

Restaurant Business Plan for Investors and SBA Loan Officers

*This original business plan secured \$40,000 of angel investment
and a \$200,000 SBA Loan for a Turkish restaurant in California.*

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by <insert your name here> in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of <insert your name here>.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means, and that any disclosure or use of same by reader may cause serious harm or damage to <insert your name here>.

Signature

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1.0 EXECUTIVE SUMMARY	1
1.1 OBJECTIVES	3
1.2 MISSION.....	3
1.3 KEYS TO SUCCESS.....	3
2.0 COMPANY SUMMARY	4
2.1 COMPANY OWNERSHIP	4
2.2 STARTUP SUMMARY	4
2.3 COMPANY LOCATION AND FACILITIES.....	6
3.0 PRODUCTS AND SERVICES.....	6
3.1 COMPETITIVE COMPARISON.....	1
3.2 SOURCING.....	7
3.3 TECHNOLOGY	8
3.4 FUTURE PRODUCTS AND SERVICES	8
4.0 MARKET ANALYSIS SUMMARY.....	8
4.1 MARKET SEGMENTATION	9
4.2 TARGET MARKET SEGMENT STRATEGY	10
4.3 MARKET GROWTH	11
4.4 MARKET NEEDS.....	12
4.5 MARKET TRENDS.....	13
4.6 INDUSTRY GROWTH.....	14
5.0 STRATEGY AND IMPLEMENTATION SUMMARY.....	14
5.1 MARKETING STRATEGY	16
5.2 POSITIONING STATEMENT.....	17
5.3 PRICING STRATEGY	17
5.4 PROMOTION STRATEGY	17
5.5 MILESTONES	20
6.0 MANAGEMENT SUMMARY.....	20
6.1 ORGANIZATIONAL STRUCTURE.....	20
6.2 MANAGEMENT TEAM RESPONSIBILITIES	20
6.3 PERSONNEL PLAN	21
7.0 FINANCIAL PLAN.....	22
7.1 SALES FORECAST.....	22
7.2 BREAKEVEN ANALYSIS.....	23
7.3 PROJECTED PROFIT AND LOSS	24
7.4 PROJECTED CASH FLOW	25
7.5 PROJECTED BALANCE SHEET	26
7.6 BUSINESS RATIOS	26

1.0 Executive Summary

<Your Business> is the first and only Turkish restaurant in the Bay Area, and perhaps even the United States. It is a hip, classy euro-designed lounge-restaurant that offers a variety of California/Turkish infused small plate (or tapas-style) dishes and grilled kebabs. The 'lounge' ambiance at <Your Business> is the essence of our concept because lounges offer a comfortable setting for guests to sit and talk. Currently cafes and/or bars are the prime spots for people to 'hang out' in Walnut Creek. We want <Your Business> to be a place where people can come as they are (no need to dress-up) and 'hang out' in a hip, but cozy, atmosphere, enjoy drinks with friends and family, and sample a variety of tapas-style dishes and delicious grilled kebabs.

Turkish cuisine has yet to make a grand entrance into America's dining-out culture, but has been recognized as "the next great cuisine trend" by the Food Network's David Rosengarten. Turkish cuisine, which is vaguely similar to Greek Mediterranean, has the extra privilege of being at the crossroads of the Far East and the Mediterranean. These unique characteristics have bestowed upon the Turkish Cuisine a delicious mixture of spices and cooking techniques, which come through especially well in grilled meats, seafood and vegetables.

Our, <insert your name here>'s, goal is to serve delicious California/Turkish infused tapas-style dishes and kebabs and choice beers, wines and mixed drinks in a hip, cozy, serene and clean lounge atmosphere while providing outstanding service to all of our guests. Through research we have discovered that our concept meets the following growing trends in dining out:

- (1) Something different;
- (2) Spicy, authentic ethnic cuisine;
- (3) Excellent ethnic food in an upscale, clean atmosphere, coupled with excellent service for a reasonable price.

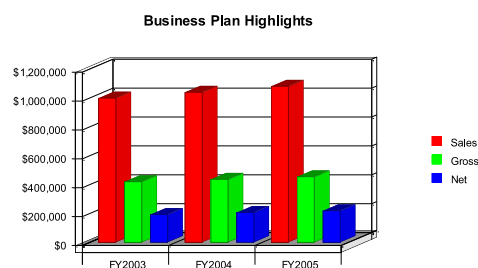
In today's highly competitive environment, it is becoming increasingly more difficult to differentiate one restaurant concept from another. <Your Business> does this by:

- (1) Being the only California/Turkish infused dining establishment. We also take strides to educate the public about Turkey and Turkish cuisine by making available a small, uniquely designed informational brochure. We take education a step further by showcasing some of Turkey's unique cooking techniques on our display grill built to hold kebab skewers.
- (2) Spices from Turkey will be used to give our dishes their imperial and authentic flavor;
- (3) Unlike most one-unit restaurant establishments, <Your Business> employees will be formally trained on teamwork expectations, rules of guest engagement, and quizzed on menu knowledge. This, in addition to being in a healthy, respectful, fun work environment will ensure that our employees bestow our guests with the best service in Walnut Creek.

We believe that the three aforementioned elements hold the key to our success.

This plan is prepared to obtain financing for the initial launch of the <Your Business> concept. We are seeking a SBA loan of \$150,000 to begin work on lease negotiations on a site we have chosen, kitchen design, architectural plans, equipment purchases and other start-up expenses detailed further in the plan. A unique, mid-scale, innovative environment is required to provide customers with an atmosphere that will induce middle-class to upper middle-class Contra Costa County to bring family and friends to dine and socialize at <Your Business>, thus we forecast that site build-out/interior design will be the largest expense.

This business plan leads the way to how <Your Business> will be created. It details our vision and strategic focus: adding value to our target market segments, and our concept in our local market.



1.1 Objectives

<Your Business>' main objectives for the first three years of operation include:

- Educate the Contra Costa community about Turkish Cuisine and Turkey.
- Consistently deliver high-quality food, at reasonable prices.
- Give exceptional service and engage each guest.
- Offer a hip, cozy, serene and clean atmosphere for guests to enjoy quality time with friends and family.
- Maintain tight control of turnover, costs and operations by hiring quality people and creating a team environment that will allow growth, responsibility and increase pay.
- Achieve sales of over \$1 Million (assuming a location in downtown Walnut Creek that houses 20-25 tables).
- Grow sales at 4% each year.
- Keep product cost (food, beverage, and alcohol) under 26% of revenue.
- Keep direct labor cost (including management) under 32% of revenue.
- Keep personnel burden (benefits, vacation, Worker's Comp) under 7% of revenue.
- Keep direct operating cost under 15% of revenue.
- Achieve a 20% margin.

1.2 Mission

<Your Business> is a premier California/Turkish infused restaurant-lounge focused on the guest experience and a fun, team-oriented, respectful work environment for its employees. <Your Business> offers guests a hip, cozy, serene and clean atmosphere to dine and enjoy drinks with friends and family. *Our mission is to create a dining culture based on inclusiveness, value, comfort, trust and relationships in order to provide the best dining experience for our guests and the best work environment for our employees.*

1.3 Keys to Success

The following are keys to our success:

- **Atmosphere and attention to detail.** When one enters the restaurant-lounge they will be taken by the hip, cozy, serene and clean environment. People peer through our windows and want to enter our restaurant. It is welcoming.
- **Food quality and education.** Our food must be authentic and superior in quality. When people eat our food we want them to say, "WOW!" Educating guests about <Your Business>, Turkey and Turkish cuisine will also help in our success because guests begin to form a 'relationship' with this new cuisine.
- **Service.** Excellent service will be a pillar to our success. Americans have become accustomed to the idea that to have good service you must pay for it. <Your Business> will be a paradigm shift. Our management experience has proven that with the right kind of leadership and training, wait staff can be experts in customer service.
- **Location.** <Your Business> must be convenient for people. There must be ample parking and to be within walking distance to the new downtown movie theatre can greatly increase our success. Dinner and a movie are the most common leisure activities for people, and we want to be in a location to ensure we are part of people's plans.
- **Employees, teamwork, and training.** Our employees will be part of our "family". We will instill in them the notion of teamwork and how important it is for our success. As the restaurant succeeds, the employees also succeed. We motivate our employees by respecting them, training them, offering bonuses, mentoring them, and listening to their ideas about the restaurant. We put in place a training program that is fun and motivating.
- **Public Relations.** Our best advertisers are our guests. We manage the guest experience so that it is consistently warm and welcoming. Guests really feel like they are coming to our "home" for lunch or dinner. We recognize our repeat guests and learn their names and favorite drinks. Through our guests' word-of-mouth, <Your Business> is a "must try" for the newcomer. <Your Business> also gives back to the community. We will join forces with a local charity to donate our food, money and time.
- **Control costs.** We research and make every effort to find the best deal on products and services for our restaurant. We manage our staff to ensure that utensils are not being thrown away, milk left out, perishable food with earlier expiration dates are used first, etc. Taking such small steps to control costs has a big impact

on the bottom line.

- **Technology.** We are very technologically savvy and know how to leverage it to save time and money. We will order our supplies online. We will have a company Intranet so employees have easy access to schedules and company information. We will also have a POS system to maintain costs and inventory. (The effectiveness of online reservation services have yet to prove themselves, thus we will hold off on online reservations.)

2.0 Company Summary

The key elements of <Your Business> are:

- An ambiance of inclusiveness, value, comfort, trust and relationships.
- California cuisine infused with authentic Turkish spices and cooking techniques to create magnificent tapas-style and kebab dishes that delight to our guest's palettes.
- A hip, cozy, serene and clean lounge atmosphere for guests to enjoy drinks, tapas-style dishes and kebabs while visiting with friends and family.
- Very hospitable service. Guests are appreciated for choosing <Your Business> and it shows.
- A great place to work. <Your Business>' owners are natural leaders and know how to appreciate employees. They receive high praise for their management practices and know how to create a motivating, fun, productive, team-oriented work environment.
- We educate our guests about <Your Business>, Turkey and Turkish cuisine. This fascinates them and creates a bond with our restaurant.
- Architecture and design of <Your Business> is hip, cozy, serene and clean. Some decorating will be remnant of the Ottoman Empire era. Benches with upholstered cushions and pillows are coupled with comfortable chairs and slightly lower tables to give the restaurant a "lounge" feeling.
- Located in downtown Walnut Creek, <Your Business> is walking distance to shops and the new Century Theaters.

