



## Economic feasibility study for a project

cafe



## General data for the project

Item	the Information
The proposed trade name of the project	الجدوى كافيه
Project activity	cafe
project location	الرياض حي الملقا
The founder name	منصة الجدوى
Mobile number	0532197919
E-mail Address	info@aljdwa.com
The proposed date for the start of the project	09/01/2020
Project method and approach	إنتاجي
Legal capacity of the project	مؤسسة
Project Idea	تقوم فكرة المشروع بإنشاء مقهى لبيع القهوة المختصة بأصنافها المتنوعة وأطباق الحلا المميزة للعملاء في حي الملقا بمنطقة الرياض، وذلك بأسعار منافسة وجودة عالية.
Project logo	



# Introductory study



الجدوة  
Feasibility

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**2-1 project vision is:**

أن يكون الجدوى من الرواد في بيع منتجات القهوة المختصة بمنطقة الرياض

**2-2 project message is:**

تقديم القهوة المختصة ذات الجودة العالية والسعر المنافس للعملاء في منطقة الرياض، وذلك بواسطة فريق عمل إحتراقي يجمع بين الخبرة العلمية والمهنية في مجال تحضير وإعداد القهوة المختصة.

**2-3 Project goals:**

- ✓ Providing high quality products or services
- ✓ Providing services or products at an affordable price
- ✓ Support employment and contribute to reducing unemployment
- ✓ Providing an income source for the project founder
- ✓ Supporting the private sector and the national economy



#### 2-4 Project area properties

- ✓ There is a need and demand for products or services
- ✓ No competitor
- ✓ The services/products provided by competitors are of low quality
- ✓ Services/products provided by competitors at a high price
- ✓ Increase the population in the project area
- ✓ There are other facilities that support the project's success

#### 2-5 Factors affecting increased demand for project services/products:

- ✓ The demand increases during the summer vacation
- ✓ The demand increases during the end of the week
- ✓ The demand increases during the official working days
- ✓ The demand increases during the morning period
- ✓ The demand increases during the evening period

#### 2-6 Factors affecting the low demand for project services/products:

- ✓ The demand decreases during the summer vacation
- ✓ The demand decreases during the weekend
- ✓ The demand decreases during the official working days
- ✓ The demand decreases during the morning period
- ✓ Demand decreases during the evening

#### 2-7 The necessary licenses for the project

No.	Type of license	Issuing the license
1	السجل التجاري	وزارة التجارة والاستثمار
2	شهادة تسجيل تجاري	الغرفة التجارية
3	الرقم الضريبي	الهيئة العامة للزكاة والدخل
4	ترخيص السلامة والدفاع المدني	الدفاع المدني
5	نظام العمل والعمال	مكتب العمل





# Market study



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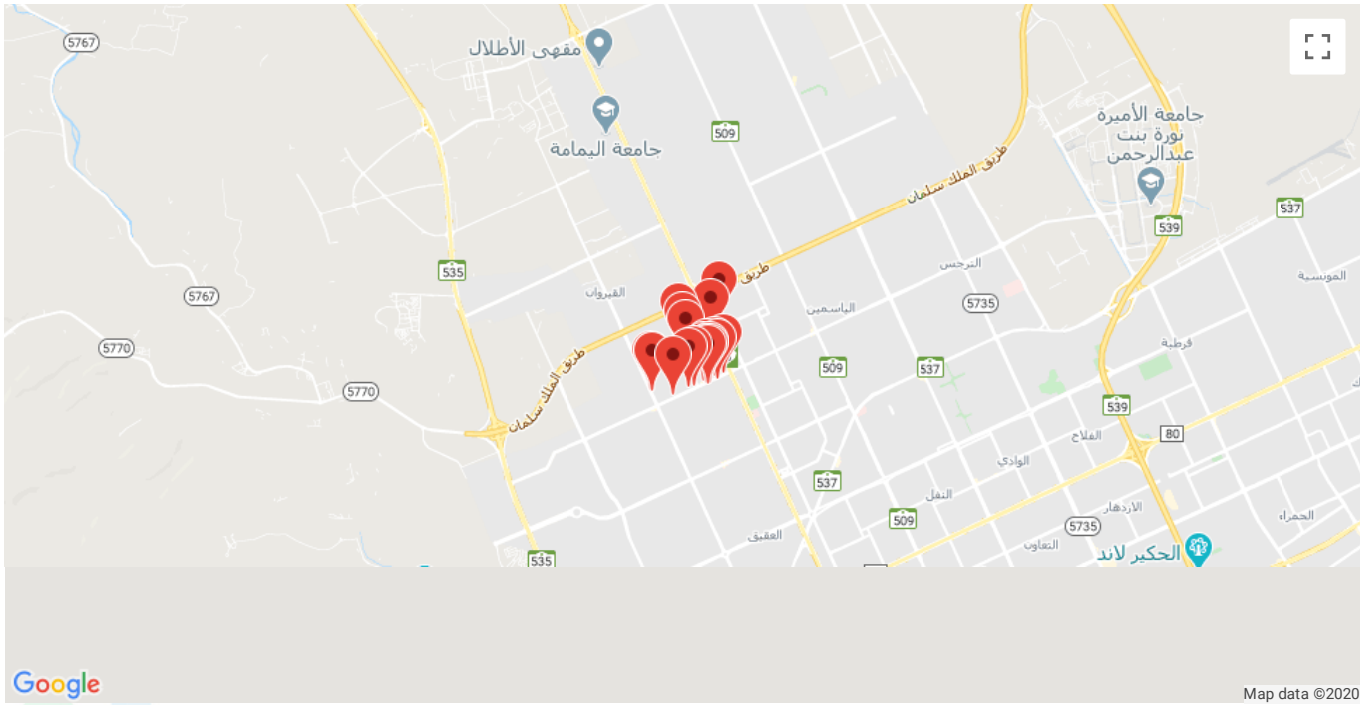
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### 3-1 Target markets

