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Joshua Schonfeld

University of Nevada, Las Vegas

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A Business Plan for *Grass Fed* Restaurant

By

Joshua Schonfeld

A professional paper submitted in partial fulfillment
of the requirements for the

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PART ONE

Introduction

This paper will present a business plan for a grass fed steakhouse concept in Chicago. After having spent the past year researching the grass fed meat market, meeting with grass fed farmers and looking for restaurant locations in three different markets (Los Angeles, San Francisco and Chicago) it has become apparent that Chicago is going to be the best market for this type of concept. In the restaurant industry, contacts and word of mouth are two huge players in success in the restaurant business and this is definitely a connection that the partners have in Chicago.

Why grass fed? As this paper will explain, there are many health benefits to eating grass fed meat. While many restaurants are starting to add grass fed beef to their menu (burgers in most cases), there is no steakhouse in the Chicago that serves exclusively grass fed product from having looked at the menus of all of Chicago's top steakhouses. The latest trend, eating organic and healthy food while supporting local sources has become much more important to American consumers in the recent years. There has been a great deal of pressure by consumers for more organic and "farm to table" options. People are beginning to realize that the quality, the sustainability and humane treatment of factory raised commodity beef is very disturbing (Biondich, 2009). As this paper will discuss, Grass Fed cows live a much more humane life and have a diet of only grass as opposed non grass fed cows that are exposed to pesticides, hormones, antibiotics and many other harmful chemicals used by farmers to treat the farm land as well as to increase the fat content of the animals.

This paper contains the business plan for "Grass Fed," the restaurant to open in the near future in Chicago. The business plan will contain the following sections: The inspiration behind

the concept, an extensive overview of the concept, an explanation of the benefits of grass fed beef, details regarding interior design, details regarding service, details regarding location, the core values behind the concept, research conducted regarding feasibility, competition and demand. Finally, from a financial standpoint, there will be a proforma overview, a capital budget plan, as well several financial projections. This business plan will be used to present to investors to raise the \$400,000 that is required to complete this project.

Purpose

The purpose of this professional paper is to develop a business plan for a farm to table restaurant concept called “Grass Fed” that provides guests with a 100% grass fed steakhouse experience that will allow for a healthier steakhouse experience while providing a great value and an atmosphere unlike the traditional Chicago steakhouses.

Statement of Problem

Chicago currently has no steakhouses that serve 100% grass fed beef. The proposed neighborhood of Bucktown currently has no Steakhouses, therefore causing its residents to have to go downtown for a quality steak meal. Consumers are not well educated on the benefits and sustainability of grass fed products, and it would be our mission to educate them.

Statement of Objective

The objective is to create a business plan that can be presented to potential investors that will help raise the funds that are required for this project. Furthermore, it will also be the objective to educate the public on the health benefits of eating grass fed beef and the sustainability behind it.

Justifications

Chicago's Bucktown neighborhood needs a steakhouse. While known for its great shopping, coffee shops and restaurant, there is not a single steak restaurant within this neighborhood. Currently, Bucktown residents have to go downtown or to the West loop area to get a good steak dinner, both of which are more than three miles away. The heart of Bucktown is surrounded by many beautiful residential streets occupied by residents who love to walk to the many great shops and restaurants within their neighborhood (Solomon, 2012). Bucktown residents seldom leave their neighborhood when they are looking for an eating or drinking experience due to the abundance of business operating in that area. A steakhouse in Bucktown would not only be one of a kind, but a great addition to the neighborhood.

Furthermore, I have worked in the restaurant business since 2001, within numerous organizations including several General Manager positions, and also having received a bachelor's in Management, an MBA and an upcoming masters in Hotel Administration, I feel that my ability to put this unique project together is well justified. In the past 11 years, I have learned the ins and outs of the restaurant business and what it takes to make a restaurant successful. I have been recognized and awarded in many facets in regards to my abilities to run restaurants and understand the changes that need to be made to make them more successful. I believe there is a huge need for an organic and sustainable steakhouse, and that Chicago being a "meat" town, this concept will flourish. Given my background and expertise, and the need for something like this, I believe the development of this concept is well justified.

Constraints

No project comes without any constraints. There will certainly be a few constraints that will slow down this project or even prevent it from happening. First and foremost, nothing will be possible without the proper funding. It is very possible that the investors who this proposal will be presented to will feel that this is not a concept that will work well. Without the proper funding, this project will not go anywhere.