2.1 Company Ownership

<Your Business> is founded and owned and <insert your name here>, husband and wife.

2.2 Startup Summary

<Your Business>' start-up expenses cover a wide range of items as shown in the following chart and table. Below is the detailed reasoning behind these estimates.

- **Renovation** -- Our largest expense will be altering the existing space to meet our goals for <Your Business>' ambiance. The renovation costs stated here are assuming a location that housed a deli previously.
- **Tables and Chairs** – Because we desire a hip, upscale restaurant atmosphere and a cozy, serene lounge atmosphere we need to find tables and chairs that fit the atmosphere. After pricing a few lines from vendors these will be the approximate cost for tables and chairs.
- **POS System** – Squirrel or Micros will be the provider of our POS System. The systems will be leased. This is an estimate of implementation costs and the first month for leasing the system.
- **D and U Costs** – Also known as, Dishes and Utensils. This is an estimate for the plates, glasses and flatware that we have chosen to have in the restaurant. This includes additional items in case of breakage.
- **Cleaning Supplies** – These supply costs include everything from garbage cans to hand towels.
- **Uniforms** – There will be three different uniforms: kitchen, wait staff, and busser. <Your Business> provides only the shirts and aprons (if applicable). Staff will provide black pants.
- **Office Costs** – This includes a small printer/copier/fax machine. Other items needed are basic office supplies. We will be providing the business with a computer and laptop that we currently own.
- **Pre-Opening Party** – This covers the cost of the food and drink we will be providing to our guests at the Pre-Opening private party. The party is free to our guests. We will be hosting a local charity and we'll encourage our guests to make a donation.
- **Pre-Opening Labor (1 month pay)** – As we draw closer to opening our doors, we will need staff to help clean and organize the restaurant. We will also begin training them during this time.

- **Operating Costs (1 month)** – This includes rent, PG & E, water/trash, and other overhead items for a month prior to opening.
- **Legal Services/Licenses** – These include attorney fees for reviewing our lease, employee manuals, and other necessary documents. The license cost is made up of business, alcohol and health department license fees.
- **Cash Requirements** – This is the amount of money we would like to have in our bank account at startup.
- **Inventory** – Cost of food and beverage. In the beginning we will order items weekly, thus the reason for the low number.
- **Long-term Assets** – No equipment will be left in the space (except for a walk-in refrigerator), thus we will need to acquire the grill, oven, hoods, sinks, prep-tables, and freezer. This figure also includes expenses for pots and pans, knives, and other small wares.

Start-up Expenses

Renovation Costs	\$50,000
Tables and Chairs	\$8,000
POS System	\$2,000
D and U Costs	\$5,000
Cleaning Supplies	\$1,000
Uniforms	\$1,000
Office Costs	\$1,500
Pre-Opening Labor	\$12,000
Operating Costs	\$8,000
Legal Services	\$500
Licenses	\$12,000
Total Start-up Expense	\$101,000

Start-up Assets Needed

Cash Requirements	\$40,000
Start-up inventory	\$4,500
Other Short-term Assets	\$0
Total Short-term Assets	\$44,500
Long-term Assets	\$20,000
Total Assets	\$64,500

Total Start-up Requirements: **\$165,500**

Start-up Funding Plan

Investment

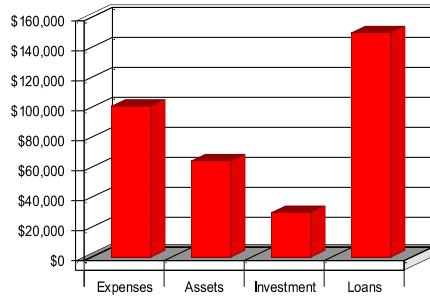
Savings	\$30,000
Other	
Total investment	\$30,000

Short-term Liabilities

Unpaid Expenses	\$0
Short-term Loans	\$0
Interest-free Short-term Loans	\$0
Subtotal Short-term Liabilities	\$0
Long-term Liabilities	\$150,000
Total Liabilities	\$150,000

Loss at Start-up	(\$115,500)
Total Capital	(\$85,500)
Total Capital and Liabilities	\$64,500

Start-up Financing



2.3 Company Location and Facilities

<Your Business> will be located in downtown Walnut Creek. A location has not been secured due to the fact that financial assistance is needed to start the restaurant. However, we have expressed interest in a location on Locust Street that is currently available. The decision was made to delay signing a lease until a bank loan was approved. Upon loan approval, we will commence lease negotiations for the Locust Street space.

The location is currently being used as a deli. It houses a 5x10 walk-in refrigeration system and a grease trap in the kitchen. This significantly reduces our startup expenses as installation of these two items can be exorbitant. Prior to signing a lease we will apply for a “Change of Ownership Inspection” to be conducted by the Contra Costa County Health Department. The inspection will inform us of what needs to be remodeled in the current space (if anything) in order to be up to current code, and if our plans for the space are/will be up to current code.

Adjectives that best describe the desired atmosphere of the facility are: hip, simple, modern, cozy, warm, inviting and clean. This atmosphere will be created using decorative techniques.

3.0 Products and Services

The Menu

The menu is ethnic, yet not too foreign. The blend of California and Turkish cuisines keeps the culinary ethnic element within a tolerable comfort zone for diners. It is simple, yet inviting. The tapas-style menu changes seasonally, except for a few signature items-they will remain constant. We use simple English to name and describe our dishes. Items, such as kebabs, which are our specialty, couscous and French fries, guests will already be familiar with. For dishes that are 'new' to guests, our wait staff is educated and prepared to answer any questions on spices, ingredients and preparation. Dishes can be served 'family style', meaning guests choose various menu items to share with the table, or guests can create their own kebab entrees. This type of menu personalization will help ensure that guests walk away fully satisfied with their meal. (Appendix A - Sample Menu) On Sundays we will offer an all-American brunch.

Authentic Ethnic Ingredients and Recipes

<Your Business> uses authentic spices from Turkey in its recipes. A spice supplier in Istanbul, Turkey has been procured. Spices will be shipped every other month and stored appropriately to ensure quality and freshness. Many recipes used in the restaurant are Göksever family recipes passed down through the generations, some dating as far back as the Ottoman Empire.

Outstanding Customer Service

Most restaurants strive to achieve the Holy Grail of outstanding customer service, yet very few prevail. Even some of the priciest restaurants in San Francisco fall short of offering even good customer service. Obviously, what makes up excellent service is in the eye of the beholder, but there are key elements of service that if done right and done right consistently can make a guest walk away feeling special and pleased to have visited our establishment. That is <Your Business>' goal. And we believe that service is something that should be expected, no matter how much you're paying for your meal. Unfortunately, the American public has become accustomed to poor service in general. We want to change that paradigm with <Your Business>. People will know that when they come to <Your Business> they will receive outstanding customer service.

<insert name> tried and true management principles have proven effective in other restaurants that he has managed. He possesses the ability to motivate and train wait staff in a way that assures quality/outstanding customer service. There is no formula to his success - it is his natural ability and it will shine through when <Your Business> opens its doors.

Interior Accoutrements

<Your Business> will be a unique blend of euro-modern design, coupled with Pottery Barn coziness. Artwork will be simple tastefully displayed to combine seamlessly with the hip, modern decor of the restaurant.

Hours of Operation

<Your Business> will be open Tuesdays-Saturdays a week from 11am-11pm. And Sundays from 9am-10pm.

3.1 Competitive Comparison

<Your Business> is the only Kebab Lounge in Walnut Creek. We will be competing with other nice atmosphere/casual eateries and bars like P.F. Chang's, Tomatina's, and California Pizza Kitchen for patronage. However, <Your Business> has special qualities that differentiates itself from the competition and keeps guests coming back for more:

- Offering a new, yet not extremely foreign, cuisine such as California/Turkish tapas-style dishes and kebabs will be a welcome change for many Walnut Creek diners. A study conducted by the National Restaurant Association has shown that Californians are the most experimental when it comes to ethnic cuisine. And those born between 1965-1976 (known as Generation X) and those between the years 1978-1998 (known as Generation Y) are infamous for being the most adventurous in trying new foods.¹ Contra Costa County is brimming with young adults in these generations. According to the 2000 Census, conducted by the U.S. Department of Commerce, 30.6 percent of Contra Costa County's population are between the ages of 20-34.² These demographics are in our favor to engage the experimental/adventurous side of our guests. And even though Turkish cuisine will be new for many, most items on the menu people will already be familiar with, such as kebabs, rice pilaf, fries, and flat bread. And our brunches will be all-American. (We understand that people tend to be less adventurous when it comes to breakfast.) Our research has found that Walnut Creek is in dire need of a nice downtown location that serves brunch.
- When people hear "ethnic restaurant", many conjure up "hole in the wall" type images in their mind. It's true that many ethnic restaurants leave a lot to be desired in their atmosphere and Walnut Creek ethnic restaurants are no exception. <Your Business>' atmosphere is sophisticated and appeals to the middle/upper middle class. It will be the only hip/modern ethnic restaurant in Walnut Creek. (We don't consider an establishment like P.F. Chang's to be authentic ethnic cuisine due to the extreme 'Americanization' of the menu).
- Our outstanding customer service puts other Walnut Creek restaurants to shame. Having lived in Walnut Creek for a number of years and frequented just about every eating establishment, we are amazed at the lack of customer service in every one. One sole-proprietor establishment in particular stands out. We used to frequent that particular restaurant several times a month for a period of time and were met by the same hostess every time. She never bothered to learn our names, each time we had to tell her the name the reservation was under. Though she was pleasant, she was never really warm. Our experience was the same with the wait staff. It appeared that no one really cared that we were regular guests. We got so turned off by the service we stopped going.

