

A Business Start-Upcase Study Custom Cake Design Business (In Good Taste by Craft Factory)

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Case Summary: The purpose of this case study is to seek strategy and solutions to produce business viability for a small-scale local cake businesses operated by a women entrepreneur, by studying a new home-run start-up. This topic was chosen because the author is a start-up entrepreneur, and aims to make her venture viable and successful, and ultimately inspire a surge of new and unconventional lines of business.

In December 2014, the peak season of celebrations, right before Christmas & New Year set in, the owner of In Good Taste, was overwhelmed with the amount of work that needed to be done to keep all the business functions running smoothly.

It had been 14 months since her first formal commercial order for a high-end designer cake. She had orders in hand, booked till March of 2015 and beyond. Executing each order meant endless hours of interaction with the client, sketching, designing, procuring materials from vendor, generating quotations, negotiations, client meetings, and eventually the actual task of baking and decorating the cakes, and delivering them as committed. However, it has been more than a year, and she was single-handedly managing all of these tasks.

She had always had a knack for baking and had been handling baking from a very young age; later cooking and baking for friends and family she found it very fulfilling to innovate and come up with new things. She realized her passion along the way and had always desired to turn her hobby into a business. A few personal setbacks and she was at a turning point in her life, where choices for the future were required to be made. The only option left was her was to put her business ideas into action & employ herself.

Friends and family offered to pay for her goodies and promote her work also. From simple, healthy bakes, she forayed into cake decorating. While she always loved home-baking, making and decorating special celebration cakes was a completely different level- it was not just the taste, but the cake had to have that initial visual impact that makes it a showstopper for any event.

Word had spread slowly and steadily, and she realized months ago that there was a demand for a highly bespoke business offering good quality cakes, which were decorated according to individualized requirements.

When she had first started selling her work in October 2013, she had started out with the equipments and gadgets that an average household kitchen has. The orders were slow in the beginning, and only by reference and word-of-mouth. She had time to experiment with designs and hone her skills further by reading & practicing and mastered the basics in cake decorating and increased her abilities further. Of late, she finally invented in taking a skill-building workshop conducted by another leading artist.

More work started to come in as she had more skills and levels of products to offer. She started earning from her sales even before the business was officially launched. The incoming funds helped her invest in some more equipment and cake decorating tools, which helped to take the work towards more and more professional levels.

After a prolonged application process the business finally got a trade license in Sept 2014, and the owner immediately initiated the process for a food safety license from the relevant department. Alongside, she invested in converting a space in her residential premises into a formal meeting place for clients, where one could sample the cakes and view designs on display, and consult her to design their own cakes.

At the same time, she had been slowly investing in flyers, business cards and office stationery, taking time to design order and procure them from vendors.

Given the immense reach of the internet for a product of visual appeal, she purchased a domain for the business and set out to design a basic website with information and pictures, with the help of a willing friend. This seemed to add credibility to the business. To take advantage of the social media wave, a Facebook page was made to engage existing and prospective clients.

While, all of this had been essentially initiated, the owner was multitasking and handling all of these activities on her own.

Eventually, she was overwhelmed because, she could certainly see an opportunity that the business could grow manifold. However, she had not anticipated the pace and the multitude of tasks that are needed to keep all the facets running. If she focuses on any one function, the other seem to fall behind. A lot of money has

been used from her savings in initiating all the required activities; however, none of them are being utilized to their fullest.

Today, as she went about organizing her tasks, she thought to herself – “There is such a huge opportunity out there, and I really need to streamline my processes, and if I ever hope to grow this business to bring in continued profits, I need to reorganize the business”.

She realized her lack of clear objectives, planning & efficient marketing and the perils of trying to attempt this all on her own, while trying to maintain a professional quality. She needed a clear strategy to move ahead, because this was no longer a trial – it was a business that had the potential to be viable, but only with the right inputs.

I. Executive Summary

1.1 Business Profile

Craft Factory is a sole proprietorship business offering its products and services in Kolkata, and other serviceable areas.

In Good Taste is a brand owned by Craft Factory – a creative food art studio that designs, promotes and sells customized cakes for individual buyers, social events and corporate clients. It is owned and operated single-handedly by the owner.

