

# *Compass Rose Tea & Coffee: A Social Business Concept*

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## **Social Problem Addressed:**

As a society we are experiencing community disconnect, a lack of sustainable practices, and a shortage of equal opportunities for both local and global disadvantaged populations. Moreover, as we look at the youth populations receiving social services, less than 50% of them will have a job within 2 ½ - 4 years of leaving care and only 38% have maintained employment for more than a year.<sup>1</sup>

## **Business Model:**

Compass Rose Tea and Coffee is the social business model that we believe can aid in relieving the social issues mentioned above. Compass Rose, a sustainable café, is run as a for-profit social business offering needs-based community programming, including a quality job-training program for local disadvantaged youth populations. As a coffeehouse we will brew only coffee obtained through sustainable channels, serve a local menu of baked goods, soups and seasonal salads, and offer quality coffee alternatives such as tea, juices, and real fruit smoothies.

Our social impact spreads locally, nationally, and globally through sustainable practices, our job-training program, and other active programming which will support national social endeavors and help build relationships within our community. Our guests will drive which projects we promote via their felt needs, passions and skills. If we have a regular group of knitters, we can provide blankets for St. Jude's Children's Hospital in Tennessee; if we have a group of the environmentally-conscious, we can head up a clean neighborhood initiative, etc. And behind it all, our customers automatically support global sustainability just by being our patrons, as all that we sell is sourced with sustainable practices in mind.

## **Market Analysis and Strategy:**

We do not deny that Portland, OR has numerous cafes and coffeehouses which will provide us with significant competition. At the same time we feel that our vision is unique and it is because of that vision that we will be successful. We believe that every individual has a desire to make a positive social impact on their community. But often social issues seem too big to take on, too time-consuming of an endeavor to invest in, etc. At Compass Rose we want to break down the barriers that people face to helping one another. We want to provide an opportunity for people to change the world just by walking through our doors. Want to help coffee-growers gain fair wages? Buy a cup of coffee. Want to support music education? Play the guitar at our Friday night charity concert. It's that easy. Who could resist?

It also helps that we live in the Pacific Northwest where we boast of consuming the highest amount of coffee nationally. We also pride ourselves on the offering of local, organic fare and prefer to eat in-season and fairly-traded as often as possible. Portland itself is ranked number one in the nation for supporting and developing sustainability practices. With such a broad and captive audience in favor of the products and practices of Compass Rose we should easily be able to compete with other coffeehouses around us.

To reach this audience we will utilize social media, blogs, websites, well-placed advertisements in local periodicals such as the Willamette Week, and encourage a word-of-mouth culture. We are confident that as people visit us, they will tell others to come because of our unique vision.

## **Launch Strategy and Requirements:**

Compass Rose will launch as a typical for-profit business. Necessary start-up costs would include the space of the shop itself, equipment, inventory and liquid capital. Running as a for-profit endeavor, unit sales would of course be the main avenue of income. By utilizing fiscal sponsorships<sup>1</sup> to aid with overall costs of programming,

Footnotes:

1- Voices. (2012). Foster Care Statistics Show Huge need for VOICES. Page 1. September 17, 2012; <http://www.voicesyouthcenter.org/about-us>.

and our job training program, we would be able to price products at market value or below and still quickly become self-sustaining, due to these lower operating costs.

Compass Rose will be run by one full-time, salaried manager, one part-time, salaried program coordinator, three part-time paid youth interns, and two part-time paid volunteers.

Our manager will be Jenny Thompson. Jenny has 15 years of retail experience, and over ten years experience working with small businesses. She boasts of a 17% sales increase over just a year and half, while managing a local Moonstruck Chocolate Café. Our program coordinator will be Tiffany Markel. Tiffany has six plus years of experience in the non-profit arena. She has a Masters degree in Counseling, and years of experience networking with local non-profits and developing youth-oriented programming.

Our three part-time paid interns would be the heart of our job training program. Not only would they learn how to provide quality guest service and an amazing latte, but we would help them with their resumes, interviewing skills, and assist them in job placement. We will find interns by partnering with local organizations such as p:ear (who currently train homeless youth in barista skills), local foster agencies, and other residential youth facilities such as Trillium Family Services. As the salary for these interns would be provided via grants, this program will have little impact on overall revenue of the business itself.

Our two part-time paid volunteers will be crucial to our business. We will seek them out through our non-profit partnerships and already have several interested parties to fill these positions. They will be paid minimum wage, as we operate as a for-profit business, yet are still considered volunteers, as they will not receive pay increases or benefits of any kind.

**Financial Plan and Sustainability:**

For start-up we hope to contribute \$10,000 of our own funds, raise \$40,000-\$50,000 through private investors/grants, and receive a \$10,000-\$20,000 small business loan through Albina Community Bank. With \$80,000, we feel we would be able to sustain the business for at least one to two years, if not longer. Our goal is for Compass Rose Tea and Coffee to be self-sustainable by the end of year two.

Start-Up Expenses		Ongoing Expenses	Months 1-6	Months 7-12	Year 2
Equipment	\$ 10,000	Revenue	\$ 77,850	\$ 96,600	\$ 174,450
Initial Inventory	\$ 2,700	Cost of Goods	\$ 23,888	\$ 30,450	\$ 31,500
Marketing/Etc.	\$ 1,700	Rent/Utilities	\$ 9,700	\$ 9,700	\$ 19,400
Business/Remodel	\$ 20,000	Payroll	\$ 37,308	\$ 37,308	\$ 74,616
Cash Flow	\$ 45,600	Other expenses	\$ 13,553	\$ 13,554	\$ 27,107
<b>Total Start-Up</b>	<b>\$ 80,000</b>	<b>Balance</b>	<b>\$ (42,353)</b>	<b>\$ (19,060)</b>	<b>\$ 24,649</b>

*(Financial data taken from our extended business plan and uses both our own research combined with the financial data from a MercyCorps NW endeavor similar to ours.)*

**Social Impact:**

At start-up, Compass Rose will be furthering sustainability locally and globally, providing jobs to disadvantaged youth, and connecting people to each other and to opportunities to make a difference in their community and across the world. Our impact would be seen as foster youth are launched into new jobs, our programs expand, the average person finds excitement in serving by using their unique gifts, and we are able to help other people open similar endeavors because we have created a sustainable model. But really, the impact of this social business is endless. It is only limited by the desires and skills of its customers. Due to the almost grassroots nature of the business, we can only imagine how high and wide the final and true impact will be, and we kind of like it that way. We are only two people and we have some great ideas, so who knows what a whole community can up with! All we can say is: we are excited to find out!

Footnotes:

1- [www.reference.com](http://www.reference.com) defines fiscal sponsorship as the practice of non-profit organizations offering their legal and tax-exempt status to groups engaged in activities related to the organization's missions. For us we would partner with an existing non-profit to help us find grants to fund our paid youth interns at the café, enabling us to use the revenue which would have gone to them to go towards other programs.