¹"Restaurant Industry Forecast 2001". National Restaurant Association. Online Posting. 20 Oct 01.
http://www.restaurant.org/research/forecast_overview.html.

²United States Dept. of Commerce. Economics and Statistics Admin. U.S. Census Bureau. 2000 Census of Population and Housing – Contra Costa County.

As soon to be restaurant owners ourselves, we vow to never take our guests' business for granted, especially our regular guests. We learn their name; we welcome them warmly and thank them for coming. Our wait staff is experienced and well trained on engaging the guests. Our guests really feel like they are coming to 'our home' for dinner. The atmosphere is that welcoming and hospitable.

- Many of us have enjoyed Thai food, but how much do we know about Thailand and its cuisine? Unless you're from there or have visited the country probably not much. Yet, it has become a popular cuisine in American culture because the food is good, plain and simple. Well, Turkish cuisine is also very good and we are confident people will welcome it, however we want to take the opportunity to educate people about Turkey and its fabulous cuisine. And because our target markets (the Elite Suburbs and the Urban Uptowns) are at the top of the education scale, we believe they will enjoy learning about <Your Business>, Turkey and its cuisine-if they haven't already. (Our independent research has come across many potential guests in Walnut Creek who have visited Turkey and have eaten Turkish cuisine - and, by the way, loved it). We believe that by learning basic facts about Turkey and Turkish cuisine people can make a personal connection with this foreign land and its food. We have small, neatly designed brochures full of information about <Your Business>, Turkey and its cuisine. When the doors first open the pamphlets will be passed out with the menu. After time, they will be left on display at the hostess station for guests to take with them if they so wish. We believe the pamphlets will be a great conversation piece and make our guests more excited about their dining experience. This type of education is another key ingredient that sets <Your Business> apart.
- Another element that sets <Your Business> apart from the competition is that it will be the only restaurant-lounge in Walnut Creek. Our lounge will specialize in wine. The fact that Californians love their wine is pretty much common knowledge. But just to back up the point, we found a study done in 1997 by Sonoma State University that showed that California led the rest of the nation in wine consumption by 19.6% of the entire US market volume.³ Though we couldn't find consumption statistics for Contra Costa County alone, we are confident that the Elite Suburb demographic will welcome a restaurant-lounge. Currently the only places to enjoy a drink in Walnut Creek are either in a restaurant, sports bars, or Twist, a new retro bar located on Main Street. These establishments cater mostly to a younger crowd and tend to be dark and noisy. <Your Business> offers a serene and cozy lounge ambiance so people feel comfortable coming in just for a drink-if that's all they want. The lighting fits the mood, not too dark or too light.

3.2 Sourcing

<Your Business> will use various suppliers for its food and beverage fulfillment. The following companies have been targeted for certain products:

- Condiments.....Sysco
- Meats, Poultry, and Fish.....Newport Fish Company
- Produce.....Bay Cities
- Turkish Spices.....Acar Spice Shop
- Soda, Juice, Coffee and Tea.....Viola Juices, Pepsi Distributing, Watson Tea & Coffee
- Wine.....Opus One, Silver Oak, Far Niente, Stags Leap, Caymus, Jordan, Dominus
- Beer.....Anchor Brewing Co., Pyramid Ale, Samuel Adams, Sierra Nevada, Guinness

For all other items necessary to run the restaurant extensive research was done to find companies that offer the best prices and thus we have procured the following:

- Flatware.....Next Day Gourmet
- Dinnerware.....Next Day Gourmet
- Kitchen Utensils.....Sysco
- Glassware.....Next Day Gourmet/Sysco
- Stemware.....Wine Enthusiast
- Pots and pans.....Sysco
- Baking Dishes.....Sysco

³ Sonoma State University. "California Wine Consumption". Online Posting. 22 Oct 01. <http://www.ssu.org/studies/1997/consumption.html>.

- Basic Paper Products.....Sysco
- Printing Needs.....TBD

3.3 Technology

<Your Business> will leverage technology to run operations more efficiently. The most important implementation will be a POS System. This piece of equipment and software is key to managing inventory and costs. One will be leased from an outside vendor, such as Squirrel or Micros. We have the fortune of being technologically savvy than most in the restaurant industry, thus can easily implement systems that will integrate seamlessly with our processes. For example, we will build a secure company Intranet that will house employee contact information (including email addresses), staff schedules, training materials, etc. This will greatly facilitate communication and coordination with employees. A computer with Intranet access will be made available to employees at the restaurant, so for those who don't have Internet access from home will not be left out.

We will also build a company web site that will be basic brochureware for the public. It will have contact information, our menu, and driving directions. We will also have an electronic version of our pamphlet that can be downloaded with Adobe Acrobat. Studies have shown that most people do not visit a restaurant's web site. If they do it is to obtain contact information, so we would like to keep our web site basic.

QuickBooks will be used to manage accounting and financial tasks. We are exploring the possibility of implementing "QuickBooks for the Web". This will enable us to have ready access to our financials, no matter if we are in the office, at home or on the road.

We will also be investigating online ordering capabilities with our suppliers to cut down on paperwork overhead and facilitate the ordering process overall.

3.4 Future Products and Services

Approximately two months after <Your Business> is open for business we will offer menu items to-go. Our specialty to-go item will be Turkish Wraps. The wraps consist of grilled kebabs (chicken, beef, lamb fish, or vegetables), rice pilaf w/ pine nuts, and a spoonful of fresh salad wrapped in warm flat bread. Customers can also order our homemade fries tossed in spices to go with (or inside) their wraps. We believe these will be very popular with the lunch crowd.

Approximately four months after <Your Business> is open for business we will expand our service to include catering. We will be writing a business plan to organize our catering operations. We feel that our menu is very conducive to be served at catered events, especially due to the 'finger food' aspect that many of our menu items can possess. We also think that showcasing Turkish/California cuisine can add an exotic flavor to any event and hosts will appreciate being 'different' by offering something 'different'.

4.0 Market Analysis Summary

Contra Costa County is the ninth most populous county in California, with its population reaching 941,900 in 2000.⁴ According to ABAG Projections 2000⁵ it is also one of the fastest growing counties in the Bay Area with its population expecting to reach 1,169,000 in 2020. Due to the presence of relatively high-wage skilled jobs and wealthy residents, the County achieves high rankings among all California counties on a variety of income measurements. Also, as of December 2001 unemployment for Contra Costa was 3.6%. This is significantly lower than the State's current December unemployment rate of 6.0%.⁶ Low unemployment coupled with high wages and

⁴ Contra Costa County Gov't. Info. About the County. Online Posting. 22 Oct 01. <http://www.co.contra-costa.ca.us/about.html>.

⁵ ABAG (Association of Bay Area Governments) is required by law to prepare regional economic and demographic forecast for the San Francisco Bay Area every two years. Projections 2000 is ABAG's latest edition.

⁶ California Employment Development Dept. Labor Market Information. Online Posting. 17 Jan 02. <http://www.calmis.cahwnet.gov/file/lfmonth/0112pcou.txt>.

wealthy residents results in some of the highest Restaurant Spending Potential Indexes (SPI) in Contra Costa County. The Restaurant SPI for Walnut Creek, for example, is an average of 125.⁷ This means that spending on going out to eat is 25% higher in Walnut Creek than the U.S. average. And from studying household economic data from ABAG Projections 2000, these high SPI numbers will remain strong, if not increase even more. Walnut Creek is an affluent family-oriented community nestled in central Contra Costa County. Its downtown is home to some of America's finest retailers and has become a shopping destination for many residents throughout the County. The bustle of Walnut Creek's beautiful downtown is expected to grow substantially with the completion of Plaza Escuela and the new Century Theater complex. Walnut Creek's downtown shoppers make up most of our target market. These are people in the upper and upper middle classes, or what Claritas Inc., a subsidiary of AC Nielson Media Research, refer to as the Elite Suburbs and Urban Uptowns.⁸ Claritas characterizes these two groups as follows:

Elite Suburb- At the top of the education and affluence scale. In the East Bay most of these households are concentrated in Contra Costa County, specifically Lafayette, Moraga, Orinda, Alamo, Danville, Walnut Creek and Clayton. Demographic clusters include: Blue Blood Estates (Elite, Super-Rich Families), Winner's Circle (Executive Suburban Families), Executive Suites (Upscale White-Collar Couples), Pools and Patios (Established Empty Nesters), and Young Influentials (Upwardly Mobile Singles & Couples).

Urban Uptown-Nation's second most affluent. In the East Bay most of these households are concentrated in Oakland, Berkeley, Alameda, San Leandro, Hayward, and Fremont, and a small percent in Contra Costa County. Demographic clusters include: Urban Gold Coast (Elite Urban Singles), Money & Brains (Sophisticated Townhouse Couples), Young Literati (Upscale Urban Singles & Couples), American Dreams (Established Urban Immigrant Families), and Bohemian Mix (Bohemian Singles & Couples).

Elite Suburbs are the largest social group in the East Bay coming in at 23.9%, or 209,000 households. The Urban Uptowns make up the East Bay's second largest group at 14.5%, or 137,000 households. (Appendix B - Claritas Cluster for Contra Costa County).

4.1 Market Segmentation

There are certain demographic clusters in the Elite Suburbs and Urban Uptowns that we want to specifically target. Especially those in the 25-54 age range, which make up 44.4 percent of the population in Contra Costa County as of Census 2000.⁹ The table below highlights those clusters and gives more specific demographic information on each.

Demographic Cluster	Age Groups	Median Household Income	Description	This cluster is most likely to:
Winner's Circle	35-44, 45-54, 45-64	\$119,340	Typified by "new money", they live in expensive new homes. They are well-educated, mobile executives and professionals with teen-aged kids. They are big producers and prolific spenders who enjoy global travel.	<ul style="list-style-type: none"> - Listen to jazz - Go downhill skiing - Shop at Ann Taylor - Bank Online - Reads epicurean magazines - Watch "ABC News : Nightline" - Have a passport; visit Europe

⁷The Spending Potential Index was developed by CACI Marketing Systems and measures the likely expenditure for a product or service in a county or Zip Code. It breaks these products and services down into two broad categories 'The Home' and 'Entertainment', and then into more detailed subcategories.

