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[Company Name]

BUSINESS PLAN

[Date published]

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Executive Summary

The Company

The purpose of this business plan is to create a framework for the start-up of _____ restaurant, to develop a blueprint for the expansion of the company, and to obtain debt funding for \$148,850 in start-up costs. Funding is needed by _____ in order to open by the goal date _____. The funds will be used to purchase restaurant equipment, build-out the restaurant, obtain a lease, allocate working capital, and initialize marketing.

The company has \$44,655 cash and it will borrow \$104,195 through an SBA backed loan for start-up. An additional \$640,000 of debt capital will be borrowed over the next six years to fund the expansion plan. The goal is to launch eight restaurants, doing 3.2 million dollars in sales revenue and capture a .15% market share of _____ fast-food sales, in six years. After six years, equity capital will be raised through a venture capital firm or angel investors to expand beyond eight restaurants.

The location is in at _____ in _____. It is located in the _____ near the high-traffic intersection of _____ and _____. The restaurant will be open from 11:00am to 9:00 pm, seven days a week, to serve lunch and dinner. The target markets are nearby business parks for lunch and residential areas for dinner.

Sales forecasts project breakeven revenues to be at \$32,453 at a fixed cost level of \$10,476; the unit breakeven is 166 per day. Financial assumptions have been minimized through market research, concept testing, and statistics methods. The average check is projected to be \$6 for lunch and \$7 for dinner.

The company will offer fresh tortillas and tortas, Mexican sandwiches, in order to enter the highly competitive restaurant market. The restaurant concept focuses on fast, authentic, and quality lunches, taking advantage of restaurant industry trends. By preparing menu items, using a quick-service system, and offering a simple menu, the restaurant offers its customers a solution to their lunch desires.

The initial marketing campaign will focus on creating a buzz and awareness within the target markets. Public relations, press releases, event promotion, fundraisers, and catering promotion will be the core of this marketing strategy.

_____ will manage and operate the restaurant, _____. Both have extensive management backgrounds in the restaurant industry and in small business. _____ is the restaurant manager at _____ Restaurant and _____ is the assistant general manager for _____ in _____. The company also has a board of advisors with extensive experience in small business management and restaurant management. The company will form an S-Corporation to protect against liability and to minimize tax levels; its stockholders will consist of _____ (40% owner), _____ (40% owner), and _____ (20% owner).

PART I: ORGANIZATIONAL PLAN

SUMMARY DESCRIPTION OF THE BUSINESS

Below is an analysis of this business and its marketplace:

- *Strengths* – Offering authentic, quality food allows us to fill the void that new markets do not have because of the lack of established Mexican restaurants. Management has experience operating a Mexican restaurant with the same menu and same employees.
- *Weaknesses* – Offering fresh tortillas is costly because of extra labor, which could dissolve profits. In addition, it will slow down the kitchen operations and limits our output capacity.
- *Opportunities* – The lunch market is in need of new, quality products because the new quick-service restaurants focus too much on health positioning and the fast food restaurants focus on price discounting. In addition, the market for Mexican food is growing rapidly in _____.
- *Threats* – The trend toward healthier foods could possibly threaten our menu because Mexican food is notoriously unhealthy and our menu does not offer healthy alternatives; the same trend is currently threatening the menus of most fast food restaurants.

This company's mission is to express commitment to the quality of food that its restaurants provide while introducing authentic Mexican food to new marketplaces.

The main product differentiation from other Mexican quick-service restaurants is the fresh tortillas. Almost no restaurants, even full-service restaurants, offer fresh tortillas because the process is labor intensive and the recipe is difficult to master.

of this menu in our family's restaurant, _____, for over __ years. Mexican food and small restaurant operations.

Our cooks have used part They are very familiar with

A. OPERATIONS

The chefs will arrive 2 hours before the store opening to prepare the day's food and to cleanup the restaurant. Main preparations will include beans, rice, carnitas, tortilla dough, and hard shell tacos.

The closing shift will stay 1½ hours after closing to prepare the marinated carne asada and to clean the kitchen / equipment; preparation should take ½ hour and cleanup starts 1 hour before closing.

