

SAMPLE RESTAURANT BUSINESS PLAN

Company Overview

Currently ABC Restaurant is a sole proprietorship registered in California, which will soon become a California limited liability company. The business purpose is to open a restaurant in _____ with the expectation that the brand will gain recognition and position the Company to open additional restaurants in the near future. The restaurant will focus its sales on _____ and other gourmet fast foods such as the _____ Sandwich (a popular sandwich in the region), _____ Sandwich, Onion Rings, a gourmet Cole Slaw and other items to be determined. ABC will also offer beverage products including beer on tap and in bottles. The restaurant's style will be classified as "fast casual" or otherwise termed as "gourmet fast food". The latter term is not typically used, but it is appropriate in the case of ABC. Retail items such as T-shirts, coffee mugs and hats will also be sold to help establish and build the ABC brand.

John Doe, the founder of ABC, has had a long-standing career in restaurant management. He is currently the Event Food and Beverage Manager at the _____, a _____-room hotel with full banquet facilities, restaurant and lounge. The Inn is in close proximity to the planned _____ location for the initial ABC restaurant, which has a targeted opening date of October 1, 2008.

Location(s)

Mr. Doe is currently in discussion with the owners of multiple locations to select the initial ABC location. The initial restaurant will be in _____, a small city with both a substantial tourist trade and _____ University, and thus offers several options for locations for a restaurant that would be tailored to the particular location. Three areas are under consideration. The first area, which has less available space, is _____, a popular tourist destination. The second is _____, which is near _____. This is an area that targets tourists but is also close to residential neighborhoods. The third area being considered is near the campus of _____ University. The business model and forecasts that accompany the Business Plan currently focus on a smaller location, i.e., 1,000 square feet with a seating capacity of 40 customers, although this may be expanded to 2,500 square feet depending on the selected location.

_____ is a city of _____ residents according to the 2000 US Census. _____ is the second largest city in _____ County, a county that offers several beach and tourist destinations, including _____ and _____ Beach to the south and _____ to the north. _____ is another popular tourist destination in the county, although it is located some 40 miles north of _____. It attracts a substantially different type of tourist than those that travel from _____, as well as from other

national and international locations that take the time to visit _____ and surrounding communities.

History of the Business

ABC began operating in the summer of 2002 as a mobile vendor at various local events. In the first event, the _____, a profit was made. That alone that is an astonishing achievement. Of the first four events, three were profitable. Mr. Doe participated in the events knowing ahead of time it could possibly be a money loser for the following reasons: the events provided further exposure to additional race fans and the opportunity to advance on the vendor list for priority placement in future events.

In its second season, ABC added the _____ to its lineup. The HIR is the third largest _____ in the country, drawing over 100,000 visitors each year. Sales increased at _____ by over 30% compared to the first year. These lessons, along with many years of restaurant management, have motivated Mr. Doe to pursue this niche industry on a full-time basis.

Restaurant Industry Overview

The overall economic impact of the restaurant industry will reach over \$1 trillion in 2004. This includes sales in related industries such as agriculture, transportation, wholesale trade and food manufacturing.

- Sales: \$440 billion in 2004 – An average of \$1.2 billion on a typical day.
- Locations: 878,000 – More than 54 billion meals will be eaten in restaurants and school and work cafeterias.
- Employees: 12 million – More than 8% of those employed in the US, which makes the industry the largest employer after the government.
- Restaurant industry share of the food dollar: 46.4%. In 2003, the average annual household expenditure for food away from home was \$2,030 or \$812 per person. In 2003 almost half of all adults (46%) were restaurant patrons on a typical day. The typical person aged 8 and older consumes an average of 4.2 meals per week prepared away from home.

Our Establishment

ABC was originally established as a mobile vendor and clearly can be successful in that venue, but not nearly as successful as a standalone restaurant. Building the brand with a focus on core items would not only position ABC to expand but to also utilize the restaurant as a resource to potentially position itself as a mobile vendor in extended regions. The business model has flexibility in the design and size of the initial restaurant as well as potential further locations. The initial location is expected to have 1,000 square feet with a seating capacity of 40 customers. Notwithstanding that, the business model is flexible enough that a 2,500 square feet space, which would accommodate 100 customers in addition to having space for games and added display of retail items, is

expected to be a successful venture in similar locations to those of the smaller model or in some cases different locations such as utilizing a former fast food location on a busy highway versus a neighborhood establishment with mostly foot traffic.

The core menu items will be _____, _____, _____, _____, _____, _____, _____, and _____. _____ are expected to be the most popular item and will be served in _____ and include one sauce. All _____ will be fresh not frozen and be purchased locally.