⁸Claritas developed a demographics system known as PRIZM. It defines every neighborhood in the U.S. by 62 distinct types and clusters. Elite Suburbs and Urban Uptowns is how Claritas has characterized the East Bay.

⁹United States Dept. of Commerce. Economics and Statistics Admin. U.S. Census Bureau. 2000 Census of Population and Housing – Contra Costa County.

Demographic Cluster	Age Groups	Median Household Income	Description	This cluster is most likely to:
Executive Suites	25-34, 35-44	\$107,055	Yesterday's Young Influentials, who are enroute to becoming tomorrow's Winner's Circle. Many are married and moved into condos or starter homes. They are well educated and ambitious.	<ul style="list-style-type: none"> - Belong to a health club - Visit Europe/Japan/Asia - Have an airline travel card - Watch <i>Friends</i> - Read <i>Entrepreneur</i>
Young Influentials	25-34	\$93,700	Educated, high-tech metropolitan sophisticates, the "swingles" and childless live-in couples.	<ul style="list-style-type: none"> - Attend rock concerts - Travel to Europe - Shop at Eddie Bauer - Lease 1+ cars - Watch America's Cup - Read <i>Runner's World</i>
Money & Brains	44-54, 55-64	\$87,500	Owners of upscale homes and condos. They are older, married couples who have few or no children. Dual income.	<ul style="list-style-type: none"> - Shop at Nordstrom - Have a passport; visit Europe - Have bonds - Watch <i>The X-Files</i> - Read <i>Byte</i>
Young Literati	25-34, 35-44	\$75,400	Younger mix of executives, professionals, and students living in multi-unit apartments, condos and townhouses. Have few children or none at all. "Bon vivants".	<ul style="list-style-type: none"> - Plan for large purchases - Travel to Europe - Take vitamins - Use a discount broker - Watch <i>Bravo</i> - Read <i>GQ</i>

Source: Claritas, Inc.

4.2 Target Market Segment Strategy

The most important factors that the aforementioned demographic clusters have in common are that they have high disposable incomes and they are European travelers. These two characteristics are key to our market segmentation.

1. **Have relatively high disposable incomes.** We researched the disposable incomes of households by age in Contra Costa County. For our target market we are primarily interested in the cities that have a *mean household income* of at least \$75,000, which is the lowest household income level amongst our demographic cluster. Below is a table that shows the cities with mean household incomes of at least \$75,000 and their average disposable income by age of householder by city. We also included the Restaurant Spending Potential Index for each. This data substantiates our assumptions that people in most Contra Costa cities have extra money to spend and that they like to spend a lot of it on eating out.

2000 Average Disposable Income by Age of Householder & Spending Potential Index for Restaurants

CITY	AGE				Restaurant SPI
	<35	35-44	45-54	55-64	
Alamo-Blackhawk	\$82,358	\$101,703	\$98,324	\$100,066	172
Clayton	\$61,362	\$79,165	\$86,638	\$75,494	146
Concord	\$48,108	\$57,411	\$63,374	\$60,777	124
Danville	\$92,628	\$105,848	\$107,708	\$104,208	174
Lafayette	\$63,114	\$80,694	\$86,855	\$80,615	145
Moraga	\$64,030	\$85,741	\$85,692	\$86,227	145
Orinda	\$77,420	\$89,666	\$97,392	\$87,665	153
Pleasant Hill	\$55,847	\$61,667	\$69,622	\$62,882	120
Walnut Creek	\$65,430	\$69,237	\$72,852	\$61,639	125

Source: CACI Marketing Systems

2. **Travel primarily to Europe.** If our guests are European travelers, it is quite possible that many of them will have traveled to Turkey or would like to in the future. This will make them want to visit our restaurant even more, especially if they have traveled to <Your Business> and know its history. They will be proud to educate their friends and family on <Your Business>' significance in history. In 1999 the U.S. Department of Commerce ranked Turkey as one of the top international destinations for American tourists.¹⁰ The popularity of Turkey has grown so much that in August 2001 the Turkish Tourism Minister, Mustafa Tasar, predicted that the number of American tourists visiting Turkey would increase two or three times in the next three years.¹¹ This creates a great market opportunity for our restaurant. We also believe that people who have traveled abroad tend to be more open minded towards different cultures and foods. This is very important if we want to successfully introduce Turkish cuisine to the newcomer.

4.3 Market Growth

Taking the cities in Contra Costa County that have a mean household income of at least \$75,000 we analyzed the growth of each city to determine the Compounded Annual Growth Rate (CAGR) of our market. Overall, this population will grow 3 percent over the next 15 to 18 years, with Clayton, Danville and Walnut Creek experiencing the most growth.

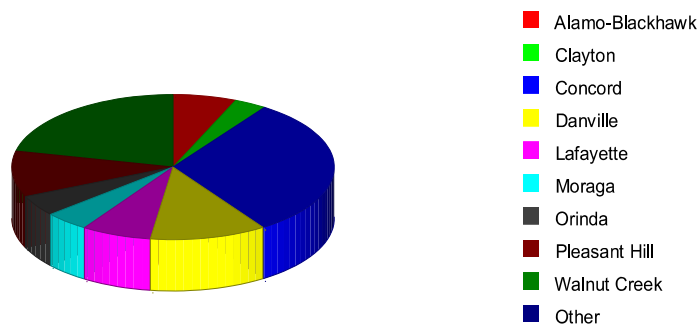
Market Growth by Segment

Population Growth by City	Year						CAGR
	2000	2005	2010	2015	2020		
Alamo-Blackhawk	23,900	25,100	25,600	26,500	26,800	2.90%	
Clayton	12,300	13,900	14,500	14,900	15,500	5.95%	
Concord	116,800	119,800	123,500	125,900	128,000	2.32%	
Danville	43,900	46,600	48,300	49,700	51,000	3.82%	
Lafayette	26,400	26,900	27,400	27,700	28,100	1.57%	
Moraga	16,800	17,400	17,800	18,200	18,600	2.58%	
Orinda	17,500	18,300	18,800	19,200	19,600	2.87%	
Pleasant Hill	38,400	39,500	40,100	40,500	41,300	1.84%	
Walnut Creek	80,800	84,400	87,700	91,100	93,300	3.66%	
Total	376,800	391,900	403,700	413,700	422,200	2.88%	

Source: ABAG Projections 2000

After analyzing our market's income and growth rates, we concluded that are largest target markets are Concord, Walnut Creek, and Danville. Thus, these are the cities in which we will focus our public relations and future market research efforts.

Potential Market by Segment



¹⁰ "Top International Destinations of American Tourists". The Learning Network. Online Posting. 15 Nov 01. <http://www.infoplease.com/ipa/A0778210>.

¹¹ Assembly of Turkish American Assoc. News. Online Posting. 23 Aug 01. http://www.ataa.org/spotlights/s_aug23.html

4.4 Market Needs

In surveys conducted with Contra Costa County residents, there tends to be a general boredom with the selection of dining establishments in Walnut Creek. The overall consensus is that there are three main cuisine choices if one wants to go to a restaurant in downtown Walnut Creek that offers a nice dining atmosphere and you can 'go as you are' (no need to dress up)-American, Italian or Chinese. The places most mentioned were - P.F. Changs, California Pizza Kitchen, Left at Albuquerque, Tomatina's and Chili's. And all of these restaurants, with the exception of P.F. Changs, really seem to cater to 'family dining' and/or to the teenage crowd. Most prevalent at these restaurants were families with small children. Which annoyed some of our Winner's Circle and Young Influentials respondents. Quoting one gentlemen, "If my wife and I want to go out in Walnut Creek, it's either a big production because we have to get dressed up, or to go casual we have to tolerate someone else's screaming kid throwing a tantrum at the next table." Respondents in our target market felt that P.F. Changs was really the only place to go in Walnut Creek for good ethnic food with a nice atmosphere at reasonable prices. And most steered clear of the place on weekends due to the long waits. For cuisine diversity and variety many tolerate the few 'hole in the wall' ethnic restaurants in Walnut Creek, or go to Berkeley if they are in the mood for a clean, nice atmosphere and good ethnic food.

Once we stated in our survey our plans were to open a Kebab Lounge some respondents took to the idea immediately and mentioned their love for kebabs. For others there was an initial moment of reflection while the respondent tried to grasp what that really meant. We would then go on to highlight our signature menu items:

- Grilled kebabs made with a variety of marinated meats, fishes and vegetables
- Fresh shepherd's salad (cucumber, sliced grape tomatoes, kalmata olives, dill weed, and feta cheese)
- Rice Pilaf made with pine nuts and currants
- Homemade French fries tossed with onion, chives and Turkish red pepper
- Griddle baked flat bread brushed with olive oil

After hearing that, many respondents' eyes lit up and asked when we would be opening. All the respondents said they would be interested in frequenting a restaurant that served kebabs, especially since it was a food item they were already familiar with, but did not have the opportunity to eat very often.

We also asked people where they like to enjoy drinks in Walnut Creek. The general consensus was that there were only a couple places to go and they were sports bars or restaurants. P.F. Chang's bar is quite popular but is not conducive to sitting down and sharing a bottle of wine. It is very crowded and is more of a "standing room only" atmosphere. Twist, which is a new martini bar, is more of a nightclub/bar scene for the younger crowd, especially on weekends. Our respondents agreed consistently that a restaurant-lounge would be a great addition. Upon describing our restaurant-lounge concept (a cozy, hip, and warm environment to enjoy simple meals and drinks with friends and family) to one individual he stated, "It's kind of be like Starbucks meets restaurant, I like it a lot!"

Customer service was also a topic in our survey. Most stated that customer service was poor to average in the establishments that they frequented. Service at P.F. Changs differentiated among respondents, but there was consensus that it tended to be slow and impersonal. Chili's was consistently ranked the worst in customer service because of the staff being primarily teenagers. When we discussed our idea of customer service (we appreciate your business and it truly shows) many really thought that was appropriate and a nice change. Some even commented that it goes well with a small family run establishment.