The cashier and busboy will arrive ½ hour before opening and will setup the tables, cash registers, and beer inventory. The closing shift will stay ½ after closing to cleanup the front of the house

and stock the paper supplies. At closing, the cashier will document the sales and cash paperwork and drop it into the safe.

A manager will open the store with the chef. He or she will set par levels, confirm employee schedules, maintain the change bank, deliver the previous night's drop, fund the register, and lock-up the restaurant. During a holiday period, weekend, or high demand period, the manager should proceed as follows: project the increase in sales, staff workers, and increase production accordingly for both preparation and service hours.

B. SERVICE SEQUENCE

The flow charts in *Appendix A* show the service sequence and workflow from the point of customer contact until the product delivery.

For in-house service, waiting line time should be less than 6 minutes (from line entry until ordering) and order fulfillment should be less than 2 minutes (from order placement to receipt). Customers receive beverages and beers immediately after paying. The customer then receives a number card and waits for the busboy to deliver the order to his or her table of choice. The customer can fill their soft beverage at the soda machine and retrieve salsas and fresh condiments from the salsa bar.

The customers will wait no more than 10 minutes for their food order. The busboy will serve the food and will attempt to resell beer on a cash and carry basis, so that the customer will not have to wait in line again for a second alcoholic beverage.

C. EQUIPMENT / FACILITY REQUIREMENTS

Production of the menu will require these pieces of equipment: 4-part range stove, 48" flat grill, 2-basket deep fryer, tortilla press, 30 quart Hobart mixer, a 12-foot hood, and food processor. The total cost of the kitchen equipment will be \$41,135. (*See Exhibit B for details*)

The facility requirements to will be 1100 square foot retail / restaurant building, 20 parking spots, 3 handicap parking spots. In addition, 15 tables are required to reach our sales goals; a patio seating area is preferred but not necessary. *See Exhibit L for the proposed layout.*

D. SUPPLIERS

The manager will order general products, meats, and dairy from _____ twice per week for delivery Monday and Thursday mornings; produce will be ordered three times per week from _____ produce and will be delivered on Monday, Wednesday, and Friday. Weekly purchases from both companies will range from \$800 at start-up to \$2700 at peak months.

Since the high demand period will be during the workweek, both orders will be received prior to the peak sales periods.

E. PERMITS / LICENSES

Yearly permits and licenses amount to \$1,980. The restaurant will need to obtain:

1. The business license will cost \$125, will take 20 days to receive, and will be attained from the city of Irvine. The certificate of occupancy takes 10 days, is based upon zoning requirements, and must be acquired before a business license can be attained.
2. The fictitious business name must be filed in _____ for \$10, but must be published weekly for one month at a cost of \$80.
3. The _____ health permit takes 10 days and requires a health inspection when the restaurant is ready to open; the cost is \$400.
4. The federal tax identification number must be applied for after the Corporation is formed; the cost is \$25 and it takes 10 days to process.
5. Workman's compensation insurance must be filed after hiring an employee and is paid to the State Franchise Board quarterly based upon the number of work hours; the surety bond is \$2,500.
6. The On-Sale Beer & Wine Eating Place (47) will be obtained from the California Department of Alcoholic Beverage Control; the fee is \$300 per year and the license takes 45-50 days to be approved. Also, a 30 day public notice is required costing about \$90 for the publication.
7. The fire permit will be received from the county at \$150.

F. MANAGEMENT AND PERSONNEL

Management Team

Current management consists of _____ and _____ whom have created this restaurant concept and business plan. Both are personally contributing to the down payment for the restaurant. Neither is to draw funds from the business until 18 months of successful operation or breakeven.

_____ is the president and general manager of _____ restaurant. _____ has extensive experience in the restaurant industry, including restaurant management at _____ for over 6 years. He has operated the family restaurant and managed everything from staffing to accounting to marketing.