1.2 Business Case Background

The owner had been toying with the idea of starting a new business out of her cake decorating hobby. After much research and thought, she quit her job and started In Good Taste in July 2013. All orders serviced are customized as per clients’ wishes.

This involves expending a lot of time in discussions with clients in person, over the phone or by e-mail.

The owner has to single-handedly manage all interactions with clients & vendors, as well as look after promotions, finance & accounts, maintenance of workshop etc.

Business has grown significantly over the past 18 months, and has led her to realize that it is essential to re-organize the functions of the business for greater effectiveness and increased revenues.

1.3 Issues & Problems

The business owner has lot of experience with baking and cake decorating, but not in sales and marketing. So far, business has grown by word-of-mouth. However, there is a dire need of reaching out to the correct target market, to stay ahead of new players coming into the market.

She also realizes that each order is time consuming, and she is unable to handle multiple orders on a single day, having to look after other business functions as well.

There is a need for effective time management, hiring employees, and delegating responsibility to others.

At the moment, she feels that she has a first market advantage, which is, however, not being exploited to its full advantage, due to lack of planning and execution of timely marketing. She fears that, if not handled in a more professional and planned manner, across all business functions, In Good Taste will find it difficult to keep pace with new players and competitors that may foray into this line of business.

In Good Taste requires correct situation assessment, Strategy Solutions and Recommendations for its current Business Situation.

Pedagogical Objectives:

This case study might be used to understand:

- Work differentiation identification
- Aggregate Sales & Operating Plan
- Aggregate Planning Techniques
- Marketing plans for niche target market
- Branding
- Risk assessment/ SWOT analysis

II. Business Summary

2.1 Craft Factory is a sole proprietorship business operating in Kolkata India, and offering its products and services in Kolkata, and other serviceable areas in the state and across the country. The owner had initially started a small scale unorganised initiative to promote art & craft to help people of all ages experience the immense satisfaction of doing something creative, as a hobby and creative interest. Creative expression is greatly underappreciated at the moment, due to the immense pressures of life. Craft Factory aimed at providing people a channel to express themselves and make things that will hopefully either bring joy to someone else also, or be useful in some way. Craft Factory workshops were conducted for individual participants and also as Employee Engagement activities, Clients meets etc. for Corporate clients. Craft Factory also travels with its workshops across the city and the country to reach out to people who are keen on hobby crafting.

The creative hobby crafting subtly branched out in 2011, into a brand owned by Craft Factory – In Good Taste, that has under its umbrella, a creative food art studio that designs, promotes and sells customized cakes and chocolates for individual buyers, social events and corporate clients.

While the Crafting and Hobby Classes remain very popular, the owner wants to focus on developing the new line of business since it is a new concept, and the creativity involved is very fulfilling for the owner. The owner proceeded to eventually get a trade license and is operating a valid business since for a Custom Cake Boutique.

1.3 The Product / Service

Original Cake designs that can one can create on-demand.

In Good Taste is a trendy cake decorating business located in Kolkata and built around the idea of providing custom cake designs for all occasions, and spearheading the concept of involving cake to celebrate all possible events.

It combines the clients' personal style and inspiration with artistic talent to create a delicious piece of edible art that is unique to the client and his specific requirements. In Good Taste dedicates itself to creating specialized cakes that can fit the needs of the diverse target market, and special dietary needs like eggless, sugar-free, gluten-free etc.

All cakes are baked from scratch using local, fresh ingredients, without the use of any preservatives, to ensure the highest quality cakes that taste as good as they look.