From speaking with those in Walnut Creek we uncovered the following market needs:

- Something different when going out (especially you're not in the mood to go to a "hole in the wall" ethnic restaurant)
- A hip, modern, yet cozy, warm atmosphere to enjoy drinks with friends and family
- A place that offers warm, hospitable customer service that coincides with the friendly family-oriented atmosphere of Walnut Creek.

<Your Business> definitely fulfills these needs, and thanks to the survey we have many people looking forward to our grand opening.

4.5 Market Trends

We believe that we would not be successful if we only concerned ourselves with market trends within the restaurant industry. There are constant market changes that affect many industries, thus we feel it is necessary to 'think outside the box' and be cognizant of shifting consumer attitudes in general, not just their attitudes about eating out. We believe this is why establishments like McDonald's have been able to sustain their great success through many generations of consumers. Although we are starting out as a one-unit operation, we hope that this kind of mentality will ensure our continued success and enable us to open more <Your Business> establishments.

When creating the <Your Business> concept we thought about what it was to be a consumer and all the things we liked and disliked about the places that we frequented. This included shops, grocery stores, movie theaters, restaurants, etc. We realized that most of the places we give our patronage to are run by giant corporations and thus have lost the 'human touch' when dealing with their customers. Faith Popcorn, who is recognized as America's foremost trend expert, has identified three key trends that truly hit at the core of the <Your Business> concept: Cocooning, Vigilante Consumer, and Egonomics.¹²

- **Cocooning** - The need to protect oneself from the harsh, unpredictable realities of the outside world. We are certain that this trend has gotten even more prevalent with the September 11th attacks. Some of Popcorn's observations in this trend are:
 - Martha Stewart has turned "home-making voyeurism" into big business.
 - Home improvement is a \$143 billion business.
 - QVC counts 5 million couch shoppers.
 - Barnes & Noble designs its stores like comfortable living rooms and has revenue upwards of \$2.5 billion.
- **Vigilante Consumer** - Frustrated, often angry consumers are manipulating the marketplace through pressure, protest and politics. Some of Popcorn's observations in this trend are:
 - Consumers seek real products, benefits, people, communication and value.
 - The Dilbert Principle was the #1 selling book for 200 weeks.
 - Consumers are rejecting brand names; private label sales are up 38%.
 - Consumers don't trust big businesses, companies like AT&T are scrambling to look small.
- **Egonomics** - To offset a depersonalized society, consumers crave recognition of their individuality. Some of Popcorn's observations in this trend are:
 - Consumers complain, "I used to be a name, then I became a number. Now I'm a bar-code."
 - Customization will be an enormous part of the future marketplace.
 - Levi's is now making custom jeans.

To further substantiate Popcorn's Egonomics trend, the December 2001 issue of *Entrepreneur* magazine identified 'Personalization' as a hot trend for 2002. The article states that everything from theme weddings to custom made clothes will be big business. There is even mention of two restaurants on the East Coast that are beginning to eschew menus and let customers create their own meals.¹³

Personalization is a big part of <Your Business>' concept. And with our cozy atmosphere and warm, hospitable demeanor Cocooning and Vigilante Consumer needs are also met. Going back to our mission statement - <Your Business> is about inclusiveness, value, comfort, trust and relationships - we know that our concept is in line with these market trends. As consumers ourselves we know what we strive for and if we remain focused on our customer's point of view, then remaining flexible and 'doing unto our guests as we would have other businesses do unto us' comes as natural to us as breathing.

To touch on restaurant industry market trends, *Entrepreneur* magazine's December 2001 issue also identified 'Ethnic Foods' as a hot trend for 2002. According to the National Restaurant Association, Caribbean and Middle Eastern dishes are now more popular than more traditional alternative cuisine. Given that Turkish cuisine is Middle Eastern we are right on target to open <Your Business> and meet this growing demand. The article also states that anything that goes beyond your run-of-the-mill ethnic dish will pique consumers' palates. Ramin Ganeshram, a New York food writer was quoted saying, "[Americans] want to take [ethnic food] to the next level."¹⁴

¹²Popcorn, Faith. 1998. *Clicking: 17 Trends That Drive Your Business—And Your Life*. New York: Harperbusiness

¹³Chris Penttila. 2001. Sweat Rewards. *Entrepreneur*, December, 58.

¹⁴Ibid.

We can attest to the validity of the 'Ethnic Food' trend, not only from our own market research, but also from a focus group we witnessed at a restaurant conference we attended last April called Menus 2000. The live focus group, which was moderated by a professional marketing firm, was made up of 12 Generation Y college students. (Many were from the Midwest who came to school California to experience its cultural richness.) The participants were asked several questions about their likes and dislikes about eating out. To our amazement and excitement, we discovered that their number one desire when eating out was spicy authentic ethnic food. Mexican and Indian food ranked high in their food preferences due to the spiciness of the dishes. They also said they wanted more choices when dining out and that the run-of-the-mill ethnic cuisine were getting old, referring to Chinese, Thai, Sushi and Indian.

David Rosengarten, who has his own show on the Food Network, gives even further credence to the 'Ethnic Food' trend and Turkish cuisine itself. He was the keynote speaker at Menus 2000. His speech highlighted what he believed to be the next big food trends in American culture. The first one he addressed was Turkish cuisine. He called it the 'best kept secret' in the world of food, and it would be just a matter of time before it was discovered. He went on to describe some specific dishes that he believed Americans would readily take to: grilled marinated kebabs, fried spring roll type pastries filled with beef and cheese, and couscous salads. All of which we will be serving at <Your Business>.

These market trends delight us and make us all the more confident about the huge market opportunity that exists for a restaurant-lounge with <Your Business>' concept.

4.6 Industry Growth

The restaurant industry is the cornerstone of our nation's economy and, according to the National Restaurant Association (NRA), its importance will continue to grow in the future. In its 2002 Restaurant Industry Forecast the NRA projected that restaurant industry sales would reach a record \$407.8 billion, equal to 4 percent of the U.S. gross domestic product (GDP). The industry is set to post its 11th consecutive year of real sales growth. Leading the way is the full service sector with sales growth of 4.5 percent over last year.¹⁵

There are 844,000 locations nationwide that offer foodservice - up from 491,000 in 1972. The restaurant industry's share of the food dollar today is 45.8 percent. Projections indicate that by the year 2010, 53 percent of the food dollar will be spent on food away from home.¹⁶

Changing consumer lifestyles has driven the restaurant industry's growth. Not only is there an increase in higher income households - which are prime restaurant customers - but also a growing need for convenience and value. Thus, the restaurant industry should benefit from continued gains in consumers' real disposable income.

Despite these projections, we realize that the restaurant industry remains a very competitive environment. We are confident that by offering something different and our ability to think outside the box and track market trends we will stay ahead by being flexible and not become another 'restaurant failure statistic'.

5.0 Strategy and Implementation Summary

In order to implement the key elements of <Your Business> we have documented strategies to achieve each goal.

· Create an ambiance of inclusiveness, value, comfort, trust and relationships

Inclusiveness, value, comfort, trust and relationships define our company culture. It's mandatory that we are this culture in order for our guests to perceive this. There is no faking an ambiance such as this. It comes from within and it starts with us - the owners. We have this ambiance in our own home, with our own family. These come naturally to us, because they are our values. <insert name> has successfully created this ambiance in the bar and lunch programs that he manages in Horatio's simply by living and managing according to his values. The employees have naturally begun to emulate these values towards each other and guests. The results are apparent - since <insert name> took over managing the bar, there has been a sharp increase in notes and comments from guests stating how wonderful the customer service is at Horatio's.

Creating this ambiance will be the simplest aspect of our restaurant to implement. We live and manage by our values and the rest naturally follows.

¹⁵National Restaurant Association. "2002 Restaurant Industry Forecast". Online Posting. 15 Dec 01. http://www.restaurant.org/pdfs/2002_forecast_execsummary.pdf.

¹⁶Ibid.

California/Turkish infused cuisine to create magnificent dishes that are a delight to our guest's palettes.

New York is home to a large Turkish population. As a matter of fact there are over 40 Turkish restaurants in the New York area. We will be advertising in New York's local Turkish newspaper for a professional Turkish chef. <insert name> is very familiar with California cuisine and it's cooking techniques. He will help educate the Turkish chef on California/Turkish infusions. This will also help cultivate the ethnic, but not too foreign, aspect of our cuisine. The spices we use are shipped from Turkey every month and a half, more or less depending on our needs.

A hip, cozy, and serene "lounge" ambiance so guests to feel at ease to enjoy tapas-style dishes and a variety of drinks while visiting with friends and family.

<Your Business> houses plush, comfortable booths with cushions and pillows as well as comfortable European style lowered tables and chairs that seat up to four to six guests. Barstools will be provided at the bar for additional seating. This will give the restaurant the "lounge" atmosphere that we seek. The design and decoration of the space will add to the hip, comfortable feeling we want to convey. The location we have picked has large storefront windows, thus allowing natural lighting in the daytime. In the evening the lounge will be well lit but not too bright. We also don't want to have it too dark, because we feel that would give the lounge more of a 'nightclub' feel. Once guests are seated our wait staff will greet them with a beautiful tray of assorted dishes on small oblong plates for them to choose from. Prices will range from \$3.95 to \$4.95 for these small dishes. We believe that most guests will not hesitate to take two or three items from the tray given the low cost. This way we up-sell our menu and guests can be instantly gratified with food on their table. The server will also point out a few hot dishes from the menu that would make a good accompaniment with the cold dishes the guests have selected.

Very hospitable service. Guests are appreciated for choosing <Your Business> and it shows.

We have been guests at numerous dining establishments where we felt the staff could care less if we ate there or not. This is not a good feeling for anyone. We truly appreciate it when people choose to dine in our restaurant. We show it naturally because the appreciation is real. It shows when guests are greeted at the door, when they are being waited on at the table, and when they leave. We use words to express our appreciation, and our wait staff is professional and knows how to express their appreciation through their actions. We train them on guest service bi-monthly and offer them the support they need in order to provide quality service. To achieve higher service employee to customer ratios, we include separate bussing personnel, as well as maintaining a comfortable table count for the wait staff.