_____ is the vice president and assistant manager / catering manager of _____ restaurant. She has extensive experience managing not only corporate restaurants, like Black Angus, BJ's Pizza and Brewhouse, and Corner Bakery Cafe, but also managing independent restaurants like the _____ family restaurant. She and _____ have worked together for over four successful years as managers for _____. (See Exhibit B for resumes)

Advisory Board

_____, father of _____ owner _____, will be advising on management and operations and will be involved daily in the restaurant operations; he owns three businesses, including the _____ for over 10 years.

_____ will be advising on product and menu development and has worked as a nutritionist in the public sector for over 25 years.

_____ and _____ have been the head chefs at _____ for over 18 years. They have helped develop, test, and refine the menu for this concept. Most importantly, they will train the initial kitchen staff and will help us develop recipe and food preparation systems.

_____, owner of _____ in _____, and _____, owner of the _____ in _____ will be advising on general management; they are both restaurant owners and are on the advisory board for RestaurantForms.Net.

_____ will be advising finance; he has owned SBI accounting firm for over 7 years and is currently the accountant for _____. _____ will be advising on legal issues, and is currently an independent paralegal. _____ will help file monthly and quarterly taxes and will help organize our accounting systems; she currently works for H&R Block as a tax preparer.

Management Staffing

One hour a day will be devoted to marketing and business strategy. Management will base their marketing strategy on an event calendar and build the customer base from event to event. In addition, four hours per week will be devoted to trade area reconnaissance and business planning.

Managers will be mainly responsible for opening and closing the restaurant, banking activities, purchasing, and training.

Staffing and Training

The company will hire nine employees initially: three cooks, one prep cook, three cashiers, and two busboys. Initially, _____ and _____ will be in charge of kitchen operations and will train all kitchen staff. _____ will work 6 days per week and _____ will work 2 days per week in a front of the house position; _____ will train all service staff. Weekly staffed hours are forecasted to be 315 at a cost of \$2009 during peak months (Seek Exhibit F for labor schedule). This matches the assumption of 25% labor on month's April and May, where sales peak.

Training Intensity:

Cashier	Orientation + five supervised shifts
Prep/Cook	Orientation + five supervised shifts
Shift Leaders	8 supervised shifts or 3 if promoted within
Catering	Orientation + 1 week supervised training
Management	3 weeks

Policies

Employee policies will cover operations related and legal related issues. Operations issues are mainly attendance, grooming, breaks, and paychecks. Legal issues are mainly sexual harassment, equal opportunity employment, and immigration law compliance.

G. EXPANSION STRATEGY

Phase 1:

The first goal is to reach a \$30,000 month sales level within the first 6 months. During this period, management will build operations, human resources, financial, and marketing systems at the store level. A point-of-sale system will be bought and implemented during _____ of _____.

Phase 2:

The second expansion goal is to reach a \$400,000 sales level per year and \$75,000 net profit within the first 24 months. This will signify the success of the restaurant operation and the readiness to open store #2 in _____. The company will then apply for an additional \$100,000 in funding.

Phase 3:

After the second store launch, a sales goal of \$850,000 sales level per year and \$100,000 cumulative combined restaurant profits must be reached before the expansion to stores 3 and 4; the stores will open _____ and _____, 12 and 18 months respectively, after the second store opening and will require \$180,000 in additional funding.

Phase 4:

The final sales goal is \$1.6 million combined yearly sales and \$200,000 in profits, after which a the launch of stores 5, 6, 7 and 8 will follow; the goal is to launch two stores 12 months after store 4 is opened and two more within another 12 months. All four will require an additional \$360,000 in additional funding.

All financing rounds, for the first eight stores, will be funded internally and with business loans. After establishing the stores and a strong, market presence in _____, the company will make major expansion plans for the _____ and _____ markets, requiring venture capital funding and extensive business planning.

Management will use trade area reconnaissance and business planning techniques in _____ for at least four hours per week, from opening to the next phase launch. These techniques, used during non-opening stages, will allow the company to acquire excellent locations for expansion, and create a business model based on customer demand. This will also give our restaurant a competitive advantage in competing with the national chain-restaurants, who have the resources to hire market research professionals.