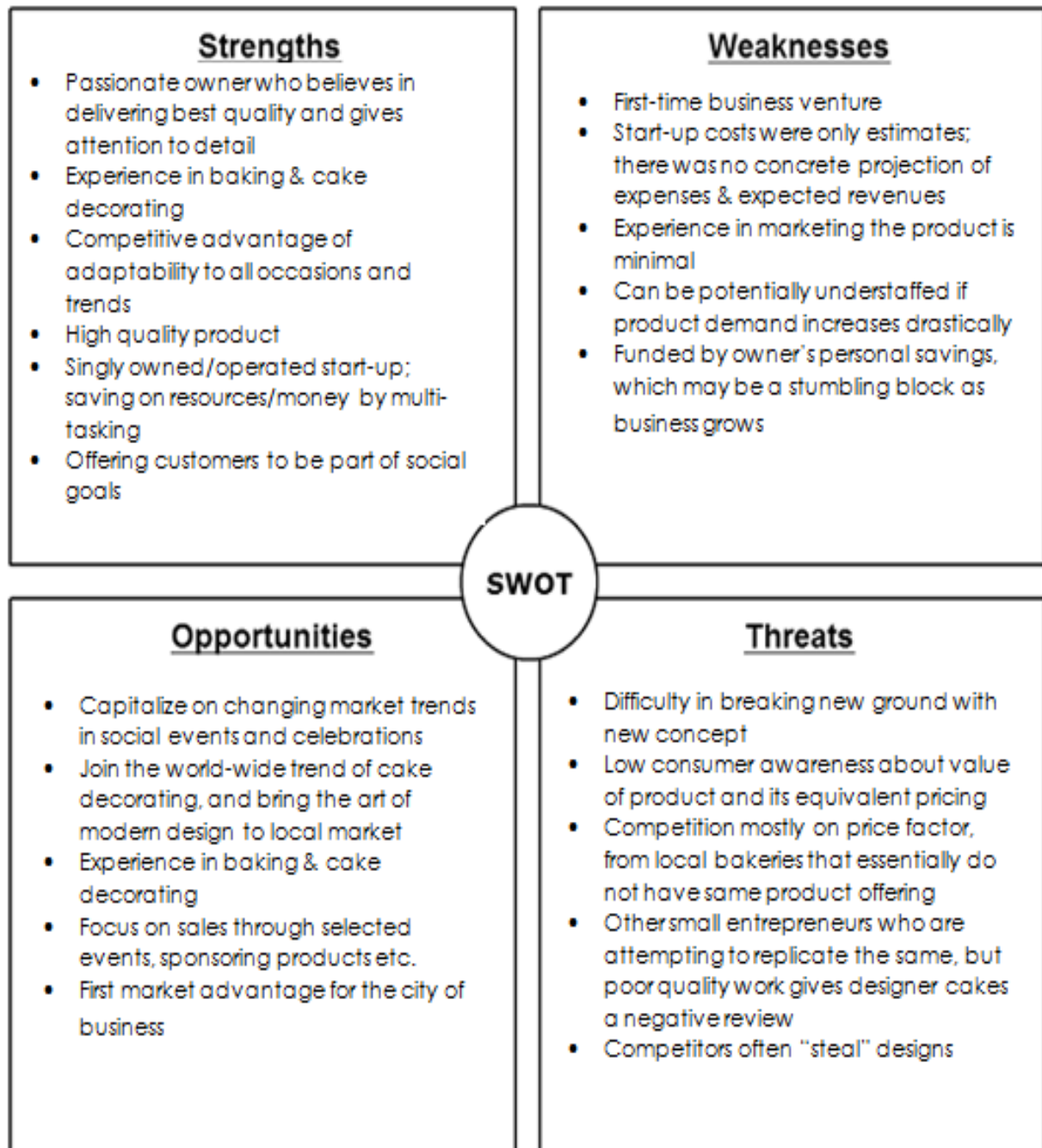
All products are made to order, and In Good Taste endeavors to deliver most standard orders within 24-48 hours of receiving a confirmed order. The time taken is lesser for smaller cakes with lesser details, while larger cakes for special events are sometimes booked months in advance.

