Business Plan

Executive Summary

Freshie will be a uniquely designed restaurant with a capacity of 60 people. The menu will consist of French fries, freshly blended juice, steaks, lamb and pork chops, hamburgers and a particular dish every week. The affordable meals will be presented in a unique manner all meant to please and make the customer happy and yearning for more. The restaurant is a sole proprietorship owned by an elegantly skilled lady called Mary Andrew. She has a vast knowledge in the hotel business after acquiring a degree in hotel management. She has also worked in the catering industry since her college years. Our competitive advantage is on the basis that we provide healthy freshly cooked food at an affordable price. The restaurant will target families, business people, and the young generation (Allen and Sachs 2012, p.25). Families are our primary target due to our closeness to the residential areas. Mary will lease a 2500 square foot space at the Yala Shopping Mall, a very elegant place. She will renovate the area making it a suitable location for customers to come and have fun. A well-known designer will do the interior designing, and it will be spectacular. The theme color will be pink and white making the room brighter. The chairs will also be designed in a comfortable manner. Sales are forecasted to cover 1700 customers on a weekly basis with most coming over lunch hours. The restaurant will require $363000 for the start-up, sourced from Mary's contribution and a bank loan.

Business Objectives.

The primary aims of the restaurants are:

- To provide high quality meals at affordable meals
- To make the customer experience a home away from home, a pleasant experience.
- To promote health by preparing meals in a clean environmental with healthy ingredients.

Mission Statement

Freshie's mission is to be the best restaurant offering the family a great dining experience away from home at a unique, elegant place and to help our staff feel that their services matter most.

Keys to success

Offer affordable, high-quality dishes to make a customer want more.

Treat every customer in a special way as if they were a Very Important Person (VIP).

Having an experienced chef and offering him training to keep improving his skills.

Locality which has potential customers, bringing food to where people are.

Company Description

Freshie will be located in Yala Shopping Mall. The restaurant will be a sole proprietorship. A variety of dishes will be served to have the customer's satisfaction in mind. The restaurant will remain open daily from 9.00am to 9.00 pm.

Ownership

The restaurant will be owned and managed by Mary Edwin. She has experience in the catering industry since the age of 18 when she was in college. Mary pursued a degree in accounting and another in Hotel Management. She was privileged to work for seven years as a Kitchen Manager in a Five Star Hotel and recently resigned from her job as an Assistant Manager at KFC to go into entrepreneurship. For her assistance, she will be working closely with five very able individuals.

Start-up Summary

The budget for the restaurant start-up is $363000. The financial resources will help in the acquisition of kitchen equipment at $110500. Renovate the premises at $14800. The restaurant will open in exactly 35 days after acquiring the bank loan (Jiménez and Ongena 2012, p.2302). Mary had an excellent job in which she managed to save up $175000 which she will contribute towards her business. The rest of the money she will borrow.

Location and Facility

The restaurant's location is inYala Shopping mall in Texas. The location was chosen based on the broad market that the area has:

- The place is a residential area holding around 60 000 people and many families.
- It is a tourist destination
- It has a large number of college students.
- Other restaurants are located nearby and as such, they offer a healthy competition.

Services

Daily Operations and Production

Freshie will be open every day from 9 am to 9 pm. The schedule design is in such a way that the staff can get time to rest. There will be two shifts, one at lunch time and the other at dinner. The manager will be responsible for ordering, receiving and maintaining inventory records. The dishwasher will be responsible for making sure that the deliverables are properly stored. The chef will be expected to write down all the ingredients he requires. Once a customer enters, the waiter or waitress on duty will be expected to greet him with a smile. Then they direct them to a table, but a customer can decide to shift. After they have settled, the customer will be served with the menu. The waiter will then tell the cashier to print a ticket based on the order. The chef will present the meal in a nice way and pass it to the waiter. The customer will only be given the bill when they are done eating.

Suppliers

Most of the vegetables will be sourced from a nearby market. The other ingredients will be bought from the supermarket nearby and receipts taken by the manager. Time will also be taken to identify the suppliers who offer high-quality well-priced goods**.**

Services

reshie offers a simple, delicious and affordable menu to suit the customer's needs.

Item	Price ($)
French Fries	2.00
Steak	3.50
Lamb Chops	4.00
Pork Chops	4.00
Turkey Thigh	4.00
Brown/ white rice	1.50
Hamburger	2.00

Be sure to catch a special meal and dessert on the menu every Wednesday. There will also be branded items for our customer.