A great place to work. <Your Business>' owners are natural leaders and know how to appreciate employees. They receive high praise for their management practices and know how to create a motivating, fun, productive, team-oriented work environment.

Not only do we appreciate our guests, but first and foremost we appreciate those on the <Your Business> team. Those who work for us will be like extended family members. Our primary management principles are:

- We take a personal interest in their aspirations and do our part to guide and support them.
- We treat every team member with the utmost respect-from the dishwasher to the manager-and we expect them to treat each other with the same level of respect.
- Each team member is given a set of responsibilities and held accountable for their part. When a member fails to do their duty, they are coached and counseled and a note made in their personnel file.
- Communication is always open and honest.
- 'Office politics' are not allowed and are not tolerated.
- We reward and recognize the team and individuals for good work. This could be a positive comment and/or a small gift. Members receive constant feedback on their work so they know when they are doing well, and when they need to improve.
- We have fun with the team. The atmosphere is not serious and uptight, but jovial.
- Birthdays, holidays, team accomplishments, etc. are celebrated with team parties.
- Strong camaraderie is built through our day-to-day interactions.
- We communicate the rules and laws of the work place and expect the team to abide by them. The team clearly understands the consequences of breaking any rules and/or laws.

The type of environment that is cultivated using these principles is not only safe and healthy, but motivating and efficient as well. We know these management practices work because these are practices that we abide by in our current places of employment. We are very successful with the teams we are currently leading. We consistently receive very positive feedback from our peers and our subordinates on our leadership qualities, and know that we are well liked with those we work with. Creating a positive and rewarding work environment is instrumental in the overall success of <Your Business>, and our experience ensures that we can make this happen.

· **Educating our guests on <Your Business>, Turkey and Turkish cuisine fascinates them and creates a bond with our restaurant.**

To completely win guests over with our concept and food, it is mandatory that we educate them somewhat on the history of <Your Business> and Turkish cuisine itself. We believe that this will create a positive bond between our guests and the restaurant. Our target market is already well educated and well traveled. From our own experience, well-educated, well-traveled people enjoy learning, especially if it has to do with historically important places. We have simple, stylish brochures that we give to our guests with their menu. These small booklets give a short history of <Your Business>, Turkey and highlight important historical facts in separate boxes entitled 'Did you know?'. For example:

-Did you know? <Your Business> is home to one of the seven ancient wonders of the world.

-Did you know? <Your Business> is the final resting place of the Virgin Mary.

Having a glimpse of these facts the moment the brochure is opened will entice guests to read on and learn more. There will also be a brief description of Turkish Cuisine and a list of the various spices used and their origin. It will be colorful and include stock photography of current day <Your Business> and the spice bazaar in Istanbul. We are confident that these will make great conversation pieces and intrigue guests even more once they view our menu and see dishes using the spices they just read about. (Appendix C – Sample Brochure)

· **Architecture and design of <Your Business> is hip, upscale, serene and clean.**

<Your Business> is not a "hole in the wall" ethnic restaurant. Our atmosphere appeals to the upper middle to upper class population of Contra Costa County. Therefore great care must be taken in decoration and design. People go out to eat for the experience, and atmosphere is a big part of that experience. We want to convey a hip, modern feel, yet keep the ambiance serene. We trust our taste and believe we can accomplish this type of atmosphere ourselves, however decorating advice may be sought if we find we are not able to achieve this look and feel. Cleanliness is also a must. Uniforms will be free of spots, floor areas will be bussed with the tables, restrooms will be closely monitored and all work areas will be wiped down and organized. Each team member will have the responsibility to ensure that various areas of the restaurant are kept clean.

5.1 Marketing Strategy

Our goal is to grow <Your Business> to four units in the San Francisco Bay Area. Thorough market research needs to be done to determine appropriate locations for each. We will start with one unit in Walnut Creek, and depending on economic forces and market factors open another unit in approximately three to four years, then another in four more years, etc. We do not want to rush our growth. We want to manage it slowly so we can ensure the success of each unit.

The tragedy of September 11th and the current recession have brought interest rates to their lowest point in decades. By the time we are ready to open our doors in July 2002, maybe all of this will have passed...or maybe not. There is no denying the fact that opening a restaurant is risky no matter what the state of the economy. We hope that given what it is now, we will be able to take advantage of the low interest rates, and with retail slowing down perhaps even get a better deal on our lease. But no matter the state of the economy, we'll do whatever it takes to ensure our restaurant survives this tough economic period. If <insert name> has to get another job to earn money to put in the restaurant - we'll do it. If we have to sell a car to put more money in the restaurant - we'll do it. Opening <Your Business> has been our dream for two years, and as previously stated, we'll do WHATEVER it takes to make it succeed. Failure is not an option. If we make it through this first tough economic period, then we're sure we can make it through the next.

Fortunately, the economy will pick back up again; it always does, we just don't know exactly when.

Given the market research we have performed on the Contra Costa area to date, we feel comfortable saying that we know our market and that our restaurant-lounge fills a niche. We will keep on top of our market and continue to learn about it as it changes and grows. Our strategy is to change and grow with the market. For example, we are seeing signs that the market may shift to eating at home more often. If that is the case we can leverage our catering business to start creating meals that you can take home and cook yourself. Papa Murphy's has been extremely successful with it's own take and bake pizzas. Time is becoming more and more of a commodity, and people will still look for food preparation time savers, even they are eating at home.

So our basic marketing strategies are:

- Grow <Your Business> to a four-unit operation in the San Francisco Bay Area
- Do WHATEVER it takes to make it through tough economic times
- Keep in touch with the market
- Be flexible-change as the market changes

5.2 Positioning Statement

Our main focus in marketing will be to increase customer awareness. We will direct all of our tactics and programs toward the goal of explaining who we are and what we are all about. We have no plans to join in the coupon/discounting wars nor the birthday or frequent buyer clubs upon which others have embarked. We will price our products fairly, keep our standards high, and execute the concept so that word-of-mouth will be our main marketing force.

5.3 Pricing Strategy

Our dishes will be marked up 300% to cover food and labor costs of each menu item. We want to control costs to set menu prices to \$3.95-\$20 for lunch and \$3.95-\$35 for dinner. We plan to offer a dinner tasting menu for \$35, thus the reason for the higher price point. Our goal is to run with guest check averages of \$21 for lunch and \$33 for dinner. Alcohol sales will be pushed at dinner, so averages will be higher.

5.4 Promotion Strategy

We have broken our promotion strategy down into four areas that we have called Pre-Opening, Luring, Word-Of-Mouth, and Give Back.

Pre-Opening

Most restaurants just seem to 'show up' one day. No one really notices that they are new and just opened for business, unless they are a big chain. Before we open our doors to the public we want to grab people's attention and make them wonder who we are and what we're about. We want them to take notice. Our plan is to host a private party in the restaurant the night before we open our doors. This will be on a Friday night. The party will consist of 100 or more of our closest friends and family, spotlights, music, food and wine samplings, a belly dancing show, and a video diary of how we started <Your Business> from scratch. Because we will be located in the central downtown area of Walnut Creek, we are sure to draw a lot of attention from people passing by. A doorman will be present to check our guests' invitations and answer questions that any of the curious passersby may have. We realize this party will be a large expense, but feel it is necessary to establish ourselves immediately in the minds of Walnut Creek restaurant-goers. By drawing a lot of attention to ourselves in the beginning people will feel immediately compelled to visit <Your Business> to see what we're all about, instead of a month after we open. (Which is probably when people would finally notice that <Your Business> is a new restaurant on the block if we didn't have a big pre-opening bash.)

Luring

As a new restaurant offering a new type of cuisine our most important marketing items are our menu and our brochures. Like most restaurants, we will have our menu outside our door encased in glass. But unlike most restaurants, our hostesses will play an important role of luring the guest into the restaurant once they stop to read the menu. The

interaction will be natural, and not come across as a hard sell at all. The scenario will work itself out like this:

👤 👤 📄 The guests stop outside our door to read the menu.

👤 📄 The hostess steps outside and greets the guests with two pamphlets in hand. She says in a very natural, non-sales, non-threatening way "You look like you people who would enjoy a good kebab. If you hold on a second I'll asked the waiter to get me a sample for you to try. Oh, and here's a little something that explains what we're all about. I'll be right back with your sample."

👤 👤 📄 The guests flip through the pamphlets and make comments about the interesting information highlighted about <Your Business>, Turkey and spices used in Turkish cuisine. Now they're a little more interested. They may turn back to the menu to study it a little more while they wait for the hostess to return.

👤 🍷 The hostess returns with two small samples. "Here you go. I wasn't sure if either of you were vegetarian so I brought a little sample of our homemade spiced French fries as well. Try them and tell me what you think, the chef is looking for some feedback." She waits while they taste their samples.

👤 👤 🍷 The guests sample the food. "Wow, this is really good!"

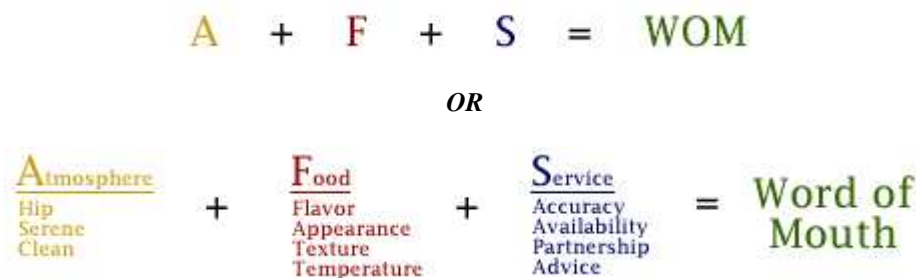
👤 The hostess smiles. "Well, there's more where that came from. Would you like to come in and have a seat?" The guests oblige and follow her inside. "My name is <insert name>, by the way...what are yours?" The conversation goes as she seats them at their table.

This strategy will be used until we obtain a consistently high level of patronage.

Word-Of-Mouth

We have an enormous opportunity to make our guests our biggest fans and marketers. Word-of-mouth is the least expensive and most effective way to get guests into our restaurant, thus perfect execution of our atmosphere, food and service is critical. These three elements, if implemented properly, create the winning combination that gets people talking about <Your Business> and recommending it to their friends and family.