Another huge constraint for this restaurant concept is the availability of grass fed beef. As the research will show research there is both some inconsistency in the product as well as the lack of product thereof. In the Midwest particularly, the grass is not green in the winter time, therefore, the 100% grass fed cows are forced to eat dried grass (hay), which certainly allows one to notice a difference in flavor in the summertime versus the winter time. The restaurant will not be able to get all of its meat from a single farm as no single farmer can meet the demand based on the quantity of meat that we are projecting to need for this restaurant concept. This can potentially result in product inconsistency if the restaurant has to serve steaks from different farms to the same group of people.

Finally, finding the right real estate for this project is a huge challenge. With a project budget of \$400,000, it will be necessary to take over an existing restaurant space that has a kitchen hood system in place. Finding an existing space, in the right location, that is the right size and the right price is never an easy task. While finances can hold this project up, finding the right space can be a huge player in the delay process.

PART TWO

Literature Review

Introduction

The literature review explains the ideology of why this concept is based around a single and unique product. In the past few years, there have been huge movements to get the grass fed product into the hands of today's consumers. A TIME magazine article quotes that "with more consumers questioning how their food is grown and organic fruits and vegetables exploding into a multibillion dollar market, grass-finished meat and dairy look like the next food frontier. In the past five years, more than 1000 U.S. ranchers have switched herds to an all-grass diet" (Roosevelt, 2006). The literature review will discuss what exactly grass fed beef is, why farmers are choosing to raise their cattle with a 100% grass fed diet, the benefits that consumers get from eating grass fed beef, how grass fed beef has emerged into today's food markets, and what the American Grass Fed Association is. The next section of the literature review will discuss why the grass fed concept should be successful in Chicago. The literature review will conclude with a discussion of what a restaurant business plan is, the pertinent information a business plan must contain, and the target audience for the business plan is.

What is Grass Fed?

Grass Fed beef is simply beef from cattle that lives on a 100% grass diet. A more official and complex definition of grass fed from the USDA website can be found in the glossary. Grass fed beef producers differ from conventional cattle ranchers in that they are primarily grass farmers. After all, it is the type and quality of grass that contributes to the flavor and the quality of grass finished beef. With a greater focus on the foods that their cattle are consuming, grass

fed farmers are able to influence the flavor of their beef to a much greater degree than the typical cattle rancher who relies on industrial corn feed lots for “finishing.” A feedlot is can be described as: “the beef found in grocery stores comes from cattle fattened up in large grain feeding operations called feedlots. If you were to visit a ranch and then go to a feedlot, you would immediately notice a couple of striking differences. A cattle feedlot is like an urban city, populated by as many as 100,000 animals. It is crowded, filthy and stinking, with open sewers, unpaved roads and choking air” (www.onlygrassfed.com, 2012). The problem with cows that are fed in industrial feed lots is that they can often become sick which requires them to be put on antibiotics. On the other hand, cows, which have a life of grazing on a large grass pasture are much healthier and provide a much healthier piece of meat.

There are many benefits when a consumer chooses to eat grass fed beef as opposed to the traditional commodity beef from corn fed feed lots. The benefits are seen by both the farmers as well as the consumers. Those who choose to make grass fed beef a part of their diet also see both sustainable and health benefits.

Due to the many benefits behind grass fed beef, many farmers today are choosing to raise their cattle with a 100% grass fed diet. Cows that eat nothing but grass live a much more fulfilling life compared to cows that spend their lives on a feedlot. As mentioned earlier, cows that are fed corn and live in industrial feed lots can often become sick which requires that they be put on antibiotics. Princeton university educates its students by using table tents in its cafeteria that explain why antibiotics in meat is bad for you which resulted in all of their dining facilities to only carry meat that is free of antibiotics. This study which was conducted by Chicago based keepantibioticsworking.com shows that antibiotics are bad for human health, bad for the environment and bad for the animals. This study also shows that 80% of the antibiotics

that are produced in the U.S. are given to farm animals (Isenhardt, 2012). Antibiotics in your meat are unhealthy for humans because “the overuse antibiotics encourage the evolution of antibiotic resistant bacteria strains by giving bacteria resistant to the antibiotics a better chance of survival” (Isenhardt, 2012). The antibiotics that are produced for human consumption can be very similar to those that are given to animals, which in turn can result in a public health threat. This Chicago based study also shows us why the antibiotics can be bad for both the environment and the farm animals. “Nearly two trillion tons of animal waste is produced each year in America. This waste contains significant amounts of undigested antibiotics and antibiotic resistant bacteria which can contaminate surface and ground water, harm natural ecosystems and eventually make their way back to humans” (Dining Services, Princeton University). Because many corn fed animals live on feedlots in factory farms, the antibiotics are used to help them cope with their unsanitary and crowded environment. Grass fed animals are raised on pastures where they are free to roam and eat healthy green grass at their disposal. These animals are much likely to require such antibiotics due to the much more sanitary living conditions. An article in a Pittsburg online newspaper tells us how antibiotics in animals can be a reason why there are many food poisoning outbreaks in humans. Baytril, a common antibiotic fed to animals is responsible 19% of food poisoning incidents in the U.S in 2001 (Spice, 2002).