H. ACCOUNTING AND LEGAL

QuickBooks software will be used for accounting. Comprehensive accounting will be completed every Monday and Thursday. Invoices are entered daily along with sales information. Assets will be depreciated monthly using a straight-line method; equipment and furniture will be depreciated over 5 years and building improvements will be depreciated over 7 years.

The company will form an S-Corporation to protect the restaurant's assets and to give its stockholders the option of pass-through taxes. The cost will be \$800 in lawyer and filing fees, and \$800 per year for maintenance. The partnership agreement is included in Exhibit I.

I. SECURITY

Inventory controls will set in place by tracking inventory every Monday at 9:00 am. By monitoring labor and food costs weekly, management can compare sales figures to prevent theft and control waste. All products will be portioned with a scale for proper weight.

ADT will provide alarm services for the restaurant for theft security purposes.

Part II: Marketing Plan

I. Overview of Marketing Strategy (Marketing Plan: Section I)

A. Overview

The marketing strategy is broken into two stages: awareness and loyalty. During the first stage, management will use viral marketing tactics, public relations, and local events to create awareness of the restaurant. During the second stage, management will advertise, promote with sales incentives, and get involved in the community to build customer loyalty.

B. Goals / Budget

1. Open with a large event with over 200 people present for lunch with a budget of \$1250 in comps (\$325 food cost), \$150 for labor, and \$50 for business cards.
2. Implement press releases and viral marketing tactics to expose over 1000 new customers within the first 3 months with a budget of \$1200 in comps (\$325 food cost).
3. Promote and advertise in the local market to expose 2000 new prospects and 400 customers over a six month period with a budget of \$2400 in comps (\$650 food cost) and \$900 for advertisement.
4. Sell five catering jobs by the end of 2006 with a budget of \$100 for the mailing list and \$300 for the direct mail flyers.
5. Launch the restaurant website by opening 2006 with a budget of \$900.

C. Focus Group Results

Management conducted a test kitchen and focus group on _____ with 7 people from the lunch target market; the sample was not random, but each focus group member currently works a 9-5, office job in _____. They filled out psychographic surveys before the focus group event. (See Exhibit E).

The focus group members tasted and critiqued each menu item. They helped price the menu by filling in prices on a blank menu after all food items were delivered and tasted.

While the menu items were being prepared, the focus group members were asked questions about their lunch habits, preferred marketing media, local events, concept theme / name, restrooms, and other topics. (See Exhibit G for focus group questions)

II. Market Analysis *(Marketing Plan: Section II)*

A. Target Markets / Positioning

The company's main target is the lunch market; this is because our recipes are simple and easy to assemble and quick-service restaurants are the fastest growing segments in the industry. In addition, there are almost no lunch restaurants that make fresh tortillas on site; those authentic dinner restaurants that do, purchase the dough from a company. This gives us a distinct competitive advantage because the demand for freshness and authenticity is very salient; these two driving attributes, authenticity and homemade tortillas, define the restaurant's market position.

This target market will consist of people with a defined, limited lunch period such as office workers and "9-5" employees, within 2 miles distance. Our menu presents an unorthodox lunch value by offering fresh tortillas and unyielding authenticity; we will target the upper-middle income (\$60k-110k) demographic because they will pay a premium for quality. Therefore, our marketing triggers for this target market are fast service, authentic food, and convenience.

The target market for to-go dinners will be families with a limited dinnertime such as those that have events to attend in the evening and dual income families that are too tired to cook. Their income will be in the upper-middle (\$60k-110k) bracket and they will be within 2 miles distance. The marketing triggers will be convenience, kid-friendly, and family size.

The target markets for catering will be corporate lunches within 20 miles and with a budget of \$6-7 per person. Many offices have work-through lunches, where the corporate office purchases the employees' lunches so that they do not have to take a formal lunch break. In addition, client meetings are many times conducted over lunch, which is easiest to do at the office. The triggers for lunch catering are quality food, delivery, and no-mess menus.