- ✓ Distributors
- ✓ Segmentation
- ✓ Individuals

### 3-2 Map of the competition activities around the proposed place



### 3-2 Competitors analysis schedule for the project

No.	The competitor's name	Service/Product	selling price	Value Added
1	د.كيف	المشروبات الباردة	12	العلامة التجارية
2	أرورا كافيه	كيكة العسل	17	(الديكور) طبيعية
3	روستاريتا	قهوة إيطالية بالبندق	10	تعامل الموظفين
4	كوفي تيل	V60	21	(الديكور) عصري

### 3-3 Project strengths point

- ✓ Public relations
- ✓ Existing clients
- ✓ Project owner experience

### 3-4 Project Weak points

- ✓ Lack of financing for the project
- ✓ No previous clients



**3-5 project available opportunities**

- ✓ Government directed to support small and medium enterprises
- ✓ Supporting business Saudization
- ✓ Government support for women entering the labor market
- ✓ Increased demand for project products/services
- ✓ The presence of another product/service requires our product/service

**3-6 Threats to the project**

- ✓ Competitors enter the market under international names
- ✓ Change the laws and regulations of the project

**3-7 Market gap**

والمقصود بها نوع الخدمة أو المنتج الذي يطلبه العملاء ولم يوفره المنافسين أو تم توفيره ولكن ليس بالشكل المطلوب

تكمّن الفجوة السوقية في توفير مقهى مختص في حي الملقا يجمع بين الجودة العالية والسعر المناسب والديكور المميز وطاقم احترافي بتحضير وإعداد القهوة المختصة لخدمة العملاء، من هنا جاءت الجدوى بهذا الكافية

**3-8 The project's competitive advantages**

- ✓ Commitment to the highest quality standards
- ✓ Offering the product/service at a competitive price
- ✓ Provide technical support and customer service
- ✓ Packaging and directing in general
- ✓ Delivery Speed



**3-9 Expected revenue**

No.	Item	The quantity per month	unit price	Monthly total	Annual total
7	سيانث	1500	12	18000	216000
8	V60	1500	12	18000	216000
9	أمريكانو	2000	7	14000	168000
10	كورتادو	800	15	12000	144000
11	كيكة التمر	300	14	4200	50400
12	كيكة العسل	300	14	4200	50400
13	كوكيز	1000	6	6000	72000
14	ماء	3500	1	3500	42000
<b>Total</b>		<b>10900.00</b>	<b>81</b>	<b>79900</b>	<b>958800</b>





### 3-10 Marketing plan

It is preferable to calculate 10-20% of the expected revenue for marketing.