American Grass Fed Association (AGFA)

The American Grass Fed Association, formed in 2003 is the primary grass fed certification for farms who claim that their meat is Grass Fed. The AGFA works directly with the USDA to define what grass fed is and the specific guidelines that farmers must follow in order to sell their beef as a grass fed product. The AGFA regularly checks up on farms to ensure that proper protocol is being followed and that the animals are being raised on a pasture with no

access to anything but grass (American Grass Fed Association, 2003). This restaurant concept will only purchase beef from sources that have received their AGFA certification in order to ensure that the product being served is of the highest possible quality.

Benefits for the Consumer

As discussed earlier, grass fed animals live a much healthier life, there are also many health benefits for consumers of eating grass fed beef. Some of these health benefits to grass fed beef, (as opposed to grain fed) include superior flavor, less calories, extra omega 3s, reduced risk of cancer, higher dosages of CLA, four times the amount of vitamin E, no antibiotics, no pesticides, and no hormones (Johnson, 2012).

The latest research suggests that grass fed beef contains approximately 20% less calories than grain fed meat. If an average meat eater consumed about 67 pounds of meat each year, this person would save about 18,000 calories per year by switching to eating only grass fed meats which are leaner and have much less saturated fats (Johnson 2012). Other research has shown that grass fed beef has 75% more Omega-3, 500% more CLA (conjugated linoleic acid), 400% more vitamin A, 300% more vitamin E, and 78% more beta carotene (Dhiman, 2006).

Although commonly known as a fatty acid Omega-3s are in fact the “good fats” that can play a vital role in all cells and systems in your body as well as improve brain function. Omega 3 acids are also known to reduce the risk of cancer as well as reduced the significant weight loss seen in many cancer patients. Research has also shown that patients with high level of Omega 3s in their body have a better response to chemotherapy treatments compared to patients with lower levels. CLA, another good type of fat is also huge player in ways to reduce the risk of breast

cancer in women. A study in Finland was able to prove that women with high levels of CLA in their diet had a 60% reduced chance of getting breast cancer compared to those with little or no CLA in their diet (Johnson 2012). Beta carotene, and vitamins A & E, have many benefits including but not limited to helping prevent heart attack, cancer and the aging of skin.

Grass Fed Meat Evolving in Chicago's Markets

In the past few years, Grass Fed meat has started to appear on menu's of many of Chicago's restaurants. Most of the restaurants that carry some sort of a grass fed product on their menu have it as one of dozens of options and do not make it their exclusive product. The next section will show that none of Chicago's top steakhouses carry any grass fed products, but rather the small family operated or farm to table restaurants do. Some of the top new restaurants in Chicago as recognized by Chicago magazine such as Hot Chocolate, Blue Bird, Grange Hall, Ada Street, Farmhouse and DMK, all carry a grass fed burger with the exception of Ada street as they carry a grass fed sirloin (Chicago Magazine, 2012). Chicago's Hot Chocolate restaurant, owned by James Beard award nominee, Mindy Segal was ranked by Chicago as one of the best burgers in Chicago by Chicago Magazine (Chicago Magazine, 2012). According to Chef Segal, she was one of the first, if not the first people to introduce the grass fed beef burger to Chicago consumers (Segal, 2012). Hot Chocolate's menu has a grass fed hamburger and a grass fed lamb sandwich (hotchocolate.com, 2012). Blue Bird in Chicago's Bucktown neighborhood serves a really tasty grass fed beef burger with ruimano jalapeno jack and pepper bacon (bluebirdchicago.com, 2012). Known as "Chicago's Grass Fed Burger Bar," Grange Hall in Chicago's West Loop serves exclusively grass fed beef burgers with your choice of toppings (grangehallburgerbar.com, 2012). Chef Zoe Schor at Chicago's Ada Street makes a grass fed sirloin steak from Rain Crow Farms in Missouri (adastreet.com, 2012).. Farmhouse in Chicago's

River North Neighborhood makes their classic burger using grass fed beef from Illinois based Q7 ranch (farmhousechicago.com, 2012).

The before mentioned restaurants are considered to be some of Chicago's top restaurants. The fact that these restaurants have made an effort to replace some of their beef options with the much healthier grass fed beef options clearly show the importance of supporting the sustainability benefits by offering their consumers grass fed beef options. While dishes that are prepared using grass fed beef are becoming increasingly popular, nobody is exclusively serving grass fed steaks on their menu and this is where this grass fed concept at hand will successfully step into the market.