Prices for key items are as follows:

- _____: small \$2.95, medium \$3.95 and large \$5.95
- _____ Sandwich: \$8.95
- _____: \$4.95
- All Beef Hot Dog: \$3.95
- Corn Dog: \$2.49
- _____ Sandwich: \$7.95
- _____ Sandwich: \$7.95

_____ is a niche market. Although some fine dining establishments may serve _____ on their menu, ABC makes this treat available to everyday people as a snack item. We have perfected the art of creating the perfect _____.

Everyone loves _____. This product generates buzz. As our reputation grows, ABC will become famous and sought out by the returning visitors to _____. As a successful vendor at local sporting events, this theory was proven to be correct.

Depending on the location, the type of traffic, demographics within the neighborhood, tourist locations and size of the restaurant, the core items mentioned above will be expanded and developed by Mr. Doe for additional offerings which will be of comparable gourmet quality and selected based on local restaurant competition. Some of these items may be Hamburgers, Grilled Chicken Sandwich, a Philadelphia-style Cheese Steak Sandwich, additional cold sandwiches, cold salads beyond the initial Cole Slaw and several fresh salads.

Competition

All aspects of the retail food industry are highly competitive, but the competition in the quick serve food segment is particularly intense. ABC will be competing with a large number of other quick serve food stores. Some of the competitors have greater financial resources and more established reputations than this company, yet the menu and focus on _____ is unique.

Marketing Plan & Sales Strategy

Market Penetration

Entry into the market should not be a problem. The store location will have high visibility with heavy foot traffic all day long. The local residents and students always support new restaurants and the tourists do not have fixed preferences. In addition, \$10,000 has been budgeted for a pre-opening advertising and public relations campaign, in addition to an ongoing budget.

Marketing Strategy

Focusing on the unique aspect of tasty fast and yet gourmet foods, a mix of marketing vehicles will be created to convey our presence, our image, and our message.

- **Print media** - local newspapers, magazines and student publications
- **Broadcast media** - local programming and special interest shows
- **Hotels** - guides, concierge relations, Chamber of Commerce brochures
- **Direct mail** - subscriber lists, offices for delivery
- **Miscellaneous** - yellow pages, charity events

The marketing effort will be split into 3 phases;

- 1) **Opening** - An advanced notice (press packet) sent to all media and printed announcement ads in key places, plus flyers on car windshields throughout the extended area.
- 2) **Ongoing** - A flexible campaign (using the above media) will be assessed regularly for effectiveness.
- 3) **Point of sale** - A well-trained staff can increase the average check as well as enhance the customer's overall experience. Word-of-mouth referral is very important in building a customer base.

Future plans and Strategic Opportunities

Catering to offices may become a large part of gross sales. At that point, a sales agent would be hired to directly market our products for daily delivery or catered functions.

Operations

The location of the restaurant has not yet been selected. The operation defined herein assumes 1,000 square feet, with the menu and operations able to be increased to accommodate additional space and customers.

The restaurant will be open for lunch and dinner 7 days a week. Service will begin at 11:00 AM and end at 9:00 PM. The restaurant will be closed New Year's Day, Thanksgiving and Christmas. It is anticipated that approximately _____% of sales will be take-out.

Seating capacity will be flexible depending on the size of the restaurant with at least 40 seats in 1,000 square feet or 100 seats in 2,500 square feet. The ambiance will be casual

with seating at easy to clean Formica tables and chairs. Cashiers will greet customers and prompt them to take a seat and then return to the counter to place their order.

Orders will be taken at a counter with each order delivered to the tables by a cashier/server.

Food production - The vast majority of food will be prepared on the premises. The kitchen will be designed for high standards of sanitary efficiency and cleaned daily. Food will be made mostly to order. The food offered by the restaurant will be made from local ingredients, as much as possible, and prepared fresh daily. The amount of food prepped each day will be monitored and compared to historical sales so as to minimize waste and excess cost. Food for delivery may be similar to take-out (prepared to order) or it may be prepared earlier and stocked. Catering, if any, will be treated as deliveries.

Registers will be assigned to individuals for the duration of their shifts to maintain accountability. Cash drawers will be counted out after each major serving period, and discrepancies over +/- \$1 will result in written warnings to the staff responsible. Proper cash handling techniques will be taught to all staff handling money. Currency markers will be used on all \$50 and \$100 bills. The restaurant will accept cash, Visa, MasterCard, American Express and Travelers Checks. Personal checks will only be accepted at the discretion of the management.