1.4 Positioning statement for In Good Taste

Product	100% Customised Flavors/recipes and Personalized Designs
Category	Luxury Product to add delight to events and celebration and makes a social statement
Target Customer	People who are conscious about what they consume, have higher discretionary income & willing to spend on luxury product
Value Proposition	<ul style="list-style-type: none">* Best and fresh ingredients* Original & individualized designer cakes* Contribute part of profits to chosen charities
Differentiation <i>Unlike conventional bakeries or cake shops, that :</i>	<ul style="list-style-type: none">* sell off-the-shelf or packaged products* produced in bulk, stored over a period of time with use of preservatives, uses industrial pre-mixes* shall not provide custom flavors or design

III. Situation Analysis

a. Swot Analysis



b. Environmental scan

Political & Economic: With the Government's stand to encourage small entrepreneurs and improve the condition of micro, small & medium enterprises by simplifying processes and developing new policies for this sector, it feels like a good time to push the business towards further growth

Socio-cultural: A close observation and analysis of customers, their change in attitudes, lifestyles and opinions about featuring cakes/desserts in more and more Indian customs in other metro cities like Mumbai, Delhi, Bangalore etc. indicates that cakes are no longer restricted to Birthdays or events of specific cultural communities, but being included across cultural groups to the extent of personalizing them to make a social statement and add extra delight to an event. This shows that designer cake are no longer restricted to the western countries, but being quickly adopted as an essential part of celebrations in Indian customs also.

Technology: The product on offer is one that has to be visually engaging and one of the best methods to promote it has been via social media marketing using the latest technologies and applications available over the internet, which can help to specifically target certain groups of people. Technology is driving the work at In Good Taste in communicating with clients, designing cakes and executing a number of steps in the making of designer cakes.

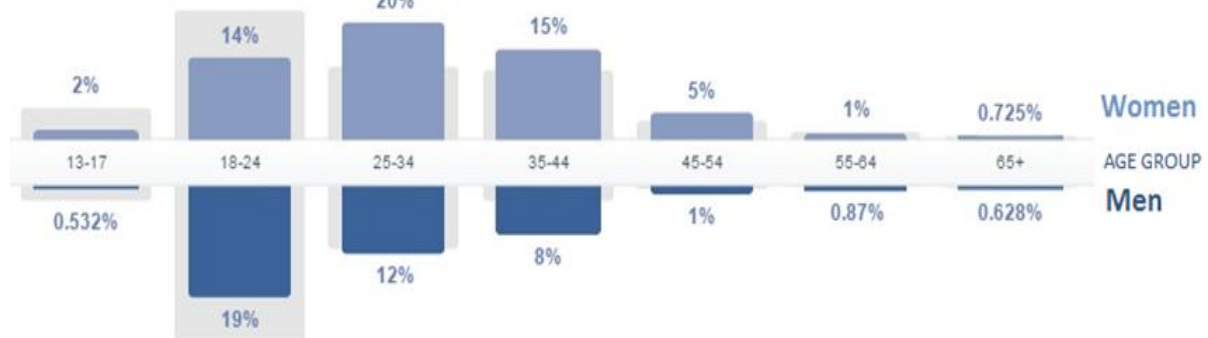
IV. Marketing Analysis

a. Market segmentation

In Good Taste has identified its overall market to consist of people who have higher discretionary income to indulge in and appreciate the exclusive creativity and a flair to spend on/consume exclusive cakes that not only taste good and look good, and also reflect the owner's passion to be able to donate a part of the profits to chosen charities in cash or in kind.

Geographically, the market will essentially be in Kolkata and surrounding serviceable areas, given the nature of the product – containing fresh food material and also intricate delicate designs and structure.

Demographic profile of Buyers at In Good Taste



b. Market Trends

Over the last few years, the market for designer cakes has greatly expanded in most major cities and tier 2 cities in India. There is a clientele that no longer wants to purchase at a bulk bakery or grocery shop. Instead, they seek an item that will be personalized and add an additional memory to their event. In Good Taste joins this specialty market by attempting to lead this new trend in Kolkata, by offering something new and different to the customers in Kolkata and nearby serviceable areas.

c. Competition

Among major competition, the chain of bakeries that mass-produce bulk items, like Monginis and Sugar & Spice have been major players for decades, and the majority of people associate cakes to be of the only kind that they have known for so long.

There are some bakeries (Cakes, Kookie Jar, French Loaf) that cater to a more discretionary clientele with a better quality of product and have some designer cakes, which are cataloged and replicated on order. They choose to undertake some design changes, and offer them at competitive rates because of their capacities and economies of scale.

Some other individual competitors (Mrs. Maggie, Rouge) who essentially have a store front to display items and cater to walk-in clients also undertake custom orders.

