

CHAPTER 13 APPENDIX

13.1 Market Pricing Comparisons

Market Pricing of 2 major specialty coffee outlets

This table is mainly based on the menu of The Coffee Bean

Types of Beverages	Coffee Bean			San Francisco		
	Small	Regular	Large	Small	Regular	Large
		S. Shot	D. Shot		S. Shot	D. Shot

Espresso						
Espresso	-	4.50	5.50	-	3.95	4.95
E. Macchiato	-	5.00	6.00	-	4.50	5.50
Cappucino	-	5.50	6.50	4.95	6.95	8.50
Americano (L. Black)	4.80	5.80	6.80	3.95	4.95	5.95
Red Eye	5.80	6.80	7.80	-	-	-
Café Latte	6.50	7.50	8.50	5.50	7.50	9.50
Swiss Mocha Latte	7.80	8.80	9.80	-	-	-
Vanilla Latte	7.80	8.80	9.80	-	-	-
Caramel Latte	9.50	10.50	11.50	-	-	-

Brewed Coffee						
Café Mocha	6.50	7.50	8.50	7.50	9.25	10.50
Café Vanilla	6.50	7.50	8.50	-	-	-
Café Caramel	7.80	8.80	9.80	-	-	-

Iced Blend						
Mocha	8.50	9.50	-	-	-	-
Vanilla	8.50	9.50	-	-	-	-
Cinnamon	8.50	9.50	-	-	-	-
Black Forest	9.50	10.50	-	-	-	-

Non Coffee Ice Blend						
Pure Chocolate	6.50	8.50	9.50	-	-	-
Pure Vanilla	6.50	8.50	9.50	-	-	-
Sunrise	6.50	8.50	9.50	-	-	-
Berry Treasure	-	10.00	11.00	-	-	-
Malibu Dream	-	10.00	11.00	-	-	-

Iced Drinks						
Ice Coffee	5.50	6.50	-	-	-	-
Iced Cappucino	6.00	7.00	-	6.95	8.50	-
Iced Café Latte	7.00	8.00	-	-	-	-
Iced Tea	5.50	6.50	-	-	3.50	-
Iced Americano	-	-	-	4.95	5.95	-
Iceds Mocha	-	-	-	7.95	9.50	-

Hot Drinks						
Hot Chocolate	5.50	6.50	7.5	3.95	4.95	5.95
Hot Vanilla	5.50	6.50	7.5	-	-	-
Hot Tea	-	-	-	-	3.50	-

13.2 Curriculum Vitae

Curriculum Vitae of *Rudy Ng*

Education

1990-1994

University Science Malaysia, Penang

Second Upper class honours student with a Bachelors Degree in Mass Communication. Final research papers concentrated in the field of Mass Communication the Ultimate Disseminator of Information

1999-2001

University Malaya, Kuala Lumpur

Currently pursuing a Master Degree in Business Administration with concentration in the field of Service Management.

Experience

1995-1997

CitiTelevision Sdn Bhd.

Marketing Executive for MetroVision Channel. Individual sales target achieving RM50,000 monthly. Voted best sales executive of the year 1997. Handles and satisfactorily service corporate clients such as Berjaya Resort Group, Genting Resort and Mines Resort in addition to the Northern Region of Peninsula Malaysia.

1996-2001

Measat Broadcast Network Systems Sdn Bhd

Head of International Sports Channel.

Managed a team of 8 staff working to promote and enhance the programme broadcast via satellite by Astro. Mastermind the strategic and allocation/grouping and charges of individualised package to the consumers to maximise company profit. Promotional and marketing strategist for new product and development.

Education

- 1990-1994 **University Malaya, Kuala Lumpur**
First class honours student with a Bachelors Degree in Electrical Engineering. Final research papers concentrated in the field of Application of Quantum Physics in Electrical Devices.
- 1999-2001 **University Malaya, Kuala Lumpur**
Currently pursuing a Master Degree in Business Administration with concentration in the field of Marketing.

Experience

- 1985-1993 **Penang Original White Coffee Producing Co. Sdn Bhd**
Vast experience in coffee beans and preparation of roasted coffee beans through involvement in home coffee business with hands on and in depth experience in the selection of coffee grain and roasting of the local white coffee which is the core product of Borneo Café. Knowledge of local coffee drinkers preference and tastes.
- 1995-2001 **VTS Telecommunication Sdn Bhd.**
Head of Marketing in VTS. Managed the South East Asia Region with core competencies in brain storming business opportunities. In depth experience with the local Malaysian market. High business acumen qualities with in depth marketing strategy knowledge.

Curriculum Vitae of *Yip Yew Kwan*

Education

1984-1988

Arizona State University, Tempe Az.

Bachelors Degree in Engineering. Final research papers concentrated in the field of transportation engineering and deep water clayey deposit as option of disposing nuclear waste by means of torpedoed insertion.

1999-2001

University Malaya, Kuala Lumpur

Currently pursuing a Master Degree in Business Administration with concentration in the field of Financial Management.