The ratio of marketing to total revenue (as a result of the above table) =

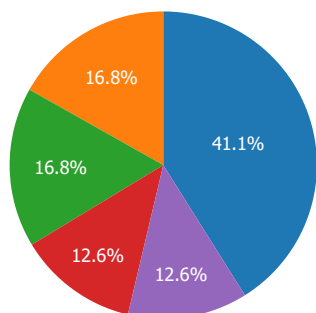
Annual Total / 100 \* (15) =

The marketing plan is spent as follows:

Activity	Amount
Build a great visual identity	15000
Create creative designs for products and services	15000
Activating the social media for the project	48800
Activating the social role by participating in public events	20000
Promotion gifts	20000
<b>Total</b>	<b>118800</b>



Marketing plan expenses



- Activating the social media for the project
- Activating the social role by participating in public events
- Promotion gifts
- Build a great visual identity
- Create creative designs for products and services



### 3-11 Risk Management

Type of risk	Written Explanation of the risks
Strategic risks	احتراق المقر لا سمح الله
Legal risks	عدم الإلمام بالشروط والتراخيص اللازمة
Operational risk	تعطل المعدات أو إضراب الموظفين عن العمل
Financial risk	العجز في تغطية التكاليف التشغيلية
Market risk	تقليد شعار العلامة التجارية

### 3-12 Risk reduction methods

Risk reduction method	Written Explanation of the method
Avoid risks	وضع خطة عمل واضحة وتفصيلية لكل نوع من المخاطر أعلاه
Mitigation of risks	وذلك بتفعيل خطة الطوارئ للمخاطر والبدء بالحلول البديلة
Transfer of risks	وذلك من خلال توزيع منطقة الخطر بتوزيع البيع عبر متاجر أخرى
Accept risks and learn from them	الإستسلام لها ووضع خطة تفصيلية لضمان عدم حصولها مستقبلا



# The technical study



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#### 4-1 Constructions and buildings

Building type	price of one meter	Total area	Total
تنفيذ التصاميم	500	200	100000
<b>The total cost of construction and buildings</b>			<b>100000</b>

#### 4-2 Rents

Item	Annual rent
project location	50000
Staff residence	12000
Vehicles and Equipment	-----
<b>Total annual rentals</b>	<b>62000</b>



**4-3 (Machinery, equipment, furniture, transportation ... etc)**

Item	resource name	number	price	Total
اكينة القهوة نكسس	Ekuep	1	75343	75343
طاحونة مالكوينج	Ekuep	1	13400	13400
معدات القهوة	Ekuep	30	250	7500
طاولات وكراسي	إيكيا	30	180	5400
<b>Total</b>		<b>62.00</b>	<b>89173</b>	<b>101643</b>

**4-4 The workforce needed to operate the project**

Job title	Nationality	Monthly Salary	number	Total monthly salaries	Total annual salaries
باريسا	سعودي	5000	4	20000	240000
محاسبة	سعودية	5000	2	10000	120000
عامل نظافة	هندي	1300	1	1300	15600
<b>Total</b>		<b>11300</b>	<b>7.00</b>	<b>31300</b>	<b>375600</b>





**4-5 Government fees**

No.	Item	Annual fees
1	Commercial Register	100
2	Banner fees	100
3	National address	100
4	Municipal License	100
5	Civil Defense License	100
6	Chamber of Commerce subscription	100
7	Recruitment fees	2000
8	Renewal fees	9600
9	Medical Insurance	2800
10	flight tickets	1000
11	Internet subscription	1800
12	Mobile bill	600
13	Saudi Post	100
<b>Total</b>		<b>18500</b>



**4-6 Incorporation expenses**

No.	Item	price
1	shop Banner	9000
2	Business identity	-----
3	Decoration	5000
4	Lighting	5000
5	Plumbing	1000
6	Electricity	1500
7	Stationary tools	500
8	Staff uniform	3000
9	Feasibility study	6000
10	Incidental installations	5000
11	Hospitality expense	1000
<b>Total</b>		<b>37000</b>

**4-7 Raw materials**

material type	resource name	measruing unit	Price per unit	The required quantity per month	Monthly total	Annual total
القهوة	محمصة كفة	كيلو	120	100	0	144000
<b>Total</b>					<b>12000</b>	<b>144000</b>



**4-8 Annual depreciation**

The price of selling the assets as scrap after 5 years  $(4-3 / 100 \times 20) = 20329$

Annual depreciation  $(4-3 - \text{The price of selling scrap} / 100 \times 5) = 4066$