Deposits will be made daily and change purchased at the same time. End of the shift and end of the day reconciliations will be made to ensure any discrepancies can be immediately identified and resolved.

Security - Our restaurant will take security of our customers and staff very seriously, and we will take several steps to make our restaurant as secure as possible. A security system is budgeted and will be installed. All staff will be instructed in proper behavior during a robbery as well as restaurant policy on handling angry or aggressive customers. They will also be asked to alert management to suspicious customer behavior that may represent a possible threat.

It will be store policy never to admit an unknown person after hours and not to have only one employee in the restaurant alone. The staff will not open the back delivery door during non-delivery hours, and after dark two people will take the trash out together. The store has an alarm and a safe where all money will be kept at all times except when being counted or in the registers. Money will be counted in the office with the door locked.

Vendors - Local vendors will be utilized as much as possible to take advantage of the local vegetables and seafood. On at least a quarterly basis, costs from both current and potential vendors for the various food ingredients and supplies used in the restaurant will be compared to minimize the expenses incurred.

Staff

- a. Management – Once the venture is funded and a location is leased, Mr. Doe will leave his current position approximately 30-60 days prior to opening ABC. He will be a hands-on Manager of the restaurant, helping in the kitchen or at the counter as needed during lunch and dinner shifts and running all other aspects of the business during non-peak hours. His duties will include ordering and maintaining inventory, decisions about recipes and menus, cash management, management of staff, staffing and all other aspects of running the restaurant. An Assistant Manager will be hired at a later date.
- b. Kitchen/Cook(s) – Each shift will have one cook and prep cook on duty that will have experience as a cook and be trained by Mr. Doe. Should a larger restaurant location be selected or the business expanded at a later date, a second cook might be added to handle extra business during lunch and preparation of various food items for the expanded menu at a larger location.
- c. Cashier/Server – The cashier(s) will take orders, and also act as waitresses to serve the food after it is prepared. They will also bus tables, clean the restaurant counter, and assist in cleaning the kitchen. In a larger location or during a very busy time of day, dining room attendants might be added who would just clean and bus tables. Again, this staff would also help clean the kitchen.
- d. Dishwasher – Since all items will be served on paper plates and cups, there will not be a need for a dishwasher.

Our restaurant is dedicated to quality control to ensure a consistent customer experience in food taste and portioning as well as to ensure safe food preparation and cost control. Our quality assurance plan consists of several important tasks:

- Daily visual and taste check of the food being prepared
- Daily measurement and spot checking of portions being served, checked against sales figures for consistency
- Written recipe, portion and ingredient lists used consistently by the kitchen staff
- Daily measurement and spot checking of cooking times, cooking temps, holding temps, refrigeration and freezer temps and storage conditions
- Consistent use of product rotation schedules, FIFO, and product receiving inspections prior to acceptance
- It will be the job of all staff and management to make sure that the customer receives the highest quality, correctly portioned meals that can possibly be delivered, each and every time.

Demographics

As of the Census of 2000, _____ had _____ people, _____ households, and _____ families residing in the city. The population density was _____ people per square mile.

Of the _____ households, _____% had children under the age of 18 living with them, _____% were married couples living together, _____% had a female householder with no husband present, and _____% were non-families. _____% of all households consist of individuals and _____% have a lone dweller who is over 64. The average household size was 2.13 and the average family size was 2.82.

The age distribution is as follows: _____% under the age of 18, _____% from 18 to 24, _____% from 25 to 44, _____% from 45 to 64, and _____% who were 65 years of age or older. The median age was 36 years. The median income for a household in the city was \$_____, and the median income for a family was \$_____. Males had a median income of \$_____ versus \$_____ for females. The per capita income for the city was \$_____. About _____% of families and _____% of the population were below the poverty line, including _____% of those under age 18 and _____% of those aged 65 or over.

Principal

John Doe has a long-standing career serving as a General Manager and Food and Beverage Manager for restaurants since 1987. He began his career as a Manager for _____ Restaurants and then continued for five years with Doe Brothers _____ Restaurant, a family-owned restaurant in _____. In 1994 Joe relocated to _____ where he served as Food and Beverage Manager of the _____ Country Club in _____ from July 1994-July 2004. Currently John is the Food and Beverage Manager for the _____ Inn and is responsible for complete oversight of the dining room and banquets. John holds an Associate of Arts degree in Business Administration from _____ Community College in _____ as well as Continuing Education certificates in restaurant management.

