

Madi's Cat Cafe
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Madi's Cat Cafe

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Executive Summary:

Madi's Cat Cafe is going to be a licensed cat cafe that will be located in the Downtown Oklahoma City area. The founder of Madi's Cat Cafe is Madison Kernke. Madison is a beloved pet owner, has a B.Sc. in Business Management, and has 5 years of relevant experience in the Pet Rescue industry. The central goals for Madi's Cat Cafe are to provide meaningful and satisfactory experiences for all customers, and to eventually find forever homes for the cats that are housed at the facility. This cat cafe will serve as a traditional sit-down cafe with a pre-made menu—with the license to serve food and drinks—but customers will have the additional opportunity to interact with kittens/cats that are housed at the cafe.

Business Description and Vision:

A cat cafe is a themed cafe that has become immensely popular throughout the world. Customers come to enjoy the food and beverages that are offered and to socialize with the cats who live there.. For those customers who don't want the responsibilities of a pet owner, this company is a great way for people to spend time with pets without the responsibility of caring for their needs. However, customers can also choose to adopt the cats at the cafe.

It is our vision to become the cat cafe brand in Oklahoma City since there are currently no licensed cat cafes operating in the state. Customers pay an hourly cover charge at the door, and can choose to dine or just spend time with the cats. The cat cafe is designed to both provide customers with a unique and fun experience and to find forever homes for the cats and kittens. We will be partnering with Tiny Paws Kitten Rescue in Stillwater, OK and will house some of their kittens/cats.

The employees at Madi's Cat Cafe will actively support our local community by helping other small businesses when possible. One goal for the company is to support the products/services of local businesses, and we will continually find ways to accomplish this. We also strive to integrate sustainable business practices wherever possible. For example, all of our to-go containers, to-go cups, and straws will be made of biodegradable materials. The founder is incredibly passionate about protecting our environment for future generations, and wants to use her company to help generate positive change for our community.

Definition of the Market:

Market research has been conducted to determine three different market segments in the population that could benefit from the services provided by this business. The strongest segment will then be chosen as the target market. One group that would likely benefit from our services would be individuals--male or female--between the ages of 18-24 who have experienced high anxiety levels. Many people within this age group will often experience significant life changes, and sometimes the stress from these life changes could result in higher levels of anxiety. Therapy pets have shown to aid immensely in helping individuals manage their stress and/or anxiety. Pawlicy Advisor distinguished that 70% of cat owners attribute their cats with helping with stress reduction. This is actually even a larger percentage than 66% of dog owners who have credited their dogs with stress reduction. The individuals within this segment have varying levels of education, employment/income, and marital status.

Despite these differences between the individuals under this segment, our business can effectively serve the needs of everyone within this segment. For example, a 24-year-old accountant might want to adopt a kitten since they have a higher level of income than they

previously did. Likewise, a 19-year-old waitress may not be ready to adopt a pet, but it may help their stress and/or anxiety to visit the kittens at the cafe. However, Oklahoma does have a lower cost of living compared to other states and people on average assume the responsibility of pet ownership at a younger age in this state. There are also multiple community colleges/universities in the Oklahoma City area, and this cat cafe could provide students with a fun spot to study or spend time with friends. This age group was chosen as a segment because this is generally the age range when someone might decide to get a pet of their own as an adult. According to Oklahoma's population statistics from 2020-2021, this age group accounts for about 10% of the population.

Another group that would benefit from our company's services would be families who have children between the ages of 5-15. One important variant between the families within this segment is the different levels of income. Many families within this category are likely living more stable lifestyles compared to the past, and might be considering pet ownership for themselves and their children.

However, some families may not be able to maintain the care of a pet on top of their other expenses. In these cases, these families can still benefit from the services we offer. Similarly to the first segment, if people within this group can't afford the maintenance of a pet, they can still enjoy some of the benefits of having pets by visiting the cafe. This could be an effective segment because the childrens' excitement over the experience could likely lead to repeat visits and hopefully customer loyalty in the long term. Based on the U.S. Census data of households in Oklahoma, this group accounts for roughly 25-30% of the population.