Future Services

Freshie is just a beginning of great things for the future. Plans to have more restaurants all over the country are underway. Shortly outside catering services will be available for weddings or any party. The main headquarter which is in Texas will also be expanded to have more space to hold more than 100 customers at once.

Market Analysis

In the United States, the restaurant industry consists of about 480000 restaurants which generate an annual revenue of about $ 580 billion. The market size is expected to continue growing due to increase in people on the move. The restaurants offer fast food, snacks, and non-alcoholic beverages (Schlosser 2012, p.2).

Industry Analysis

The Foodservice industry is one of the fast-growing sectors of the economy at a rate of 4.5%. The industry consist of both full-service restaurants commonly referred to as FSR and limited service eating places such as cafeterias, snack bars, and non-alcoholic beverage bars. It is yet to reach its full capacity because the customers keep increasing in numbers (Firdaus and Kanyan 2014, p.293). The demand is as a result of greater population, changes in consumers taste and also rise in consumer's income. The Annual sales for FSRs are estimated to be $860000.

According to research carried out by Standard Industry Code Eating and Drinking Establishments engage in the sale of already prepared foods and drinks for the people in the premises or those who ask for outside catering (Canziani, Almanza, Frash, McKeig and Sullivan-Reid 2016, p.7). Most restaurants employ waiters and waitresses and in some cases barmen who serve and receive payments from customers after eating hence creating Part-time and full-time jobs to most citizens. Significant shareholders in the industry include McDonalds, Pizza Hut, KFC and Darden Restaurants. They hold about 20% of the full market share and have been in operation for decades.

Due to the minimum wage bills, restaurants managers need to operate on a tight budget to avoid making many losses and to ensure that the workers are well compensated**.** The main competitors of the restaurant industry are companies which deal and serve prepared meals such as groceries, warehouse clubs and home cooking. Due to the high competition, it is always advisable to select the location carefully where as many customers are located. The industry has also seen a significant advancement with the onset of technology. A computerized information system is being used as a way of improving food preparations and serving operation.

Main Competitors

Based on the proposed location of our restaurant, the main competitors are:

- Cracker Barrel. The restaurant offers food at a comfortable place almost a home. It mostly serves the tourists. Their prices are a bit high ranging from $7.99-$ 14.
- Applebee's. It is a chain restaurant for a typical citizen and its customer mostly include the young people due to the fair prices.
- KFC. It is giant in the industry and therefore has a significant market share. The food is of high quality, and the prices are average.
- Nearby grocery markets which serve prepared food.

Market segment

Freshie will target the residents, business community, and college students.

Market size

Texas has a continuing increase in some restaurants with around 60000 residents. All these form a potential market. The college students also look for affordable places to eat away from school, and that's what Freshie offers.

Market Strategy

Our restaurant will target families, the business community and the young people especially those in college. The location near the residential houses is suitable so that parents who are going home after a long day can stop by and buy a well-prepared meal for the whole family. More so during lunchtime, we can easily get customers from the nearby business and factories. Our prices will also be affordable for the young people. More so the market test carried out helped to hear feedback from potential customers from social media platforms.

Barriers to Entry

- Location. With the rise in some restaurants, it is difficult to find an excellent place where one can easily access customer. More so the competitors are well established most enjoying economies of scale due to the franchises and also having a loyal customer base.
- Government Minimum Wage bill. Sometimes the restaurants do earn many profits especially during the first year of operation (Whitaker, Herian, Larimer and Lang 2012, p.630). However, the government in collaboration with workers union have set a minimum wage for restaurant owner's failure to which one can be sued.
- Regulatory Obstacles. Restaurants must meet high health requirements to avoid the spread of diseases. Those dealing with alcoholic beverages also require licenses which are also expensive to acquire.

Unique Selling Point

Freshie will offer quality food prepared by a highly qualified chef who gives a personal touch to any meal. The meal prices will range from $1.00 making it affordable to all. The interviews carried before employment will be a guarantee that only the best applicants are hired.

Technical Feasibility

Freshie being a restaurant will buy already made modern technological equipment to make work easier (Fujii, Kaihara, Uemura, Nonaka and Shimmura 2013, p.37). For instance, every cooking appliance will be electrical except for the cooker which will use gas. The meals will be cooked in the kitchen meaning that there is no technicality involved.