B. Location

The best location for this menu and concept is a higher income, up and coming area with many business parks and a small residential base nearby. A newly developed area is critical because there are no family, authentic restaurants to compete with the restaurant; this is

because the small business owners have not had a chance to move into the newer area. In effect, the only competition will be chain restaurants, which cannot match the authenticity of this menu.

The search was narrowed to _____ and _____ in cities like _____, _____, _____, _____, and _____. The location was found at _____ in _____. This is near the crossroads of _____ and _____ at the _____. The lease rate is \$4.00 per square foot plus \$.90 common area maintenance and the building is 1000 square feet, not including the patio area.

Traffic patterns for the area are quite heavy. Besides being close to the 405 freeway, this location is on two of the busiest streets in the area. _____ has a traffic volume of 35,000 westbound and 40,000 eastbound per day and _____ has a traffic volume of 23,000 northbound and 11,000 southbound per day (See Appendix C for traffic count). In addition, the _____, which includes many restaurants and retail stores, is one of the largest traffic generators in the _____ Area.

Most importantly, the target markets are nearby. _____, _____, _____, and many corporate parks on _____ and west on _____, surround the immediate area. There are many residential areas about ¼ mile east on _____ including _____, _____ (Coming Soon), _____ and _____, and _____; also, the _____, _____, and _____ are about ¼ mile south on _____.

The center's current occupants include _____, _____, _____, _____, _____, _____, _____, Mobile gas station, an upscale hair salon, a mailbox retail store, and a glasses retail store.

C. Competition

1. Major Competitors

_____, _____, _____, _____, and _____ are all located in the same retail center. The only real competitor is _____ because they serve Mexican food; however, they are fast food, not quick-service, and are positioned toward a different target market. _____, _____, _____, and _____ are the quick-service restaurants located at _____. _____ is a major competitor because they are quick-service and have an exclusive Mexican menu. Nevertheless, since _____ has optimum market positioning, a high-quality menu, and competitive operations as a quick-service restaurant, market share can be attained. The competition matrix shows the drivers of the target market and the competition's ratings on those drivers (See Exhibit A). Based on this, the restaurant has a clear competitive advantage in the lunch market.

2. Market Share

The demographics of the area define a very large market for lunch and an adequate residential market for dinner. The competition within 1 mile of the location is only six quick-service restaurants and four fast food restaurants. The lunch and dinner markets are based on the number of employees and residents in the area:

	1-mi	3-mi	5-mi
Employees	42,145	199,734	369,931
Residents	2,340	59,003	242,955

See Appendix B for demographic detail.

A market share of .15% for the _____ lunch market is viable within five years, as long as goal sales levels are achieved with the proposed marketing campaign. The eight stores will be generating a sales volume of \$3.2 million and the market for _____ is \$2.2 billion.

Source:

www.census.gov

www.loopnet.com

3. Strengths & Weaknesses

Other quick-service restaurants, in the immediate area, pose the biggest threat because they are seeking the same market niche. They provide fast service due to their established systems and standardized operations and yet are able to provide short service and quality food. However, our menu is positioned better in taste and quality; this is because we offer a menu and products that are not available, like fresh tortillas, and an authenticity that cannot be matched.

D. Market Trends

1. Industry Trends

Takeout food accounted for 73% of sales for the top 20 limited service companies in _____. There is a trend toward price discounting. Food purchased away from home accounted for 46.9% of all food purchases in _____; this is a long-term increasing trend from 26.3% in _____ and 44.6% in _____. This is driven by the cost of eating out, which is only 25% higher than purchasing food in a supermarket. Americans have less free time as more parents are working (50%+ dual income earners in _____), and need to outsource food preparation by using restaurant service. Disposable income has risen consistently, growing 2.3% on average from _____ to _____. It is estimated that by _____, 53% of food purchases will be eaten outside of the home and the restaurant industry will be \$577+ billion.

The fastest growing restaurant chains are quick-casual diners, average check \$7-10. In addition, sandwich restaurants have a 40% market share. There is also a trend toward healthier food. A

future minimum wage increase and rising food costs will drive menu prices up. However, a weak job market has kept productivity high and employee turnover low, from which have reduced restaurant labor costs.