Another segment in the population that could benefit from our services would be individuals--male or female--who are 65-years-old or older. The business's services could be

greatly beneficial to people within this age group due to their lifestyle changes. Many of the members of this group are experiencing retirement, and they are likely looking for ways to spend their new free time. Most of the members of this group also don't have children currently under their care because their children have grown up and started lives of their own. Therefore, these individuals might be looking for more companionship in a new and quieter life, and pet ownership can be a great option. However, individuals within this age group may have physical limitations--and possibly financial limitations--that prevents them from adequately taking care of a pet.

Out of the three segments chosen, families with children between the ages of 5-15 is the best option for the ideal target market. Each segment can benefit from the dining services offered at the cafe, but families might visit more frequently to provide their children with experiences that keep them active and occupied. Unlike the other two segments, this group includes the highest number of individuals who are both physically and financially capable to adopt a pet. Targeting the market to families is also beneficial to this company because they will likely be paying for at least two entrance fees, and families are likely going to spend more on purchases than individuals for all services.

Even though we are focusing the marketing on Oklahoma City residents, it's our hope that we can gain recognition from people who live all around the state of Oklahoma and tourists as well. A SWOT analysis can better determine all of the positive and negative aspects associated with the entry of this business. The strengths include the lack of competition when entering the industry, the ideal location of the cafe, and the detailed business plan that will be actively used when operating this business. The major weakness for this company is that cafes are generally very risky to open and it can be hard to maintain a high influx of customers daily.

However, the fact that the cafe is different from any other cafes in the area does give the company a significant competitive advantage. The most important opportunities for this company are the availability of new customers constantly due to the popular location of the cafe, and the possibility of expanding the business with more locations in the future if the first cafe is successful enough. The threats to this business include any entry of competitors in the local community, and any possible economic downturns after the company opens.

Creating an online presence will be an ongoing important goal for the company. One of the best avenues to market this company is to actively share the cafe experiences with the public through the website and our social media pages. Since the online community will be continuously growing, this is the most cost effective way to market and is the best way to communicate our mission and vision to future customers. Creating a successful online presence is one of our main goals because we want to work to reach our target market through social media platforms. After opening the cafe, we will be blogging about our cats who currently live at the cafe, and we'll communicate the benefits of a cat cafe for the public.

Products and Services:

The cat cafe will offer a variety of services including:

- We sell food and non-alcoholic beverage items including soft drinks, coffees, teas, milkshakes, and smoothies
- We facilitate cat adoptions
- We offer a variety of items that people can buy for their cats. These items include food, treats, cat beds, cat toys, and other cat accessories

- We also sell merchandise with our logo including t-shirts, sweatshirts, water bottles, hats, etc.

The cafe will consist of three rooms, and the first room will be separated into two areas in which customers will have the choice to eat their meal with the company of cats or not. The second room will be the Cat Play Room that will include three Litter Robots and the cats' food, water, toys, beds, etc. We will strive to house 10-15 cats in the cafe. However, this will be dependent on how many adoptable cats are available at Tiny Paws at that point in time. The third room will be the kitchen, and the cats will never be permitted to be in the kitchen. The cats will only have access to the other two rooms.

I plan to create a unique menu that caters to people with various dietary restrictions. I also plan to sell seasonal food and beverage items for a limited time. Some examples of this are offering peppermint mochas and candy cane lattes during the Winter season, and offering pumpkin bread and pecan pie during the Fall. The prices for small/medium/large beverages will be \$3.75, \$4, and \$4.25. These are competitively set prices compared to the surrounding competitor's prices. Of course, there will be many different products sold. So, the other food and beverage items will also have competitively set prices unless the items are unique compared to the products of local competitors.

Organization and Management:

Madi's Cat Cafe will be a single-member LLC, which will provide the best legal protections possible for the company. Madison Kernke will conduct all of the managerial tasks associated with the operations of the business; this includes recruiting, hiring, training, and monitoring the employees' progress in the company. It also includes scheduling shifts, planning

events, planning the amount of inventory needed, and implementing the company's vision, mission, and direction going forward. The cafe will need a Fictitious Business Name Permit, and this will be obtained by speaking with the founder's attorney about if the cafe can obtain this permit at the county/city level and the best way to do this. By visiting www.irs.gov, the cafe will obtain a Federal Employer Identification Number. We would also need to get the FDA permit on the preparation of meat products. To successfully register the products, you can visit the FDA's website and register our menu items under product categories. The Oklahoma Business Registration Application will also need to be completed. The cafe may need a sales tax permit, so we would check the Secretary of state's office or ask our attorney if we can't receive answers elsewhere. The cafe would possibly need a Health Permit and a Signage Permit. We will check with our local municipal building about any permits needed.