In order to ensure the correct execution of our atmosphere, food and service we created a Word-Of-Mouth (WOM) formula that is part of each team members training and is 'preached' and practiced in the day-to-day operation of <Your Business>. Each element is broken down into measurable subsets to equal the whole experience that would cause a guest to rave about <Your Business> to friends and family.



The structure of each element's breakdown forces the team to ask themselves key questions in the decision making process. Even though most decisions are made in split seconds, this formula will be used as a guide to assist team members to make the right decisions, which will ultimately lead to our guests being our biggest fans.

Atmosphere-There is three key characteristics that we want to put across consistently to our guests in our atmosphere. Hip, serene, and clean. We, as owners, will use these adjectives as guides when building and decorating the space. Team members will use these adjectives for side work projects they will be responsible for. For example, a team member has been requested to rearrange the bar's display case. Upon finishing he should ask himself:

- Is the display hip (or stylish)?
- Is it serene? (Is there anything that seems 'busy' about the display? If so what? Can it be eliminated?)
- Is it clean? (Are there any fingerprints on the glass? Dust on the bottles?)

Food-In order to serve great food and serve it consistently, there are four characteristics that will be used to measure its quality. Flavor, appearance, texture and temperature (FATT). Our chefs will create the menu using these items as key measures. Each dish has its own standard that is set the first time the chef created it. This standard is documented in a detailed recipe. Team members then learn about the dish in FATT tastings. (These are small pre-shift meetings in which team members are introduced to a new dish. Members taste the dish while the chef educates them on the flavor, appearance, texture and temperature of it). This empowers team members to speak knowledgeably about the dish if asked questions by guests, and also gives the members a scale in which they can measure the dish's appearance and temperature before the dish is placed in front of the guest.

Service-We find that excellent customer service is a culmination of four needs. Accuracy, availability, partnership and advice. So, what do we mean exactly by these needs?

Accuracy -- If a guest orders soup he expects to get soup, not fries.

Availability -- If the guest wants her check, she shouldn't need to wait an unnecessarily long time before getting the waiter's attention.

Partnership -- Guests want to feel they are listened to and understood.

Advice - If a guest has a problem she wants us to help her solve it.

Each team member will be trained on these needs so they can identify them in any situation and take the appropriate action. Most of these are common sense and team members will react accordingly and naturally. However, in some cases it is not always clear a guest needs us to solve a problem for them. To help our team identify these situations our service training will take place in a forum we call 'Team Sequences'. This is a kind of role-playing in which members of management and team members act as guests. They will go through the process of eating lunch or dinner while monitoring the service of the wait staff. A variety of situations may be presented to the wait staff to uncover their reactions. After their shift, members are notified on how they performed during the 'Team Sequence'.

In all of this we want to keep the focus on the final goal - compel our guests to recommend <Your Business> to others. It's important that our team members set their focus on this final goal too and not get lost in all the details just described above. Thus we keep it as simple as possible. We continuously ask the team, "Are you following the WOM formula? Are you paying enough attention to atmosphere, food, or service? Will that guest leave wanting to recommend <Your Business> to a friend or family member?" With sufficient training and experience they too will be efficient in the Word-Of-Mouth mindset and promotion strategy.

Give Back

Personally, we believe that you get what you give. We want <Your Business> to make a difference in the community. Currently we are researching two causes that we believe are making a difference and will give to those causes. How we give can vary. We could host a fundraiser. This would be mutually beneficial because it helps the organization entice people to come to their event with free food and drink to donate money, and it brings new potential guests to our restaurant. We could donate food to needy families with children. Or, we could simply write a check. No matter how we help, we feel it is important that we do something to give back to the community. Not only does this spread goodwill, but it also shines a positive light on <Your Business> as a morally responsible, upstanding member of the business community.

5.5 Milestones

The following table lists important program milestones, with dates and budgets for each. The milestone schedule indicates our emphasis on planning for implementation.

Milestone	Manager	Planned Date
Register fictitious name	Name	1/4/02
Obtain Employer ID from IRS		1/4/02
Submit business plan to banks		1/21/02
Procure location		1/10/02
Sign Lease		2/15/02
Procure architect/designer		3/20/02
Site build out		4/1/02
Procure equipment (dishes, tables, kitchen, etc.)		4/1/02
Hiring/Training		5/1/02
Obtain State ID #		5/15/02
Obtain Seller's Permit		5/15/02
Obtain Health Certificate		5/15/02
Obtain Liquor License		5/15/02
Obtain Business License		6/1/02
Order food/beverage		6/15/02
Restaurant setup/decorating		6/15/02
Grand Opening		7/6/02

6.0 Management Summary

Management of <Your Business> will depend primarily on us, the founders and owners. A bar manager will be hired part-time to ensure the bar program runs efficiently and is a success. As we grow, we will take on additional help in certain key areas. We will not add additional overhead until absolutely necessary. This will mean that the initial staff support team will have to "wear many hats," so to speak. By doing this, we will keep our overhead as low as possible. Since management will be our primary responsibility, we decided to be closed one day a week (Mondays) until we are able to hire additional managers. This will help reduce burnout and allow us one day to catch up on administrative duties, if necessary.

6.1 Organizational Structure

<Your Business> will be run as a general partnership between <insert your name here>, husband and wife. The Göksever's own <Your Business> 100 percent, wholly and solely. Tracy Bauer will be hired as <Your Business>' Bar Manager. The management team has 6 years combined management experience, and 17 years combined restaurant experience. (Appendix D – Management Resumes)

The search for an executive chef has already begun. He/She is considered to be part of the management team as well.

6.2 Management Team Responsibilities

<insert name> will be the General Manager. His primary responsibility is managing the day-to-day operations of <Your Business>. This includes, but is not limited to, ownership of the lunch and dinner programs, Back of House

(BOH) and Front of House (FOH) management, training, inventory, and hiring/firing of staff.

<insert name> will be the Operations Manager. Her primary responsibilities are office administration and guest relations. This includes accounting and payroll functions, human resources, training manuals, website development, responding to guest comments/complaints, taking reservations and greeting guests during lunch and dinner hours.

<insert name> will be the Bar Manager. Her primary responsibility is ownership of the bar program. This includes, but is not limited to, day-to-day management of the bar, training, inventory, creating/altering wine and beer menu, and vendor relations.

The Executive Chef will assist with BOH management and be primarily responsible for research and development of <Your Business>' menu and inventory management.

6.3 Personnel Plan

The Personnel Plan reflects the need to bolster our capabilities to match our positioning. Total direct labor (not including management) for the first year will average 27%. (Appendix E – Sales and Labor Forecasts). Including benefits, vacation, and worker’s compensation it will average 34%. Management will run at 5%. We will have no Marketing or Administrative personnel in the first three years. The General Manager and Operations Manager are not included in the personnel plan. As the owners, we will pay ourselves depending on the financial viability of the restaurant. Thus, we will not rely on a regular ‘salary’. We increased payroll by 4% each year to estimate turnover costs and increases in pay.

Personnel Plan

FOH & BOH Labor	FY2003	FY2004	FY2005
Bar Manager (part-time)	\$16,785	\$17,456	\$18,155
Executive Chef	\$39,106	\$40,670	\$42,297
Grill Cooks (2 @ \$10p/h-one p/t)	\$36,320	\$37,773	\$39,284
Pantry Cooks (2 @ \$8p/h)	\$40,568	\$42,191	\$43,878
Prep Cook (2 part-time @ \$8p/h)	\$24,220	\$25,189	\$26,196
Bartender (2 part-time @ \$7.50p/h)	\$22,083	\$22,966	\$23,885
Servers (6 @ \$6.75p/h)	\$57,449	\$59,747	\$62,137
Host/Hostess (1 @ 7.50p/h)	\$21,538	\$22,400	\$23,296
Bussers (2 @ \$7.50p/h)	\$31,045	\$32,287	\$33,578
Dishwashers (2 @ \$8p/h)	\$30,532	\$31,753	\$33,023
Subtotal	\$319,646	\$332,432	\$345,729
 Sales and Marketing Personnel			
None	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
 General and Administrative Personnel			
None	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
 Total Headcount			
	21	21	21
Total Payroll	\$319,646	\$332,432	\$345,729
Payroll Burden	\$22,375	\$23,270	\$24,201
Total Payroll Expenditures	\$342,021	\$355,702	\$369,930

7.0 Financial Plan

There are a few key assumptions to keep in mind when reviewing <Your Business>' financial plan.

Long-term Interest Rate – We are assuming 10% interest on the loan we receive from the bank.

Payment Days Estimator – We are assuming we will pay our debtors, suppliers, etc. in 30 days from receipt of invoices.

Inventory Turnover Estimator – We are assuming approximately 1 week of inventory turnover.

Expenses in Cash – We are assuming 10% of our expenses are paid immediately instead of waiting as Accounts Payable.

Personnel Burden – We are assuming 7% overhead on personnel for vacation, benefits, and worker's compensation.

General Assumptions

	FY2003	FY2004	FY2005
Long-term Interest Rate %	10.00%	10.00%	10.00%
Payment Days Estimator	30	30	30
Inventory Turnover Estimator	36.00	36.00	36.00
Tax Rate %	25.00%	25.00%	25.00%
Expenses in Cash %	10.00%	10.00%	10.00%
Personnel Burden %	7.00%	7.00%	7.00%

7.1 Sales Forecast

We forecasted sales based on a 25-table dining room. We were very conservative with our forecasting. Our numbers were calculated using forecasting spreadsheets that we created in Excel. We made projections for every day of every month of our first Fiscal Year, taking into account holidays. (Appendix E – Sales and Labor Forecasts) Since our goal is to grow sales by 4% every year, we added 4% to sales of each year.

Direct Cost of Sales is our inventory (food and beverage). This is calculated at 26% of sales. This figure includes the cost of our spices acquired in Turkey. Fortunately the cost of the spices and shipping is miniscule and has very little impact on our cost margin.