The top three drivers for restaurants are customer traffic levels, convenience, and large crowd areas (retail centers, office complexes, etc). Restaurants are introducing new menu items to focus on product innovation instead of the traditional price discounts.

The key economic indicators for this industry are GDP (estimated 3.6% _____), disposable income (estimated 46% in _____), consumer confidence index (96.6 in _____), consumer price index, commodity costs, unemployment (200% turnover), industry expansion, interest rates (4.5% in Mid _____). In addition, operating margin is the best indicator of a restaurant's profitability.

2. Target Market Trends

45 % of employed adults feel that they have less time for lunch than ever before and 39% do not take a real lunch break. 75% of employees eat lunch at a restaurant at least once per week, spending \$4-5 for lunch on average.

50% do the same thing every day for lunch, and 25% of those eat at a restaurant. The other 50% are not consistent with their habits, moving from packed lunches to sit down restaurants to drive-thrus. 14% phone in lunch orders and 20% would order online or by email if the restaurant made it available.

65% of employees eat a meal such as a sandwich or hamburger that can be held in the hand," says _____, with _____. In addition, _____are the biggest lunch consumer, 71% of which prefer sandwiches. Men are more likely to eat hamburgers, pizzas, and sandwiches. More and more people are looking for a wide flavor range at lunch.

"As Americans develop a more sophisticated Mexican food palate, some of the more commonplace or well-established Americanized Mexican products are losing favor. In response, manufacturers are launching new products that touch on a number of overarching themes including natural, organic, low fat, and whole grain. At the same time, they are expanding the flavor horizon for the typical tortilla chips, salsa, and other Mexican foods." (Intel, _____) This means that the typical packaged tortilla is no longer acceptable and fresh tortillas are more sought after.

These trends give our restaurant a competitive advantage because we offer new products, like fresh tortillas, and most of our menu items can be held in the hand, like tacos and burritos.

Sources:

Gardner, Karen. (1996). "Beat the clock: finding time for lunch. *Restaurant USA*. Retrieved on May 2, 2006 from www.sandp.com

Mintel International Group. (2006). "US Mexican food market research, trends, analysis." Retrieved on May 31, 2006 from www.the-infoshop.com/study/mt38233-mexican-food.html

Miton, Dennis P. (September 30, 2004). S&P Industry Trends. S&P's Net Advantage Industry Surveys.

Smith, Sarah. (1999). "Lunch study: restaurateurs put food back into lunch hour. *Restaurant USA*. Retrieved on May 2, 2006 from www.sandp.com

III. Marketing Strategy (Marketing Plan: Section III)

A. Pricing

The check average for the restaurant will be \$6 for lunch and \$7 for dinner. This is based on competitive analysis and the focus group results since there are no previous sales records for this restaurant (See Focus Group).

The focus group tasted each menu item, and then priced a blank menu based upon what they thought they would pay in a quick-service restaurant. See the full menu and pricing in Exhibit K.

The income of the surrounding area is significant enough to justify a \$6-7 check average:

	1-mi	3-mi	5-mi
Average Income	\$78,587	\$70,089	\$66,262

The company's goal is to offer a product that many customers desire, yet few companies offer: fresh tortillas. This is a very important part of the restaurant's positioning, price premium, and value proposition.

The catering menu includes one lunch item, chips, salsa, and fresh condiments. Rice and beans can be added for \$2 per person. The lunch items will be priced as follows:

Menu: Catering	
1. Carnitas – Make your own taco	\$7.00 per person
2. Street Tacos (x3)	\$5.50 per person
3. Burrito	\$6.00 per person
4. Torta	\$5.50 per person

Average sales for catering are expected to be \$105 (or 15 persons at \$6) per business client.

B. Sales Forecasting

The first six months' sales are forecasted very conservatively; only 73 lunches per day are forecasted for _____, and 245 lunches per day are forecasted for _____.

The goal is to hit the \$32,453 breakeven sales level in _____. This is after a 3-month period of lower than average sales, to justify start-up exposure.