**4-9 Annual maintenance of the project**

Maintenance costs  $(4-3 / 100 \times 5) = 5082$

**4-10 Public benefits**

Item	Monthly cost	Annual cost
Electricity	1000	12000
water	500	6000
Sewage	200	2400
The fuel	100	1200
<b>Total</b>	<b>1800</b>	<b>21600</b>

**4-11 Operating cash expenses for the first year**

Item	The Symbol in V.study	price
Marketing	3-10	118800
Rents	4-2	62000
Wages	4-4	375600
Government fees	4-5	18500
Public benefits	4-10	21600
Raw materials	4-7	144000
Depreciations	4-8	4066
Maintenance	4-9	5082
<b>Total</b>		<b>749648</b>



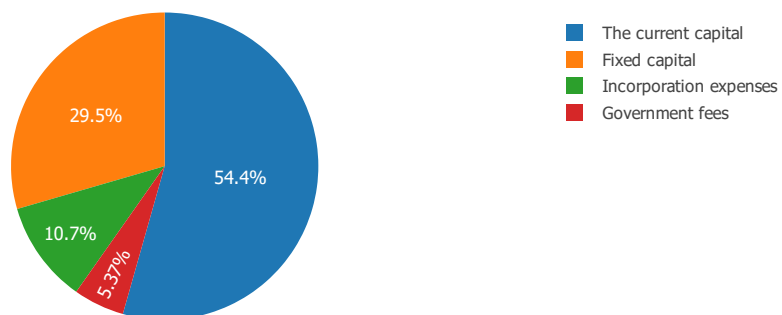
**4-12** The operational cycle of the project in months = 3

**4-13** The current capital = 187412

**4-14** Investment costs

Item	The Symbol in V.study	price
Fixed capital	4-3	101643
Government fees	4-5	18500
Incorporation expenses	4-6	37000
The current capital	4-13	187412
The required capital		344555

( Investment cost map ( The required capital







# Financial and economic study



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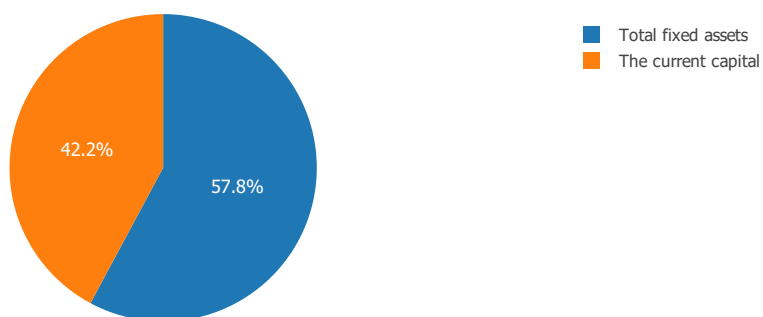
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### Estimating the investment cost

No.	Item	The value in thousands of riyals
	<b>Fixed assets</b>	
A	<b>Construction, machinery and equipment</b>	<b>201643</b>
	<b>Expenses of establishment</b>	<b>37000</b>
	<b>Government fees</b>	<b>18500</b>
	<b>Total fixed assets</b>	<b>257143</b>
B	<b>The current capital</b>	<b>187412</b>
	<b>Total investment costs (A + B)</b>	<b>444555</b>



### The relationship between total fixed assets and working capital



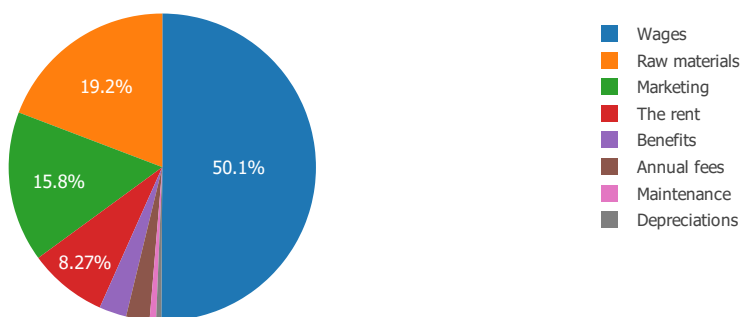


## Annual operating costs

Item	Cost type	value
The rent	Fixed	62000
Depreciations	Fixed	4066
Raw materials	Variable	144000
Benefits (electricity and water)	Variable	21600
Maintenance	Fixed	5082
Marketing	Fixed	118800
Wages	Fixed	375600
Annual fees	Fixed	18500
<b>Total operating expenses</b>		<b>749648</b>