Chicago residents have recently begun to see the emergence of grass fed products in their local grocery stores. In the past eight months, Missouri based Rain Crow Ranch has begun to stock the shelves at many of Chicago's Whole Foods Markets (Whole Foods, 2012) as well as all of Chicagoland's Treasure Island grocery stores (Rain Crow Ranch, 2012).

Looking at Chicago's Top Steak Joints

Taking a look at the menus Chicago's top ten steakhouses, one will not find a single grass fed steak. Chicago is known for its large, delicious and fatty corn fed steaks and fails to cater to those who are looking for a leaner and healthier cut of meat. Looking at some examples of the Top Twenty Chicago steakhouses as rated by Chicago Magazine, you will see that none of these menus carry a grass fed product (Chicago Magazine, 2012). Gibson's, Joe's Gene & Georgettis, Chicago Chop House, Chicago Firehouse, Erie Cade, Fulton's on the River, Harry Carays, Rosebud and the Palm all carry a wide variety sirloins, filets, porterhouses, rib eyes, prime ribs and New York strips, none of which offer a grass fed product (retrieved from individual menu

websites, 2012). This concept will be the only steak restaurant in Chicago to offer exclusively a grass fed product across the entire menu.

The Importance of a Business Plan

The next section of the paper contains the actual business plan for the restaurant “Grass Fed” to open in Chicago’s Bucktown neighborhood in 2012. Before we get to the actual business plan, we must understand the importance of a business plan, the different sections of the business plan and who the business plan is for before devising the actual business plan.

The restaurant business is a tricky and risky business to go into. A 2008 New York Times article suggests that one think twice before going into this business. Linda Lipsky, the president of Lipsky Restaurant Consultants, a Philadelphia based firm states that” two of every three new restaurants, delis and food shops close within three years of opening, according to federal government statistics. It’s very easy to fail if you know what you’re doing and even easier if you don’t” (Maynard, 2008). “Failure to plan is planning to fail” (Mealy, 2012). This is a great old saying that sums up the importance of planning when taking on the big risk of going into the restaurant business. Restaurant owners have the tendency to think that their restaurant is going to be the town’s new hot spot, but they are usually wrong. Starting a restaurant is very costly due to the high costs in food, labor, taxes, rent and other overhead. These expenses quickly add up causing many restaurant owners to be in a financial bind very quickly (Mealey, 2012). Without the right planning and a good understanding of what the actual costs are to open and operate a restaurant, the restaurant is likely to fail very quickly.

When putting together a business plan for a restaurant, restaurant owners are able to plan their start up costs, their capital budget, and their future projected sales. These figures can help

determine the feasibility of the operation. However, many restaurant owners who put together business plans are not realistic when projecting sales as they have the mentality that their restaurant is going to be the newest and busiest hot spot in town. When projecting sales for a business plan, you must consider the “what ifs.” What if we only do one turn a night? What would sales be if we only did one turn? What would sales be if we closed on Sundays and Mondays and only opened five days a week? It is important to include all these different scenarios in your forecasting. When forecasting, you should never forecast being busy from open to close each day because this is very unlikely in many new business ventures.

Business plans are also used as a tool for getting funding from potential investors. It is not likely that a restaurant owner will be able to walk up to a potential investor and be able to say “Hey, I’m opening a new steakhouse, want to invest?” Most smart investors want to see a business plan and be able to analyze the return potential. The business plan can also give investors a sense of security as the concept is more thought out and planned when a business plan is utilized. If getting funding from a bank, a business plan is crucial. One cannot walk into a bank and request a business loan without the details of the business and its projected success. “While a business plan doesn’t guarantee automatic success, it’s a handy blueprint of where you’re starting and where you want to go” (Maynard, 2012).

The Sections of a Business Plan

Research has shown that there is no defined way to write a business plan. Every business plan is unique and can contain different sections. This particular business plan will be broken down into 18 sections and will be used to present to potential investors and chef partners.

Inspiration behind the concept: This section will discuss the inspiration and thought process behind this concept. It will include information on why the partners have such a strong belief in the grass fed product and why it is important to provide this sustainability education to our consumers.

Overview of the concept: This section will give a brief overview of the concept. This section will explain the menu, the price point and the targeted consumer base.

Explanation of the benefits of grass fed beef: This section will include a scientific discussion behind all the health benefits of grass fed beef versus corn or grain fed beef. It will be important for the readers of the business plan to understand what grass fed beef and why it is such a great product.