Experience

1984-1985

Cafeteria Student Manager, Marriot Catering Services, ASU

Handled all issues from liaison with students, quality control, stock take, procurement, hygiene, selection of menu and serving proportion, daily clerical tasks of student cafeteria.

1985-1986

Assistant Manager, KFC, Glendale, Az.

Experience in managing restaurant to accommodate a seat in capacity of 50 customers at any one time. Handle stock takes, procurement, basic accounting entries and management of daily activities of the restaurant with special emphasis to customer care and satisfaction. Knowledge of standard operating procedure of preparing food and beverage under strict guidelines.

1986-2001

Senior Project Manager and Associate of Company

Handle multi million dollar construction projects for both cooperate and government clients.

13.3 Project Cash Flow: Optimistic Scenario

TABLE B - Yearly Cash Flow Projection for Borneo Café with Multiple Outlets (NORMAL SCENARIO WITH MULTIPLE OUTLET)

Year	0	1	2	3	4	5
Revenue		2,678,288	6,628,388	10,578,488	14,483,700	19,750,500
Cost of Goods Sold						
Less						
Variable Cost (30% of Revenue)		803,486	1,988,516	3,173,546	4,345,110	5,925,150
Fixed Cost :						
1. Salary of Op. Staff		141,000	353,100	601,200	858,000	1,092,000
2. Opportunity Cost/Management Fee		211,500	529,650	901,800	1,287,000	1,638,000
3. Rental		705,000	1,605,000	2,630,250	3,465,000	4,095,000
Gross Profit	0	817,301	2,152,121	3,271,691	4,528,590	7,000,350
Capital Investment	900,000		900,000	600,000	600,000	
Less						
Tax at 30% Profit	0	245,190	645,636	981,507	1,358,577	2,100,105
Free Cash Normal	(900,000)	(327,889)	606,485	1,690,184	2,570,013	4,900,245
Pessimistic	-900000	(598,670)	(16,214)	715,567	1,279,779	3,140,655

NPV	3,730,863.60
IRR	75%

I = 15%

- Assumptions
- First Year 3 Branches Klang Valley
 - Second Year 6 Branches Klang Valley
 - Third Year 9 Branches
 - Forth Year 9 Branches locally and 2 Additional in Klang Valley
 - Fifth Year 11 Branches locally and 2 Additional in Business District

13.4 Project Cash Flow: Pessimistic Scenario

TABLE D - Yearly Cash Flow Projection for Borneo Café with Multiple Outlets (PESSIMISTIC SCENARIO)

Year	0	1	2	3	4	5
Revenue		2,125,673	5,357,573	8,589,473	11,850,570	16,159,500
Revenue from foreign investment						
Cost of Goods Sold						
Less						
Variable Cost (30% of Revenue)		637,702	1,607,272	2,576,842	3,555,171	4,847,850
Fixed Cost:						
1. Salary of Op. Staff		141,000	353,100	601,200	858,000	1,092,000
2. Opportunity Cost/Management Fee		211,500	529,650	901,800	1,287,000	1,638,000
3. Rental		705,000	1,605,000	2,630,250	3,465,000	4,095,000
Gross Profit	0	430,471	1,262,551	1,879,381	2,685,399	4,486,650
Capital Investment	900,000	900,000	900,000	600,000	600,000	
Less						
Tax at 30% Profit	-	129,141	378,765	563,814	805,620	1,345,995
Free Cash Flow	(900,000)	(598,670)	(16,214)	715,567	1,279,779	3,140,655

NPV	736,071.01
IRR	36%

I = 20%

- Assumptions
- First Year 3 Branches Klang Valley
 - Second Year 6 Branches Klang Valley
 - Third Year 9 Branches
 - Fourth Year 9 Branches locally and 2 Additional in Klang Valley
 - Fifth Year 11 Branches locally and 2 Additional in Business District

13.5 Questionnaire

UM MBA Research Project - 2001
A study on specialty café

Please complete Part A,B and C. Answer all questions by inserting 'X' in the box.

Part (A)

- 1) Have you tasted local white coffee before? Yes ☐ No ☐
- 2) Would you purchase local white coffee in a specialty café? Yes ☐ No ☐ Undecided ☐
- 3) A foreign brand café is important when you decide on the place to have coffee
 Strongly Disagree ☐ Disagree ☐ Indifference ☐ Agree ☐ Strongly Agree ☐
- 4) I want to have local delicacies in the specialty café (e.g. nyonya delicacies)
 Strongly Disagree ☐ Disagree ☐ Indifference ☐ Agree ☐ Strongly Agree ☐
- 5) What do you associate "Borneo" with?
Select one answer from the list below
 Nature ☐
 Colonial era ☐
 Indigenous culture ☐
 Modern surrounding ☐

Part (B)