<u>Sales</u>	FY2003	FY2004	FY2005
Lunch	\$356,367	\$370,622	\$385,447
Dinner	\$642,545	\$668,247	\$694,977
Total Sales	\$998,912	\$1,038,868	\$1,080,423

<u>Direct Cost of sales</u>	FY2003	FY2004	FY2005
Lunch	\$92,655	\$96,362	\$100,216
Dinner	\$167,062	\$173,744	\$180,694
Subtotal Cost of Sales	\$259,717	\$270,106	\$280,910

7.2 Breakeven Analysis

As the grid here shows our monthly break-even are approximately 1,685 guest counts and \$45,000 in sales. Our assumptions are based on a Guest Check Average of \$27.00, 26% Direct Cost (which is \$7.00) and estimated monthly fixed cost of \$33,700. This includes payroll, loan payments, leased equipment payments and utilities.

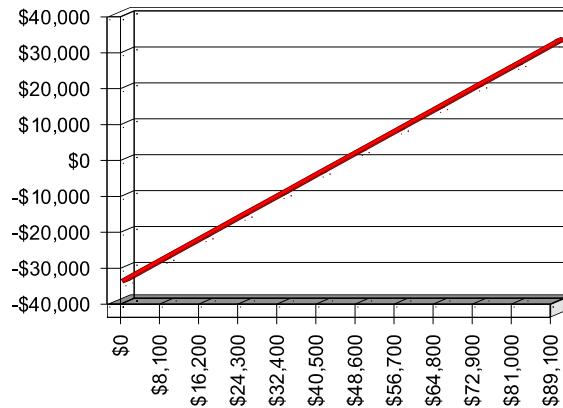
Break Even Analysis

Monthly Units Break-even	1,685
Monthly Sales Break-even	\$45,495

Assumptions:

Average Per-Unit Revenue	\$27.00
Average Per-Unit Variable Cost	\$7.00
Estimated Monthly Fixed Cost	\$33,700

Breakeven Analysis



7.3 Projected Profit and Loss

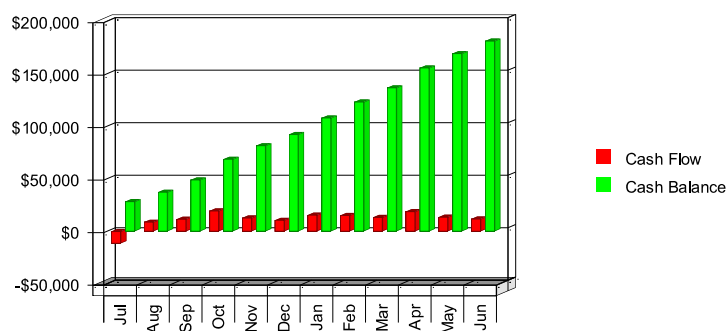
	FY2003	FY2004	FY2005	<i>Notes</i>
Sales	\$998,912	\$1,038,868	\$1,080,423	
Direct Cost of Sales	\$259,717	\$270,106	\$280,910	
Labor Payroll	\$319,646	\$332,432	\$345,729	
	-----	-----	-----	
Total Cost of Sales	\$579,363	\$602,538	\$626,639	
Gross Margin	\$419,549	\$436,331	\$453,784	
Gross Margin %	42.00%	42.00%	42.00%	
<u>Direct Operating Expenses</u>				
Advertising & PR	\$300	\$400	\$500	(This figure low – we do not need to advertise for personnel and we don't plan on using it as a means to attract business)
Bad Debts	\$18,000	\$18,000	\$18,000	(Assuming \$1500/month loan payments for SBA Loan)
Cleaning Supplies	\$3,650	\$3,700	\$3,800	
Dishes & Utensils	\$3,800	\$4,200	\$4,800	
Dishwashing	\$2,500	\$2,600	\$2,700	(Dishwashing has separate account to account for detergent and maintenance costs of EcoLab washer.)
Business Insurance	\$1,320	\$1,320	\$1,320	
Licenses	\$400	\$400	\$400	(Approx. cost of license renewal fees.)
Menus	\$500	\$500	\$500	(We will be printing our menus using our own laser printer and computer)
Brochures	\$1,300	\$800	\$500	(A professional printing service will be used for brochures. Cost of brochure will reduce year-over-year as we plan to use them less as marketing tools as customers become familiar with <Your Business>.)
Office Supplies	\$750	\$750	\$750	
Paper Products (Paper towels, etc.)	\$1,500	\$1,500	\$1,500	
Plants & Flowers	\$1,500	\$1,500	\$1,500	
POS System	\$6,000	\$6,000	\$6,000	(A system will be leased at the cost of approx. \$500/month.)
Rent	\$60,000	\$60,000	\$60,000	(Assuming rent of \$5000/month)
Repair & Maintenance	\$5,500	\$1,000	\$1,000	(Money is paid to this account every month in the first year. The unused balance is carried over every year with contributions lessening depending on how much of it is used.)
Telephone	\$1,470	\$1,470	\$1,470	
Training & Development	\$1,050	\$1,050	\$1,050	(Training manuals, videos, etc.)
Uniforms	\$1,100	\$1,200	\$1,300	

Utilities: Energy	\$8,700	\$8,850	\$8,900	(Utility accounts increase slightly every year to account for rate increases.)
Utilities: Charcoal	\$2,500	\$2,700	\$2,800	
Water, Sewer & Trash	\$9,600	\$9,700	\$9,800	
Total Direct Operating Expenses	\$131,440	\$127,640	\$128,590	
Direct Operating Expenses %	13.16%	12.29%	11.90%	
<u>General and Administrative Expenses</u>				
Payroll Burden	\$22,375	\$23,270	\$24,201	(Calculated at 7% of sales)
Total General and Admin. Expenses	\$22,375	\$23,270	\$24,201	
General and Administrative %	2.24%	2.24%	2.24%	
Total Operating Expenses	\$153,815	\$150,910	\$152,791	
Profit Before Interest and Taxes	\$265,734	\$285,421	\$300,993	
Interest Expense Long-term	\$14,025	\$12,300	\$10,500	
Taxes Incurred	\$62,927	\$68,280	\$72,623	
Net Profit	\$188,781	\$204,840	\$217,870	
Net Profit/Sales	18.90%	19.72%	20.17%	(20% margin achieved in third year of operation.)

7.4 Projected Cash Flow

	FY2003	FY2004	FY2005	<u>Notes</u>
Net Profit	\$188,781	\$204,840	\$217,870	
Plus:				
Depreciation	\$0	\$0	\$0	(Depreciation not included because method and cost is unknown.)
Change in Accounts Payable	\$2,500	(\$457)	\$15	
Long-term Borrowing (repayment)	(\$18,000)	(\$18,000)	(\$18,000)	(SBA Loan repayment)
Subtotal	\$173,281	\$186,383	\$199,884	
Less:				
Change in Inventory	\$31,876	\$1,455	\$1,513	
Subtotal	\$31,876	\$1,455	\$1,513	
Net Cash Flow	\$141,405	\$184,928	\$198,371	
Cash Balance	\$181,405	\$366,334	\$564,705	

Cash Analysis



7.5 Projected Balance Sheet

Assets

	<i>Starting Balances (Based on Start- up expenses)</i>	FY2003	FY2004	FY2005
Short-term Assets				
Cash	\$40,000	\$181,405	\$366,334	\$564,705
Inventory	\$4,500	\$36,376	\$37,831	\$39,344
Other Short-term Assets	\$0	\$0	\$0	\$0
Total Short-term Assets	\$44,500	\$217,781	\$404,165	\$604,049
Long-term Assets				
Capital Assets	\$20,000	\$20,000	\$20,000	\$20,000
Accumulated Depreciation	\$0	\$0	\$0	\$0
Total Long-term Assets	\$20,000	\$20,000	\$20,000	\$20,000
Total Assets	\$64,500	\$237,781	\$424,165	\$624,049

Liabilities and Capital

Short-term Liabilities				
Accounts Payable	\$0	\$2,500	\$2,043	\$2,057
Short-term Notes	\$0	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$0	\$2,500	\$2,043	\$2,057
Long-term Liabilities				
Long-term Borrowing	\$150,000	\$132,000	\$114,000	\$96,000
Total Long-term Liabilities	\$150,000	\$134,500	\$116,043	\$98,057
Capital				
Paid in Capital	\$30,000	\$30,000	\$30,000	\$30,000
Retained Earnings	(\$115,500)	(\$115,500)	\$73,281	\$278,122
Earnings	\$0	\$188,781	\$204,840	\$217,870
Total Capital	(\$85,500)	\$103,281	\$308,122	\$525,992
Total Liabilities and Capital	\$64,500	\$237,781	\$424,165	\$624,049
Net Worth	(\$85,500)	\$103,281	\$308,122	\$525,992

7.6 Business Ratios

<u>Profitability Ratios</u>	FY2003	FY2004	FY2005
Gross Margin	42.00%	42.00%	42.00%
Net Profit Margin	18.90%	19.72%	20.17%
Return on Assets	79.39%	48.29%	34.91%
Return on Equity	182.78%	66.48%	41.42%

<u>Activity Ratios</u>	FY2003	FY2004	FY2005
Inventory Turnover	28.35	16.24	16.24
Accts Payable Turnover	64.92	64.92	64.92
Total Asset Turnover	4.20	2.45	1.73
<u>Debt Ratios</u>	FY2003	FY2004	FY2005
Debt to Net Worth	1.30	0.38	0.19
Short-term Liab. to Liab.	0.02	0.02	0.02
<u>Liquidity Ratios</u>	FY2003	FY2004	FY2005
Current Ratio	87.11	197.86	293.61
Quick Ratio	72.56	179.34	274.48
Net Working Capital	\$215,281	\$402,122	\$601,992
Interest Coverage	18.95	23.20	28.67
<u>Additional Ratios</u>	FY2003	FY2004	FY2005
Assets to Sales	0.24	0.41	0.58
Debt/Assets	57%	27%	16%
Current Debt/Total Assets	1%	0%	0%
Acid Test	72.56	179.34	274.48
Asset Turnover	4.20	2.45	1.73
Sales/Net Worth	9.67	3.37	2.05