Interior design details: This section will include details regarding the design elements of the space. Information on what the space is going to look like, and who the interior designers are going to be will be included in this section. Samples of other projects that the designers have completed in the past will also be included in this section. Sample pictures as well as preliminary drawings of the design will also be included as a visual in this section.

Details regarding service: This section will include information regarding the service, efficiency and speed of the operation. Because it is a “menu less” concept, details on how that is going to work will also be included. Discussion of chalkboard menus, the beer, wine and specialty cocktail list will also be included in this section. This section will include hours of operation.

Details regarding location: This section will have an introduction of the restaurant’s location. Information on why this location is great for this concept will also be included. Information

regarding the neighborhood including other restaurants and their success will also be included in this section.

Core values behind the concept: In this section the company's values will be discussed.

Examples are the appreciation of nature, the sustainability of design elements, the locally sourced products, and the organic aspect of the operation, the use of "eco-friendly" materials, recycling, and participation in CSA programs.

Feasibility Research: This section will discuss the feasibility of the concept and a discussion of how consumers in this neighborhood are looking for a healthier alternative to the traditional Chicago steakhouse. This section will also include a discussion of the lack of steakhouses in the particular neighborhood where this concept is going to be.

Competition: This section will include both the direct and indirect competition which will be the other restaurants in the neighborhood as well as the many other steakhouses in the Chicagoland area.

Management team: This section will include a biography of all the managers and partners that are involved in this project.

Proforma overview: This section will contain information regarding the lease, the lease terms and the projected price per square foot. Other details regarding the construction time, the number of seats, the projected number of turns during the week, the projected number of turns on the weekend, food cost, beverage costs, the weekly total spend, and per person average will all be included in this section.

Capital budget plan: This section will include a breakdown of all of the capital costs associated with this project. This includes the construction costs, the cost of every item including kitchen equipment down to every tablespoon.

Base case scenario financial projection: This section will contain our revenue projections with very minimal turns and not being a very busy restaurant. Information regarding the investor payback period will also be included in this section.

Upside case scenario financial projection: Similar to the base case scenario, this scenario will give financial projections for a busier restaurant with slightly more business and table turns, showing the difference in the investor payback period should the restaurant start off with a strong start.

Break even financial projection: This section will contain an analysis of how many table turns and business the partners must do in order to break even the first year of operation.

Investment Terms: This section will include all the fine print for all the investors. Information including payback percentages, the percentages allocated to the management company as well as other terms will be discussed in this section.

Pre opening program: This section will discuss all the pre-opening initiatives including but not limited to the positioning, the website, marketing signage, active local engagement and public relations.

PART THREE

The Business Plan, Financial Analysis, and Projections

Inspiration behind the concept

The American barn and farmhouse are strong reminders of our nation's rich agricultural heritage. Yet over the past fifty years the family farm has nearly disappeared as a result of the growth in industrialized farming. This trend is starting to change as more and more people are beginning to recognize the importance of sustainable agriculture to our health and well being. Today, the American Farmhouse is a symbol of our early settlers, and a reminder of the connection we once had with the land and nature around us. It brings us back to our roots as Americans, as nature lovers, as independent, hard working people. It reaffirms our bond with the land and nature around us.

Concept

Grass Fed will be a restaurant focused on simplicity, a fixed price, menu free environment where patrons have minimal choice. Although the concept is menu free, there will be chalkboards throughout the restaurants that offer patrons of selection of market fresh and seasonal starters and side dishes that will be offered on a rotating basis each day. Dinner service at Grass Fed will be a pre-fixe menu where patrons will begin with a market salad followed by a signature grass fed steak and french fries. Specialty cocktail drinks based on infusing alcohol with local and fresh ingredients will also be displayed on the chalkboards. The wine program will consist of small production house wines that are locally sourced and offered in half and one liter decanters. A more extensive regional list of American wines will also be offered. A small selection of daily desserts will also be available on the chalkboard menus. The entire Grass Fed

experience will cost \$25 excluding starters, sides, desserts and beverages. Although this may seem like a relatively low price point for a steak dinner, Grass Fed is working directly with local farms to get the meat directly from them. There will be no intermediaries such as distributors or meat packers. The current meat price from Strauss Brands (one of the suppliers discussed below) is \$5.25 per pound. At this price point, we will be able to achieve the food cost percentages that we have projected in appendixes. All butchery will be done in house and scrap meat will be used for dishes such as steak tartar, meatballs and to grind beef for burgers. This will allow Grass Fed maximize meat usage and minimize waste.