During the first year, the restaurant will not offer outside catering. Therefore, customers will be required to come to the premises and order meals. However, those who need ready meals will enjoy the privilege. The market for raw materials is near. Therefore no transport cost will be incurred. The highly qualified expertise employed will help in providing quality services. The restaurant is located in a calm place, and the interior décor's incredible and spectacular. The furniture is attractive and of high quality.

Legal requirements

Freshie is a sole proprietorship and as such, minimal legal requirements are needed. Mary will need to obtain a license from the local authority. The employees will also need to get a medical certificate stating that they are clear of any communicable disease, and they are fit to work in the food sector Under the Food and Drugs Administration; restaurants are expected to keep clear book records (Trumbo 2016, pp.864).It is also advisable to pay insurance for employees and customers against accidents such as falls and fire burns that may occur in the restaurants.

Technological Changes

Technology is affecting almost all sectors of the economy. The Foodservice industry has not been left behind. Big restaurants are using the Table Restaurant Management where a customer makes an order without the need of a waiter. Most payments nowadays are also being made by swiping credit cards. Therefore, people are shifting from carrying liquid money. As a way of monitoring employees in food preparation areas, WebCams are also installed so that the owners can detect any unusual happening or non-compliance with health regulations and safety codes. To keep up with such restaurants, Freshie should use the updated technology.

Organization and Management

Management Team

The restaurant is a sole proprietorship owned by Mary Andrew who has spent the last eight years in the restaurant's industry. She holds a bachelor degree in Accounting and Hotel Management. She was the Assistant Manager of KFC and a Kitchen Manager in a Five Star

Hotel before deciding to start Freshie She will be the General Manager in Freshie and due to her backgrounds in Accounting, she will be actively involved in Finances.

Organizational Structure

Freshie will offer employment to 5 skilled individuals. Mary and her close friend who has a background in Human Resource will personally select the candidates. They will advertise for the positions in the local newspaper. The applicants will be evaluated based on experience and educational background and practical skills. Their referees will also be contacted for confirmation. The Remuneration will be grounded on the title held. Recruiting efforts will be carried out from time to time to improve their skills. The positions for application include; chief chef, two waiters/waitresses, Cashier, Dishwasher,

Technical and Management Experience

To meet the gaps associated with payroll, inventory management and cost accounting, the owner will buy a point of sale system. It is an easier way of communicating with the supervisors and other staff. The orders will also be taken directly to the kitchen through a printer. It will make it easy to track all activities and also make the audit process simple. Our employees will also be compensated for overtime hours and also given five days paid leave every month. They will also have a chance to further their studies as a way of helping them grow personally and career wise. More positions will be established in the future to include a human resource manager, add more waiters/waitresses and an accountant to ease the burden on the manager.

Personal Plan

Chief Chef- in charge of preparing and cooking all meals in a high-quality manner.

Waiters/Waitresses- receiving orders and serving the customers, making sure that the restaurants' clean always.

Cashier. Invoicing receipts and giving balance must report to the manager.

Dishwasher-Helping the chef, receiving supplies and making sure the kitchen is clean at all times.

Owner-managing the whole business and also in accounting.

Financial Plan

Critical Assumption.

Meal Price	$8-$15
Average lunch price	$9
Average dinner price	$10

The restaurant will hold ten tables, and each table will have a seating capacity of five to six seats. Therefore, when the restaurant is fully packed, it can hold 60 customers. The restaurant has a total of five employees excluding the manager who is the owner. We estimate a revenue of $860,000 in the first year

Source and Use of Funds

The total capital is about $363000. The mainstream of the funds will purchase high-quality kitchen equipment, such as cookers, microwave, oven, utensils, refrigerator and furniture. The other cost will be used for the renovation of the restaurant, installing electrical appliances and updating the plumbing in addition to interior designing. Other expenses include rent and deposit for the whole place, working capital which includes paying the workers' wages and the cost of advertising and promoting the restaurant. Mary Andrew, the owner, will contribute $ 174

000 from personal savings. Then they have managed to acquire a loan worth $ 189000 from a local bank.

The Breakdown of the sources and use of funds.