Long-Term Development & Exit Plan

Goals

ABC is an innovative concept that targets a new, growing market. We assume that the market will respond and grow quickly in the next 5 years. Our goals are to create a reputation of quality, consistency and security (safety of food) that will make us the leader of a new style of dining.

Strategies

Our marketing efforts will be concentrated on eat-in, take-out and delivery, the areas of most promising growth. As the market changes, new products may be added to maintain sales.

Milestones

After the restaurant opens, we will keep a close eye on sales and profit. If we are on target at the end of Year 1, we will look to expand to a second unit.

Risk Evaluation

With any new venture, there is risk involved. The success of our project hinges on the

strength and acceptance of a fairly new market. After Year 1, we expect some copycat competition in the form of other independent units. Chain competition will be much later.

Exit Plan

Ideally, ABC will expand to five units in the next 10 years. At that time, we will entertain the possibility of a buy-out by a larger restaurant concern or actively seek to sell to a new owner.

Risk Factors

The success of the Company will depend on the ability of management to operate daily. The Company plans upon growing its base of management as needed and when it becomes financially feasible. There is no assurance that management can do this in a timely or profitable manner.

All aspects of the retail food industry are highly competitive, but the competition in the quick serve food segment is particularly intense. The Company will be competing with a large number of other quick serve food stores. Some of the competitors have greater financial resources and more established reputations than this company.

The Company has no production facilities for food and equipment and is dependent upon obtaining the services of outside manufacturers. Although the Company anticipates that it will be able to purchase sufficient products, equipment, and agreements with approved manufacturers, no assurance can be given that the Company will be able to always obtain such products, equipment, or agreements.

The amounts set forth in this Business Plan represent the Company's present intentions with respect to promised expenditures. Actual expenditures may vary substantially, depending upon future developments such as marketing, sales activity, corporate opportunities, and certain other recognized or unforeseen factors. Any change either in the allocation of funds or in the order of priority will be at the discretion of the Company's Board of Directors.

Financial Data and Projections

The following chart sets forth the major income components and expenses of the business as estimated for the first five years of operations:

Year 1 Year 2 Year 3 Year 4 Year 5

NOTES

INCOME

Take-out Daily Meals	1	80	90	100	104	108
Take-out Sales	2	\$152,359	\$279,225	\$322,660	\$348,989	\$377,467
Eat-in Daily Meals	3	150	160	170	177	184
Eat-in Sales	4	<u>\$302,300</u>	<u>\$496,400</u>	<u>\$548,522</u>	<u>\$593,281</u>	<u>\$641,693</u>
TOTAL INCOME		\$454,659	\$775,625	\$871,182	\$942,270	\$1,019,160

EXPENSES

TOTAL EXPENSES	5	\$564,621	\$716,910	\$764,946	\$806,416	\$850,432
Loan Payments	6	\$12,000	\$24,000	\$24,000	\$24,000	\$24,000
NET INCOME	7	(\$124,361)	\$34,715	\$82,236	\$111,855	\$144,728

NOTES:

1. It is assumed that the daily amounts of take out meals will increase each month from 25 in Month One to 80 in Month Twelve, and will be 90 for Year 2, 100 for Year Three, with an inflationary increase thereafter. The hours of operations are 11 AM to 9 PM seven days a week.
2. Amount based on \$8.00 per meal, increased to \$8.50 in Year 2, and inflationary thereafter. Any sales tax received from customers will be payable to taxing agencies as a pass-through and thus are not included in the Projections.
3. It is assumed that the daily amounts of eat-in meals will increase each month from 50 in Month One to 150 in Month Twelve, and will be 160 for Year 2, 170 for Year Three, with an inflationary increase thereafter.
4. Amount based on \$8.00 per meal, increased to \$8.50 in Year 2, and inflationary thereafter.
5. Represents Total Wages, Cost of Goods Sold, Rent and Miscellaneous Expenses.
6. Payment of interest of 1% a month or 12% per annum on loan of \$200,000 begins in Month 7, with prior interest deferred.
7. Net Income represents Total Sales less Total Expenses.

See the Appendixes with the complete Forecasts attached, in addition to the Uses of Funds. Equipment, Renovations and Operating Capital are the majority of expenses needed, a total of \$270,000.

Conclusion

Consumer desire for fast food that presents a good value in a combination of quality and cost is well established. _____ have become an American staple and, as the centerpeice of ABC, the establishment will address that culinary desire with many high quality affordable sandwiches and side dishes. With an experienced and dedicated

restaurateur in John Doe and a location that can develop both a local and tourist customer base, ABC is poised for success in _____ and other locations to follow.