Grass Fed will also be open for weekday lunch and weekend brunch which will include the pre-fixe menu, but also a more extensive list of grass fed sandwiches, salads and breakfast items. Lunch items and brunch items will be reasonably priced between \$8-14. Grass Fed also plans to offer take out service due to the potential number of businesses in the area where patrons may choose to “grab and go” and eat in their offices. A sample of Grass Fed’s Menu as well as a sample logo can be found in Appendix K.

Why Grass Fed?

Grass Fed will be one of the only steakhouses to exclusively serve grass fed beef and other grass fed product where possible. Whether it is chicken on the lunch menu, meat for house made sausages, milk for a latte, butter for toast, all products will come from grass fed animals where possible. Grass Fed will strive to source locally and from small family farms in the area. Grass Fed beef has superior flavor and is more sustainable than grain fed beef. Grass Fed beef producers differ from conventional cattle ranches in that they are primarily grass farmers. After all, it the type and quality of grass fed contributes to the flavor and quality of grass finished beef.

With a greater focus on the foods that their cattle are consuming, grass fed farmers are able to influence the flavor of their beef to a much greater degree than the typical cattle rancher who relies upon industrial corn feed lots for finishing.

Location

After a three month extensive search for a restaurant location in three different markets, Chicago is the chosen location for Grass Fed. After looking at over 45 properties in Chicago, Los Angeles and San Francisco, it has been determined that Chicago offers the best value for a start up business as well as the demand for a concept of this nature. In the past three months, we conducted an analysis that focused on understanding real estate, local regulations, demand for our concept, potential competition as well as local food sourcing options. We spent several weeks in each location touring properties and restaurants, speaking with restaurateurs and developers and visiting with local farms. Chicago provides the best opportunity in terms of labor costs, lower property costs as well as a strong consumer demand for steak. As the attached presentation shows, Chicago's average monthly rental is \$2.03 per square foot where as it is \$2.71 in Los Angeles and \$2.89 in San Francisco. These numbers are an average of all of the properties we looked at (11 in Chicago, 21 in San Francisco and 16 in Los Angeles). The average sale price for purchasing an existing business in Chicago is also lower at \$181K where as they are closer to \$250K in both California cities. Due to its Midwest location, Chicago offers the worse options for sourcing local and fresh product do to the cold winter months. This is, however, this can easily be overcome by the frequent deliveries of coastal produce companies and farms. See appendixes A, B, C and D for more details regarding our research and actual figures in the three different cities.

More specifically, Chicago's Bucktown neighborhood is our proposed neighborhood. Bucktown is located about 2 miles northwest of downtown Chicago. Bucktown is home to the "six corners," where North Avenue, Milwaukee Avenue and Damen Avenue intersect all intersect. "It is the closest thing you have to downtown type area on the north side" (Ore, 2011). Bucktown is home to many high end retail shops such as Marc Jacobs, Lulu lemon, Tangerine, Helen Yi, Stitch as well as many boutique shops. Bucktown is also home to many of Chicago's top restaurants as mentioned in Chicago Magazine (Chicago Magazine, 2012). Bucktown's retail is supported by 174,886 people that live in the Bucktown area (homespoint2.com, 2012). Bucktown which is home to zip codes 60647 and 60622 has a total of 63,809 homes, with an average household income of 56,091 and an average household net worth of \$425,727. Of the 174,886 people that reside in Bucktown, 61,528 have a minimum of a college degree if not more. The average age of Bucktown residents is 30.15 (homespoint2.com). Bucktown is also home to the "Damen" El Station, one of the busiest train stops in Chicago as it services over 8000 Bucktown residents each day who need to access their places of employment downtown or in the suburbs (Damen, Blue Line Station, 2012). As a result, the foot traffic in the mornings and late afternoons down North Avenue, Milwaukee Avenue and Damen Avenue from the rush hour is a great opportunities of businesses near the "six corners." Given the average age, the average income and the great blend of retail spaces and residential homes in Bucktown, a restaurant of this caliber would be a great fit in this neighborhood. "What's terrific about the six corners intersection is that you're drawing from a lot of income levels" (Ori, 2011).