Annual operating costs





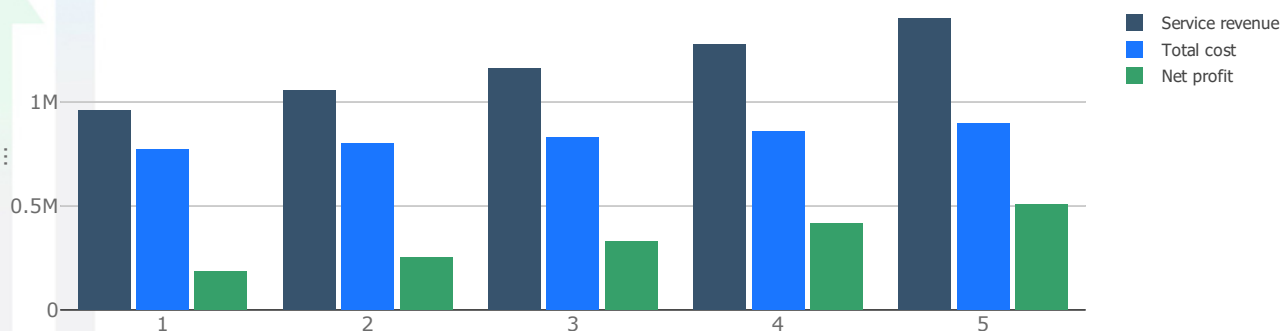
### Preparing the income statement during the first five years of the life of the project:

Revenue increases by 20% every year, raw materials and marketing increases 20% each year.

Elements	1	2	3	4	5	Total
Service revenue	958800	1054680	1160148	1276163	1403779	5853570
Marketing expense	118800	130680	143748	158123	173935	725286
Raw materials	144000	158400	174240	191664	210830	879134
The rent	62000	62000	62000	62000	62000	310000
Benefits	21600	21600	21600	21600	21600	108000
Maintenance	5082	5082	5082	5082	5082	25411
Payroll	375600	375600	375600	375600	375600	1878000
Depreciations	4066	4066	4066	4066	4066	20329
Government fees	18500	18500	18500	18500	18500	92500
The amount of Zakat	23970	23970	23970	23970	23970	119850
Total cost	773618	799898	828806	860605	895583	4158510
Net profit	185182	254782	331342	415558	508196	1695060
Profit rate	24%	32%	40%	48%	57%	41%



The relationship between revenues, expenses and profits during the five years



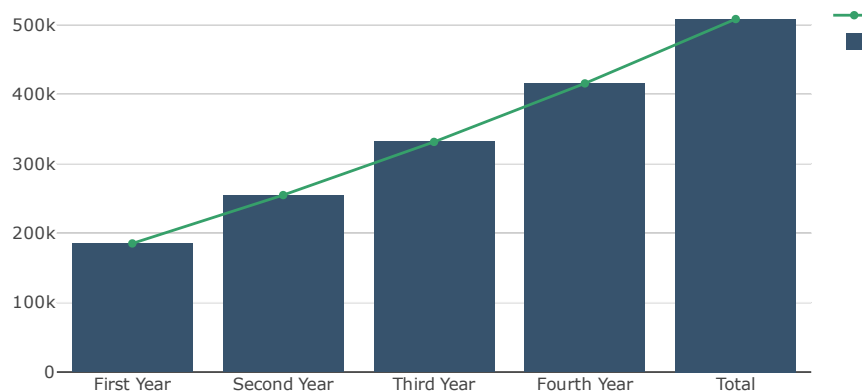




### The most important indicators (criteria) for project feasibility study

#### 1/ Net annual project revenue:

year	Net return	Profit rate
First Year	185182	24%
Second Year	254782	32%
Third Year	331342	40%
Fourth Year	415558	48%
Fifth Year	508196	57%
Total	1695060	41%
The average	339012	41%





The ratio of the total return on investments

**381%**

Average annual net profit during the five years

**339012**

Average annual percentage of profit for the project during the five years

**41%**

Redemption period based on annual net profit

**3.812**

**3 Year 8 Month 1 Week 2 Day**





**We wish you  
a good luck**