Madi's Cat Cafe would need to enter a contract with the coffee vendor. This contract would include a statement acknowledging that the coffee vendor will roast and supply the coffee beans to Madi's Cat Cafe. This will also include the terms around the delivery process. There will be a statement clarifying how the coffee beans should be packaged, and how long the delivery process will be after the roasting date. This contract will also include the amount of coffee the cat cafe plans to buy from the vendor each quarter, and the price associated with the product. When negotiating this contract, it's important for me to make sure that the delivery process for the vendor aligns with the needs of the business, so that we hopefully won't ever have any coffee shortages.

The Code of Business Conduct will include the company's vision, values, and mission. The integrity of the business includes complying with all rules, laws, and regulations pertaining to the company. All employees are required to follow this same objective. If we are unsure that a

company action doesn't align with the law or the company's policy, we will seek counsel from a professional. After hiring employees, they will be given this form to read and sign so that there will be complete transparency in the terms of Code of Conduct for all employees. Employees will also be required to sign a Nondisclosure Agreement, in which they will agree to refrain from disclosing the business's name, trade secrets, customer lists, and any other confidential information.

At Madi's Cat Cafe, we will create business systems that will make processes more efficient. One business system that will be created will be the steps to creating each coffee beverage from the menu. This system is meant to test each product at first, and then later on this system will be beneficial when training employees. We will also systemize the inventory received from vendors. This system would include documenting all of the inventory and organizing the inventory in a neat arrangement. Another system will be the process of renewing all the cafe's licenses and permits. I would check online to see when the licenses/permits expire, and would keep this information in my calendar.

Marketing and Sales Strategy:

I also plan to host special events at the cafe from time-to-time and will hire different independent contractors for these events. Before the opening of the cat cafe, I plan to line up some bands and artists to showcase local music in the area. This is part of the marketing strategy because it can help us expand our target market by both word of mouth and advertising the events. For example, the artist who is performing at the cafe will likely tell their family and friends about it. We will also be putting out flyers at the cafe and in the surrounding Downtown area. I also plan to set up painting classes at the cafe as well. We will have a professional local

painter conduct the painting class, and will provide all materials (canvases, paints, etc.) to the customers. Before setting up a painting class, however, I will judge the amount of interest in this type of event since I'm unsure how popular this event would be. So, we will make customers aware of the possibility of this event, and will determine how many people might be interested.

I would use pay-per-click advertising, so that hopefully it'll result in more views of the cafe's website and Facebook page. I am also interested in using Google AdWords because I think this could help generate success. AdWords is developed by Google in which they place advertisements for products/services in both the Google search engine and other non-search websites. For example, it's common for people to look up "cafe near me" in the Google search engine, so I think using AdWords could be very effective. I would also heavily focus on public relations since it's the most cost-effective avenue, and because I hope to establish a close relationship with the local community. There will also be print ads and flyers for cafe events, and I will also provide a company newsletter to those who sign up for the email list.

The use of rewards cards is also part of my marketing strategy. These rewards cards offer the potential of discounts for future purchases at the cafe, and this can further entice customers to return to the cafe. At checkout, employees are also required to ask customers if they would like to be added to our email list where we send out our monthly newsletter, information about upcoming events, and other information that is relevant for customers to learn about the company. I aim to have fun with my marketing strategies as well. When advertising the cafe or specific events at the cafe, I can advertise with funny pictures/videos of the kittens to help get the ad more attention.

Before opening the cat cafe, I will also create a press kit for the company. My press kit would include a biography of the founder, digital photos of the logo and the location/products,

media contact information, and past testimonials from customers if there are any. The top 5 news outlets I would send a press kit to are NewsOK, The Gazette, The Oklahoman, KOCO, and KFOR. My reasoning for sending press kits to these outlets is that I can reach a diverse set of people most likely. For example, a person in their 20s might like to read the Gazette, but someone in their 50s might prefer to read the Oklahoman. I focused on choosing outlets that are popular to a diverse set of people.