Demand

Bucktown residents love to eat out! If one was to walk down Damen Avenue or Milwaukee avenue between 5pm and 11pm, restaurants are full, bars are full, coffee shops are

full, self serve frozen yogurt shops are packed seven days of the week. To prove this point, we conducted an analysis to see how busy our competitors were on Saturday, Tuesday and Thursday evenings. We are defining our direct competition as a restaurant within 3 blocks that is considered to be a high end establishment where you can have a full meal with drinks for \$50 or less. The three restaurants we chose to observe are the Bristol, Hot Chocolate and Ripasso. A rough headcount was conducted from looking into the window or from the bar area of each restaurant at 6:00, 7:30 and 9:00 on each of these days. All of three of these restaurants are similar to the size of our proposed restaurant with about 55-80 seats in the main dining area. Below are the results:

Tuesday Head Counts

Restaurant	6:00 PM	7:30 PM	9:00 PM
Ripasso	14	40	45
Hot Chocolate	80	80	80
Bristol	40	55	55

Thursday Head Counts

Restaurant	6:00 PM	7:30 PM	9:00 PM
Ripasso	25	55	55
Hot Chocolate	80	80	80
Bristol	45	55	55

Saturday Head Counts

Restaurant	6:00 PM	7:30 PM	9:00 PM
Ripasso	55	55	55
Hot Chocolate	80	80	80
Bristol	55	55	55

From gathering this basic data, we are able to conclude that this stretch of Damen or Milwaukee is heavily trafficked each evening by residents looking to go to their neighborhood spot or by residents looking for a drink and a bite on their way home from the train station. By observing the level of business at each restaurant's valet podium, it is also clearly evident that Bucktown is a destination spot for Chicago residents who reside outside of Bucktown in neighborhoods such as Gold Coast, Lincoln Park, West Town, Lake View, Wrigleyville, River North, South Loop and West Loop.

Based on our projected number of turns as seen in the appendixes versus the demand for going out to eat in Bucktown, the lack of a steak restaurant within several miles, we feel that Bucktown is a great opportunity for the success of Grass Fed. In our observation, we saw many people waiting outside for tables at these three locations, therefore in the beginning stages, Grass Fed will be a place people can try out when they cannot get a seat at their usual neighborhood joining, giving them the opportunity to find a new great spot.

Values

An appreciation of nature is the core value behind this restaurant concept. Premaculture is core to our values. Both the design elements of the restaurant space as well as the food that

will be served will reflect a great interest in sustainable and natural living. The modern “farmhouse” interior design will include recycled and up-cycled materials, open space and natural lighting. Grass Fed will strive to serve locally sourced and sustainable product from small family farms. Organic is a good start, but not enough. We will seek to find farmers who use natural methods of maintaining and improving soil quality such as rotational grazing. We will also attempt to find a “green” space or build using the most environmentally friendly methods and materials. We will also use non toxic cleaning chemicals and recycle and compost everything possible. Finally we will partake in a community supported agriculture (CSA) program which will allow our space to be a pickup spot for locally sourced vegetables, meat and dairy for the community. These programs allow for consumers to have a monthly subscription that allows them to get locally sourced products from local farms and be able to retrieve them from a centralized location.

Space and Service Details.

Our goal is to create a fresh, light, natural and open feel that is drastically different from the typical dark and masculine steakhouse. Our design theme will be modern American farmhouse with clean, white wooden walls, and re-cycled and up-cycled materials throughout. The target size of operations is 75 seats, plus a wine bar area and outdoor seating area.

Grass Fed will be known for its friendly, attentive, but casual service. We expect our service to be extremely efficient and speedy based upon our highly focused offering. Because there is no menu, service will begin with an explanation of our concept, giving patrons the time to ask any questions they may have. Chalkboard menus will outline the rotating seasonal starter and side dishes as well as our beer, wine and cocktail options. A more extensive wine list will be

provided in print. Each day, there will be a locally sourced and high quality vegetarian option for those who choose not to eat steak.

Suppliers

Grass Fed will be sourcing most products from three different sources. One source for grass fed beef will be from Milwaukee based “Strauss Brands” which represents a number of small family farms in the Midwest region (<http://www.straussbrands.com>). Another source will be “Paso Prime,” based out of Paso Robles, CA. Although sourcing from California might not be the most sustainable practice, we have found that the taste of grass fed beef during the winter months is not as superior due to the cows eating stored, dried grass (hay). We will be setting up a partnership with Paso Prime to get meat from them from December-April (<http://pasoprime.com/>). As a local source for dairy, eggs and chicken, we will be working with a local farmer, Rodney Ofte out of Wisconsin. Farmer Ofte operates a series of farms in the Wisconsin Dells area that follow all of American Grass Fed Association’s protocol. Farmer Ofte will be providing us with most grass fed products other than beef such as milk, butter, eggs, and chicken (<http://www.wisconsingrassfed.coop>). All of our produce will come from “Testa,” Chicago’s greenest and most organic produce supplier. All of Testa’s produce comes from local farms and delivered fresh to restaurants. Testa is the first LEED Platinum certified refrigerated distribution service in the United States (<http://www.testaproduce.com/green.cfm>). Testa is unique in many ways as it is home to the first free standing wind turbine in the city of Chicago, has a vegetated roof, practices many water conservation methods and has over 180 solar panels.

