committee	Ditto
Loss of key staff	Staff have been at the café a long time and losing them could undermine planned changes	Medium	Ongoing training of potential new staff and volunteers to build skills base that can feed into staff vacancies	Management Committee	Monthly
Failure to afford lease	Inability to afford lease is key marker for failure of project	High	Close monitoring of accounts and financial projections should enable forward planning to cover these costs.	Management Committee	6 monthly

15. Long-term planning

- Train new people to volunteer/work in the café to support our future sustainability.
- Explore the potential for expansion, both of premises and of activities
- Work to support local sustainability of food production
- Explore opportunities for working with other community groups in the Llandrindod area.

Appendix A

SWOT of Herb Garden

Strengths	Weaknesses
Community spirit. Reputation Committed staff Tourism Repeat visits	Low population Position of café?
Opportunities	Threats
Evening openings New community activities Social media	Other cafés Change in lease

Appendix B: Sample Menu

Breakfasts

- Full Monty Classic full breakfast
- Full Veggie Classic full breakfast with Haloumi cheese and veggie sausages.
- Full Vegan Classic full breakfast with vegan sausages, hash browns, wilted spinach and tofu scramble.
Classic bacon butty on chunky hand cut bread
Eggs your way on Artisan toast
Add another breakfast item of your choice

Light Lunches

- Salad bar Selection
Available with the cold selection quiche of the day
Homemade burgers and falafels
Local lamb burger
Cashew burger
Thai vegan beanburger.
- All served with sweet potato fries. Salads from the salad bar can be added.
Falafels served in a pitta bread with olives and hummus.
Salads from the salad bar can be added

Filled Baked Potatoes

- Vegan vegetable chilli Cheese and/or beans
Cheesy leek, creamy mushroom and bacon
Goats cheese and red onion marmalade

Sandwiches

- Bacon& brie Roast Chicken& avocado
Ham & cheddar Smoked salmon & dill mayo
Cheddar & chutney Haloumi & sweet tomato chutney
Roast veg & hummus Avocado & vegan pate

Desserts

- See dessert board for our homemade sweets
Sample selection
New York baked cheesecake Profiteroles
Apple crumble Banoffee pie

Daily homemade specials samples

- Vegan vegetable tagine. Chicken & leek pie.
Pasta with creamy cheese & spinach sauce.
Vegan bean & vegetable pastie Beef & stout casserole.
Roast fennel and butter bean gratin.

Appendix C: Financial Model

The Summary Table shows the results of the main strategies for improving profitability, in incremental stages.

Notes

1. The baseline for projections is the set of figures from the 14-15 accounts.
(Omitting costs of depreciation and loan interest)
2. Wages bill:
In order to compensate for the hours currently worked by Sally, the wages bill will increase to include:
An increased rate of pay for the manager
Increased hours for manager
Hours for cleaning: the café will close at 4pm – cleaning hours included in FOH/drinks job.
Admin – bookkeeping and wages, 5 hrs pw.
3. NB Effect of closure of café at 4pm estimated to be loss of £9000 turnover.
4. Overheads:
A reduction in rates of 80% has been assumed.
Finance charges have been reduced by £900 pa as there will be no loan interest.
Other reductions may be possible when the Community café starts trading, eg in accountancy fees, but this has not been assumed in these projections.

Projections:

Projection 1. Increase in wages bill.

The increase of over £15,000 in wages will result in an overall loss of £16,050.
The following positive strategies are therefore vital for a viable level of profitability:

Projection 2. A price rise of 5% average over the whole menu.

The resulting effect on turnover goes some way towards compensating for the increase in wages, but still leaving a loss of £7800.

Projection 3. Opening one night per week – theme night.

A predicted increase of £22,500 in takings is partly offset by a £6700 increase in purchases and a £7000 increase in wages to improve profitability by £5500, but still leaving a loss of £2315.

Projection 4. Efficiency changes in menu planning and reducing waste in the café.

Estimated at £10 per day for 300 days. This takes the café into profit, but still only £685 – not a 'safe' level of profitability with the level of uncertainty.

Projection 5. Using a volunteer to do the lunchtime slot of being on the till plus washing up.

This slot of 4 hours per day could easily be done by a trained volunteer on a rota system, and would save £9000 per year directly onto profits, making a target profit of £9685, or 5% net turnover in the first year.

Summary Table

	Actual 14-15	Projection 1	Projection 2	Projection 3	Projection 4	Projection 5
		Wages increase	5% Price increase	Friday Evenings	Efficiency Measures	Using Volunteers
Net sales	£164,361	£156,486	£164,704	£184,392	£184,392	£184,392
Cost of sales:						
Consumable	£59,108	£56,276	£56,276	£63,003	£60,003	£60,003
Wages	£78,052	£94,811	£94,811	£102,254	£102,254	£93,254
Overheads	£27,041	£21,449	£21,449	£21,449	£21,449	£21,449
Total costs	£164,201	£172,536	£172,536	£186,706	£183,706	£174,706
Profit	£160	-£16,050	-£7,832	-£2,315	£685	£9,685

Conclusion:

All of the above strategies are vital for the ongoing viability of the café in the first year of takeover.

There are also possibilities for increasing general daily turnover by the introduction of various activities and groups. These have not been included in these projections.

Further information:

A spreadsheet showing the calculations and data used to produce the Summary Table is available. You can obtain a copy by:

- downloading the spreadsheet file in .pdf or .xlsx format from our website - www.herbgardencc.co.uk
- requesting copies by email to - enquiries@herbgardencc.org.uk
- writing to
The Herb Garden Community Café Limited
5 Spa Centre
Station Crescent
Llandrindod Wells
Powys
LD1 5BB
- requesting a copy in the Café