The sales volume is expected to peak at \$63,071 in _____, which is 245 lunches on average. The lowest sales period is _____ at \$27,922, based upon the seasonality of the business lunch market, in which workers take vacations around the holiday season.

_____ runs an average of 429 customers at lunch (See Exhibit L). This translates to sales of at least \$126,720 per month. At peak levels, Tortilla Grill should be able to match _____ walk-in sales volume, which is 252 customers at lunch; this is slightly higher than the peak in _____.

These conservative figures are expanded on the sales forecast of the projected financial statements.

C. Sales Strategies

For lunch sales to the business park target market, the restaurant will focus on viral marketing, public relations, and local events. Advertising and sales incentives will be used once a market presence is established and customers are aware of our products. Word of mouth will be the most important part of the marketing strategy because the target market is not familiar with our restaurant and credibility needs to be established.

The dinner sales will come from repeat customers who were exposed at lunch meals and the nearby residential markets. The company will use in-house media to expose the lunch customer base to the benefits of the dinner menu and packages. Additionally, we will offer tortilla-making classes for kids and sponsor local children's events; these alone will gain a significant base of dinner customers.

Catering sales will be generated through a direct mail and fax campaign. The costs will be mailing lists, marketing materials, and delivery costs. We should expect to expose at least 100 prospects before receiving a sale. In addition, in-house media will be vital in capturing a strong catering business.

Management will launch a website one month before the opening the restaurant so that the grand opening can be promoted. It will be used as a sales tool to communicate the menu offerings, catering options, restaurant location, community involvement, and email newsletter program.

D. Sales Incentives/Promotions

1. Bi-Monthly business card drawing

Every two months a business card will be drawn for free group lunches or a catering event for up to 15 people.

2. Certificates

This giveaway incentive for a free soft taco is designed to stimulate business and sales to new customers. Managers will carry them on the back of their business cards, and can give them away while they network.

3. 10% off

This discount will be offered to local retail merchants to encourage local word of mouth promotion.

4. Kids incentive

Kids eat free tacos every _____ evening from 6-9pm.

5. Email Club

By subscribing to our email list, customers will receive our short newsletter once a month and promotions or certificates once a month. The newsletter will include Mexican recipes and cooking tips along with fun factoids about Mexican culture.

E. Public Relations

1. Events

- ✚ A grand opening event will be held on _____. The company will promote it by giving free taco coupons for the event to local commercial businesses and by inviting friends and family of all employees to the event.
- ✚ After the business card raffle, a local business will be chosen for a free lunch at the restaurant for up to 20 of their employees.

In addition, sponsorships and attendance of local business events, through the chamber of commerce, will help promote the restaurant's brand recognition.

2. Community Involvement

In order to create awareness and loyalty within the residential target market, we will involve our company in the local community. We will hold fundraisers, where participants will redeem flyers at our restaurant and 20% the sales for each purchased meal goes toward the local organization. Any local non-profit can apply for this program, including Boy Scouts, Girl Scouts, Sports Teams, Church Groups, Private Schools, and others.

3. Press Releases

Food critics and writers in the food sections of local newspapers will be essential for public relations. Their contact information is listed below:

- ✚ _____
- ✚ _____
- ✚ _____

Three press releases will be created to stimulate interest in the restaurant concept. The first will be about the grand opening, where press will be invited. The second will explore menu, its origin, uniqueness, and significance. The third will promote the employees and their backgrounds in _____. One will be released each month, starting at opening.

F. Networking

Networking is an important part of the marketing strategy. Management will plan for upcoming events and public relations opportunities. Networking with local business people and event coordinators will give the restaurant exposure, opportunities for community involvement, and a positive image. Monthly attendance at the chamber of commerce is mandatory by all managers. The contact information is listed below:

IV. Customer Service *(Marketing Plan: Section IV)*

A manager will always handle and record each complaint. If no manager is on-site, the employee should write down the customer's name and phone number and should write a description of the event.