Competition

As mentioned in part two, the competition will be the many already established steak restaurants in Chicago. Steakhouses such as Joe's, Gibsons, Chicago Chop House, Chicago Firehouse, Erie Café, Fultons on the River, Harry Caray's and Rosebud are all very well established long standing Chicago restaurants. However, none of these restaurants serve any grass fed products. When it comes to serving exclusively grass fed product, Grass Fed has no competition as there are currently no other restaurants in Chicago serving exclusively a grass Fed product. In the Bucktown neighborhood, there is no direct competition as the closest Steak House is Fulton's on the River which is over 3 miles away. The Bucktown neighborhood currently has no restaurants with a focus on steak which clearly states the demand for a concept such as this one in this neighborhood.

Management Team

Grass Fed will be run by lifelong childhood friends, Josh Schonfeld and Blake Bible. Due to Josh's extensive restaurant background, he will act as the General Manager with Blake as his assistant. Chef Anthony Higgins and Lawyer Bob Arratak will also be on board on a consulting basis providing us with both culinary and legal advice throughout the opening process. Josh was most recently the manager for Chicago based Lettuce Entertain You at Joe's Stone Crab Las Vegas. Before joining LEYE, Josh was a founding investor in First Food & Bar in the Venetian / Palazzo Hotel in Las Vegas, an 8,000 sq ft restaurant and bar led by Chef Sammy De Marco. Josh also led the front of house operations at First as Manager during the opening. Prior to moving to Las Vegas, Josh was General Manager for Vail Resorts at Beaver Creek's high volume restaurant, Spruce Saddle Lodge. At Spruce Josh led a dramatic re-concepting of the menu and an overhaul of the FOH customer service resulting in recognition by Ski Magazine as one of the top mountain dining destinations in the country.

Josh graduated from American University in Washington, D.C. with a joint BSc in management and marketing. Josh is currently in school for his MBA and masters degree in hotel administration at the University of Nevada Las Vegas in Las Vegas, Nevada.

Blake Bible is an entrepreneur and food consultant who has traveled the world over in search of the most interesting eats. He most recently consulted on the opening of Wood &Vine, a 4,000 + square foot restaurant and bar in the heart of Hollywood. Prior to this he worked on the creation of Foodisan.com, a London based online farmers market for artisan food producers. Blake has also held various positions in and out of the kitchen while working for Vail Resorts and Chicago based Chizakaya. Before working in the Food industry, Blake spent three years in London helping to establish the digital media M&A coverage at investment bank Dresdner Kleinwort Wasserstein. At Dresdner he advised European media and entertainment companies on mergers and acquisitions, debt, and equity offerings totaling over \$9 billion (Bible, 2012).

Proforma Overview, Capital Budget Plan, Financial Projections, Base Case Scenario, Upside Case Scenario, Break Even Scenario and Investor Payback Projections

See Appendix E for the proforma overview which includes details regarding the lease, the lease terms, the projected price per square foot as well as information regarding the construction time, number of seats, the projected number of turns, and projected food and beverage cost percentages. The proforma also includes details regarding the projected per person spend.

See Appendix F for the capital budget plan which includes the breakdown of all of our

projected capital costs for all restaurant equipment and supplies.

See Appendix G for the overall financial projections. Appendix H shows returns analysis for three different revenue scenarios, a base case, an upside case as well as a break even case. These projections also include the projected investor payback period based on a 400K total investment. These projections also show that the management company does not collect any profit until the investors have been paid back in full.

Pre-opening program

See Appendix I for details regarding our pre-opening program.

Staffing Scenario

See Appendix J for a staffing scenario for the base and upside case scenario. These scenarios reflect the different wage requirements for Illinois and California and show the savings by operating in Illinois.

Glossary:

Grass (Forage) Fed – “Grass and forage shall be the feed source consumed for the lifetime of the ruminant animal, with the exception of milk consumed prior to weaning. The diet shall be derived solely from forage consisting of grass (annual and perennial), forbs (e.g., legumes, *Brassica*), browse, or cereal grain crops in the vegetative (pre-grain) state. Animals cannot be fed grain or grain byproducts and must have continuous access to pasture during the growing season. Hay, haylage, baleage, silage, crop residue without grain, and other roughage sources may also be included as acceptable feed sources. Routine mineral and vitamin supplementation may also be included in the feeding regimen. If incidental supplementation occurs due to inadvertent exposure to non-forage feedstuffs or to ensure the animal’s well being at all times during adverse environmental or physical conditions, the producer must fully document (e.g., receipts, ingredients, and tear tags) the supplementation that occurs including the amount, the frequency, and the supplements provided” (USDA.gov)

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