- 6) Have you patronized a specialty café last month?
 e.g. Coffeebean, Starbucks, San Francisco and Gloria Jeans
 Yes ☐ No ☐ Why? *Select any answers from the list below*
 Expensive ☐
 Not a coffee drinker ☐
 Inconvenience ☐
 Prefer the local coffee shop ☐
- If you answer No in Q6, please proceed to Part C*
- 7) How often do you visit specialty cafes?
 once a month ☐ twice a month ☐ thrice a month ☐ >3 times a month ☐
- 8) Which is your favourite café?
 Coffeebean ☐ Starbucks ☐ San Francisco ☐ Gloria Jeans ☐ Others ☐
- 9) What attracts you to specialty cafes?
Please arrange according to preference, 1= the most important ; 5 = the least
 The product quality itself ☐
 The ambience of the outlet ☐
 The service ☐
 Convenient location ☐
 Cleanliness of the outlet ☐

- 10) What do you normally order?
 Coffee ☐ Non coffee ☐ Tea ☐ Pastry ☐
- 11) How much do you normally spend per visit?
 Below RM10 ☐ Above RM10 ☐
- 12) Who do you normally visit specialty café with?
 Family members ☐ Friends ☐ Colleagues ☐ Business Partners ☐ Alone ☐

Part C) DEMOGRAPHICS

- 1) Gender
 Male ☐ Female ☐
- 2) Age
 15-20 ☐ 21-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐
- 3) Race
 Malay ☐ Chinese ☐ Indian ☐ Others ☐
- 4) Education
 SPM ☐ STPM ☐ Diploma ☐ Degree ☐ Masters ☐
- 5) Marital Status
 Single ☐ Married ☐ Divorce ☐
- If married or divorce, answer question 6*
- 6) No. of Children
 None ☐ 1 ☐ 2 ☐ 3 ☐ > 3 ☐
- 7) Materials Owned
 Mobile Phone ☐ Car ☐ House ☐
- 8) Credit Card Owned
 VISA ☐ MasterCard ☐ AMEX ☐ DINERS ☐ Debit Card ☐

End of questionnaire. Thank you for your time.

13.6 Café Layout

Service Counter / Kitchen

E
N
T
R
A
N
C
E

Queuing Line

Self
Service

Tables

Tables

Tables

Tables

Tables

Tables

Tables

Tables

Tables

Sofas

Sofas

Sofas

Sofas

Plants

13.7 Coding form for Borneo Café

Coding Form for BORNEO CAFE

The respondents' answers are coded into numbers. Listed below are the following answers and codes:

A01- TASTED LOCAL COFFEE: Yes (1) No (2)

A02- PURCHASE LOCAL WHITE COFFEE IN A SPECIALTY CAFÉ:
Yes (1) No (2) Undecided (3)

A03- FOREIGN BRAND NAME:
Strongly Agree (1) Disagree (2) Indifference (3) Agree (4)
Strongly Agree (5)

A04- LOCAL DELICACIES IN A SPECIALTY CAFÉ:
Strongly Agree (1) Disagree (2) Indifference (3) Agree (4)
Strongly Agree (5)

A05- ASSOCIATION WITH BORNEO CAFÉ:
Nature (1) Colonial Era (2) Indigenous Culture (3)
Modern Surrounding (4)

A06- PATRONISED SPECIALTY CAFÉ: Yes (1) No (2)

A06a- REASONS FOR NOT PATRONISING SPECIALTY CAFE
Expensive (3) Not a coffee drinker (4) Inconvenience (5)
Prefer Local coffee shop (6)

A07- No. OF VISITS TO SPECIALTY CAFE
Once a month (1) Twice a month (2) Thrice a month (3)
More than 3 times a month (4)

A08- FAVOURITE SPECIALTY CAFE

A08a- Coffee Bean	A08b- Starbucks	A08c- San Francisco
A08d- Gloria Jeans	A08e- Others	

A09- ATTRACTION TO SPECIALTY CAFE

A09a- Product Quality	A09b- Ambience	A09c- Service
A09d- Convenient Location	A09e- Cleanliness	

A10- FOOD AND BEVERAGE ORDER

A10a- Coffee	A10b- Non Coffee	A10c- Tea	A10d- Pastry
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A11- AMOUNT SPEND PER VISIT

Below RM10 (1)

Above RM10 (2)

A12- COMPANION TO SPECIALTY CAFE

Family (1)

Friends (2)

Colleagues (3) Business Partners (4) Alone (5)

1 GENDER: Male (1) Female (2)

2 AGE: 15-20 (1) 21-30 (2) 31-40 (3) 41-50 (4) 51-60 (5)

3 RACE: Malay (1) Chinese (2) Indian (3) Others (4)

4 EDUCATION:

SPM (1)

STPM (2)

DIPLOMA (3) DEGREE (4)

MASTERS (5)

5 MARITAL STATUS: Single (1) Married (2) Divorce (3)

6 NO. OF CHILDREN NONE (1) 1 (2) 2 (3) 3 (4) more than 3 (5)

7 MATERIALS OWNED

7a Mobile phone

7b Car 7c House

CREDIT CARD OWNED

8a VISA

8b MASTERCARD

8c AMEX

8d DINERS

8e DEBIT CARD

13.8 Sample of cafes