In addition, customer survey cards will be available for customers online and at the front counter; a drawing for a complementary lunch will be held to encourage feedback. This will ensure high service standards and keep employees accountable. It will include ratings on the menu, speed, cleanliness, freshness, service, and convenience. (See Exhibit J)

V. Implementation of Marketing Strategy **(Marketing Plan: Section V)**

The general manager will perform all marketing activities. He or she will attend and coordinate every event, write all press releases, and implement all local marketing strategies.

A database of customers' names, emails, and addresses will be collected from the customer survey cards and the business card drawing. This will provide a resource to communicate promotions and upcoming events to the restaurant's customer base. All three divisions (lunch, dinner, and catering) will be combined to encourage cross sales.

Part III: FINANCIAL DOCUMENTS

Loan Fund Dispersal Statement

1. DISPERSAL OF LOAN FUNDS

The company will utilize anticipated loan funds in the amount of \$104,195 to start up the new restaurant. The cash will need to be funded by January, 2007 in order to start construction on schedule.

Management, _____ and _____, and investor, _____, will provide the down payment a combined total of \$42,215.

<i>Source of Funds</i>		
	Contribution	Ownership %
SBA Loan	\$104,195	-
_____	\$17,862	40.0%
_____	\$17,862	40.0%
_____	\$8,931	20.0%
Company Total	\$44,655	100.0%

2. BACK-UP STATEMENT

The main start-up costs are broken down into four categories: equipment, construction, facility and administrative. Each individual cost is broken down in Exhibit H.

Equipment	\$47,085
Construction	\$45,000
Facility	\$17,065
Administrative	\$39,700
Total	\$148,850

3. FINANCIAL ASSUMPTIONS

Each financial assumption applies to the financial projections. The assumptions were made when generating the financial statements because they could not be backed up by quantitative data or previous records.

1. The increase in sales from _____ to _____ starts at 15% per year and dwindle to a standard 5% per year. Established restaurants make a goal of 3% per year.
2. The cost of goods sold do not show a percentage increase for _____ - _____ because food prices are not expected to rise beyond inflation or menu price increases; in effect, they cancel each other out.
3. Beer sales were calculated by taking total guests and dividing by 4. This means 1 of every 4 guests will purchase a beer or 1 of 8 will purchase two beers.
4. The first month's lunch volume is assumed to be 73 guests on average, which is very conservative. The sales forecast is ramped up to 245 lunch guests in _____. Finally, the yearly average for lunch guests is 309 in _____.
5. Negative income tax is treated is the delayed relief from the month's loss of write-offs.
6. Income tax is paid quarterly, so cash is deducted quarterly from the cashflow statement.
7. In _____, management stops working hourly positions and, in _____, a restaurant manager is hired. There is a significant increase in wages and decrease in profitability as shown.
8. Rent is increased by a 4% as shown on lease.
9. In mid-_____, a point-of-sale system is purchased; in _____, a better telephone system is purchased.
10. Some fixed costs are actually step-variable, which will increase based upon a significant sales increase. This is seen on the fixed expenses in the _____ - _____ projection.
11. 5-year straight-line depreciation is calculated for furniture and equipment. 30-year straight-line depreciation is calculated for building improvements.
12. Depreciation for furniture and equipment will end mid-_____, so a ratio of .1 is appropriate to represent the building improvements.
13. The corporate tax rate used is 22.5%, which is the average of the two brackets.
14. Cost of goods sold is assumed to be 29.7%, based upon the industry statistics (See Appendix A).
15. Wages are assumed to be 30%, based upon the industry statistics (Appendix A) and projected labor schedule (Exhibit F). In addition, management will be working hourly positions and will not be taking a salary from the restaurant.
16. Credit card fees are based upon the 2% standard fee for 40% of the total sales volume.
17. Paper supplies are assumed to be 1.5% and small wares are assumed to be 1% of total sales volume; this is based upon the income statements from _____.
18. Marketing expense is calculated by the marketing budget and activities, for the first six months. After that, marketing is assumed to be 2% of total sales.

19. Payroll tax is assumed to be 15% of wages; this includes the 7.5% Social Security and Medicare, along with CASDI and workman's compensation.
20. Returns and compensated sales are .5% of total sales. This does not include certificates or food for events, which are included in marketing expense.