Financial Management:

When a cat cafe is both located in a popular area and has efficient marketing strategies, it can bring in a significant amount of revenue. The entrance fee in itself can really help increase incoming cash flows because each customer will be paying to enter the cafe initially. The owners of Tiny Paws will be providing the necessities for the kittens, including their food, litter, beds, toys, etc. The startup costs will include:

- Lease of building: \$2,000
- Construction for cat cafe: \$30,000
- Utilities: \$1,000
- Insurance: \$2,500
- Kitchen equipment: \$120,000
- Inventory: \$12,000
- Payroll (2 chefs + 2 baristas/waiters): \$3,500
- Licensing and permits: \$1,000
- Marketing promotions (press kit, flyers, pay-per-click): \$2,000
- POS system: \$1,250

- 3 Litter Robot machines: \$1,500
- Office equipment (telephone, computer, printer, filing cabinet): \$3,000
- Furniture (tables and chairs) and sound system: \$2,000
- Creating website: \$600
- Domain name: \$15
- Miscellaneous: \$20,000

We will need an estimate of one hundred and eighty six thousand, three hundred and sixty five dollars (\$202,365) to open the cat cafe. This estimate also includes the wages of our workers for the first month of operations. The financial statements below will illustrate the financial projections for the first year of the business:

Balance Sheet

Madi's Cat Cafe

Assets

Current assets	Previous Year	Current Year
Cash	-	15,750.00
Investments	-	
Inventories	-	144,000.00
Accounts receivable	-	
Pre-paid expenses	-	
Other	-	-
Total current assets	-	159,750.00

Fixed assets:	Previous Year	Current Year
Property and equipment	-	127,750.00
Leasehold improvements	-	30,000.00
Equity and other investments	-	
Less accumulated depreciation	-	
Total fixed assets	-	157,750.00

Other assets:	Previous Year	Current Year
Goodwill	-	-

Total other assets	-	-
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Total assets **- 317,500.00**

Liabilities and owner's equity

Current liabilities:	Previous Year	Current Year
Accounts payable	-	180,000.00
Accrued wages	-	42,000.00
Accrued compensation	-	-
Income taxes payable	-	10,500.00
Unearned revenue	-	-
Other	-	10,000.00
Total current liabilities	-	242,500.00

Long-term liabilities:	Previous Year	Current Year
Mortgage payable	-	24,000.00
Total long-term liabilities	-	24,000.00

Owner's equity:	Previous Year	Current Year
Investment capital	-	51,000.00
Accumulated retained earnings	-	-
Total owner's equity	-	51,000.00

Total liabilities and owner's equity **- 317,500.00**

Balance **- -**

Income Statement

Revenue

Gross Sales	\$130,000	
Less: Sales Returns and Allowances		
Net Sales	\$130,000	

Cost of Goods Sold

Beginning Inventory	\$12,000	
Add: Purchases		
Direct Labor		
Indirect Expenses		
Inventory Available		\$12,000
Less: Ending Inventory		
Cost of Goods Sold		\$12,000
Gross Profit (Loss)		\$118,000

Expenses

Rent	\$24,000	
Amortization		
Utilities	\$12,000	
Wages & Direct Cost	\$42,000	
Commissions	-	
Supplies	2,000	
Marketing	2,000	
Logistics	-	
Repairs and Maintenance	\$5,000	
Miscellaneous	\$20,000	
Depreciation	-	

Interest	-	
Total Expenses		\$107,000.00
Net Operating Income		\$11,000.00
Total Other Income	-	
Net Income (Loss)		\$11,000.00

Madi's Cat Café		
Cash Flow Statement		

Operating Activity

Customers		
Other operations		
<i>Cash paid for</i>		
General operating and admin expenses		\$204,000.00
Wage expenses		\$42,000.00
Interest		-
Income taxes		\$10,500.00
Net Profit from Operations		\$256,500.00

Additions to cash

Depriciation		
Amortization		

Subtractions from Cash

Increase in Accounts Receivable		-
Increase in Inventory		-

Total Cash from Operating Activities **\$256,500.00**

Investing Activities

Cash receipts from

Purchase of equipment		\$103,750.00
Bank loan		

Total Cash from Investing Activities **\$103,750.00**

Financing Activities

Drawing/Distribution		
Repayment of loans		-

Total Cash from Financing Activities **\$0.00**

Beginning Cash		\$15,750.00
Total Change in Cash		\$360,250.00

Ending Cash **\$376,000.00**
0