Source	Amount
Owners Saving	$174000
Bank Loans	$189000
Total Funds	$363000

Uses	**Amount**
Rent	$50 000
Renovation	$14800
Kitchen equipment	$110500
Promotional expenses	$4000
Working Capital	$172500
Miscellaneous	$11200
Total	$363000

Financial Statements

Break Even Analysis

Mathematical calculations show that restaurant will need to sell $ 1108970 within the first year to attain the break-even point (Weil, Schipper and Francis 2013, p.23).

Net Units	Net Revenue	Fixed Cost	Variable Cost	Total Cost	Total Profit
Fixed Cost: $669,186.01					
Variable Cost: $4.51					
Number of Units: 13,034					
				$669,186	-$669,186
				$732,012	-$573,588
				$794,839	-$477,990
				$857,665	-$382,392
				$920,492	-$286,794
				$983,318	-$191,196
				$1,046,144	-$95,598
				$1,108,971	$0
				$1,171,797	$95,598
				$1,234,624	$191,196
				$1,297,450	$286,793
				$1,360,276	$382,391
				$1,423,103	$477,989
				$1,485,929	$573,587
				$1,548,756	$669,185
				$1,611,582	$764,783
222,937	$2,534,790	$669,186	$1,005,222	$1,674,408	$860,381

Pro Forma Profit and Loss	Year 1	Year 2	Year 3
Income			
Sales	$1,028,422	$1,161,443	$1,235,835
Cost of Goods Sold	($402,113)	($414,176)	($426,602)
Gross Profit	$626,309	$747,267	$809,234
Expenses			
Accounting / Legal	$12,000	$12,360	$12,731
Bad Debts	$25,711	$26,482	$27,276
Shrinkage	$90,000	$92,700	$95,481
Credit Card Fees	$20,568	$21,185	$21,821
Insurance	$75,000	$77,250	$79,568
Miscellaneous	$44,112	$45,435	$46,798
Payroll Taxes	$0	$0	$0
Permits and Licenses	$7,356	$7,577	$7,804
Rent	$68,000	$70,040	$72,141
Salaries	$12,341	$12,711	$13,093
Wages	$269,987	$323,057	$340,027
Total Expenses	$625,075	$688,798	$716,739
Net Profit	$1,234	$58,469	$92,494

Profit and Loss Accounts.

Business Ratios

Ratio Analysis	Year 1	Year 2	Year 3	Industry Profile
Financial Ratios				
Quick Ratio	1.49	1.49	1.49	1.06
Current Ratio	3.92	3.92	3.92	1.46
Current Liabilities to Net Worth	0.26	0.26	0.26	0.40
Current Liabilities to Inventory	4.21	4.21	4.21	5.85
Total Liabilities to Net Worth	1.24	1.24	1.24	1.24
Fixed Assets to Net Worth	1.20	1.20	1.20	1.11
Collection Period				
Inventory Turnover	28.7	28.2	27.0	29.44
Assets to Sales	48.6%	45.2%	45.7%	49.1%
Working Capital to Sales	16.8%	15.6%	15.8%	14.0%
Accounts Payable to Sales	2.8%	2.6%	2.6%	2.8%
Return on Sales	0.1%	5.0%	7.5%	1.0%
Return on Assets	0.2%	11.1%	16.4%	2.1%
Return on Equity	0.6%	25.0%	36.7%	4.7%
Interest Coverage	0.8	7.6	15.5	1.66
Income Statement				
Gross Sales	100.0%	100.0%	100.0%	100.0%
Gross Profit	60.9%	64.3%	65.5%	56.0%
Operating Income	0.1%	5.0%	7.5%	2.1%
Net Profit After Tax				
Balance Sheet				
Cash	12.6%	12.6%	12.6%	12.6%
Accounts Receivable	5.0%	5.0%	5.0%	5.0%
Inventory	2.8%	2.8%	2.8%	3.0%
Total Current Assets	46.3%	46.3%	46.3%	49.5%
Total Fixed Assets	28.9%	28.9%	28.9%	25.7%
Other Non-Current Assets	24.8%	24.8%	24.8%	24.8%
Total Assets	100.0%	100.0%	100.0%	100.0%
Accounts Payable	5.8%	5.8%	5.8%	5.8%
Total Current Liabilities	0.0%	0.0%	0.0%	17.6%
Total Long Term Liabilities	37.8%	37.8%	37.8%	37.8%
Net Worth	44.6%	44.6%	44.6%	44.6%