V. Financials

a. Investments made since inception :

Item	Price
Kitchen Equipments (already existing)	Not recorded
Oven – Purchase	Rs. 10,500/-
Planetary Mixer	Rs. 48,000/-
Baking Pans, Molds and Trays	Rs. 10000/- (approx.)
Cake decorating tools	Rs. 30000/- (approx.)
Cake Boutique & Display space	Rs. 200000/-
Government Fees and Municipal charges (towards permission for commercial use of premises, for 5 years)	Rs. 15000/-
Trade License (Valid for 1 year)	Rs. 2000/-
FSSAI certification (applied for)	---
Domestic Refrigerator	Rs. 15000/-
Domain name & hosting (1 year)	Rs. 4300/-
Paid advertising (one quarter – one time)	Rs. 5000/-
Flyers, visiting cards	Rs. 8000/-

b. Recurring costs:

- Food material – Ingredients
- Cake Decorating consumables – edible colours, essences, limited use tools
- Packaging – boxes, cartons, Cake boards, Cake drums, wooden dowels, MDF boards, ribbons, etc.
- Electricity bills
- Property tax at commercial rates
- Stationery, Printing
- Delivery person at actuals
- Phone and Internet expenses
- Vehicle Maintenance & Fuel
- Workshop cleaning & Maintenance

c. Sources of Finance

- Funded from Personal savings
- Small purchases continually made over time, as and when revenue started coming in from sales
- Continue to regularly conduct classes and workshops under the banner of Craft Factory in Baking, Paper crafts, and other handicrafts for individuals, groups and corporate clients, for extra earning.

VI. Personnel Plan - Challenges

There is a need for additional staff to look after some of the activities other than the cake decoration itself, which are essential for marketing, promotions and to support the business.

(1) Business Development Role : (Part time)

A WebMaster /MARKETING ADVISOR/Administrative assistant

- Designs and maintains website
- Processes requests/orders
- Handles customer queries
- Manages e-mails
- Maintains Facebook engagement
- Implements other marketing techniques
- Business Development

Challenge: Difficult to find one person, who can perform all functions, Revenue has to be enough to pay for the service

(2) Baker / Creative artist

- Assists in baking or basic activities of cake decorating

Challenges: There aren't any people who are trained or skilled specifically in cake decorating. The owner would have to invest time and effort in teaching someone. Also, the new inductee can't be taught all skills, because the owner is self-taught and has invested time and money to learn the skills and carve a niche for herself. Imparting all the skills to someone bears the risk of losing them to a competitor after teaching them the skills of the trade.

(3) Delivery Person :

Currently, a number of clients pick up their orders from the studio location

Orders in close vicinity are delivered by the owner by personal vehicle, especially for large-size cakes for events which require set-up at venue

There is one delivery person who is part-time and is called only for orders that are farther from the studio, and mostly for small cakes that can be transported safely by public conveyance

Employing a person at this juncture in time shall relieve some time for the owner to work on cakes; however it needs to be worked out whether a fixed salary or payment at actuals for each delivery shall be more feasible

VII. Reorganizing & Re-Strategizing The Business

Challenges (For Discussion, Recommendations & Solutions)

a. Business Plan :

- Identify Business Objectives clearly
- Acquire and analyze statistical data to assess current situation and projections accurately

b. Target Market

- Who are products/services intended for?
- Send out surveys to gather demographics, interests, budgets and willingness to spend

c. Marketing Plan

- Advertising online
- Social media marketing
- Networking with other businesses like event managers, etc.
- Participation in large events to showcase the work
- Web marketing strategy

d. Financial Plan

- Determine start-up costs
- Cash Flow analysis
- Revenue/expenditure forecasts
- Break-even analysis
- Future funding sources

e. Operations

- Necessity to devise an Aggregate Operation Plan to get all tasks done in the most efficient manner

f. Personnel Plan

- Should additional staff be considered?
- How much will they be paid?
- How much experience is required in which areas?
- What skills do they need to possess?

g. Additional activities:

- Develop a portfolio to showcase the variety of work done
- Create different price point for cake with different levels of complexity
- Get display space in high street shop windows
- Keep re-inventing designs and techniques to stay abreast with world trends.