

STARTUP ADVANTAGE

Restaurant Consulting Services

Sample Business Plan

Foss Creek Bar & Grill



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Foss Creek Bar & Grill
Business Plan
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I. Executive Summary

This confidential document has been developed for the private use of Foss Creek Bar & Grill's management team, prospective investors, and financial advisors. It is the intent of this document to identify Foss Creek Bar & Grill's primary objectives regarding business concept, operational philosophy, and projected financial performance.

Foss Creek Bar & Grill, a full service restaurant, will be situated within Sonoma County's wine country, specifically, Yountville, California. It will be serving upscale California wine country cuisine and will be the only restaurant in Yountville serving such food.

Foss Creek Bar & Grill will have a static seating capacity of approximately 40 people, with an expanded seating capacity of 60 people. The overall building size is approximately 1,400 sqft. The décor will be contemporary in design (California decor) with a sense of casual elegance. The primary source of customers will be local residents and merchants. In addition, there will be a seasonal tourist trade from June thru October, accounting for approximately 40% of the total sales.

The projected revenue for Foss Creek Bar & Grill is \$230,000 for the first year, \$295,000 for the second year, and \$350,000 for the third year. This would represent a 34% increase in revenue from the first year to the second, and an increase of 18.6% between the second and third year. Pre-tax net profits are projected at 5.26%, 9.8%, and 18.4% of gross sales for years one thru three, respectively.

The initial capital requirement for the purchase, renovation, and opening of Foss Creek Bar & Grill is \$120,000. The sole owners Nancy Hearn (wife) and William Hearn (husband) will subsidize this capital, in its entirety. This funding will allow Foss Creek Bar & Grill to commence operation without any encumbrances. Additionally, working capital will be sufficient to cover both fixed and variables expenses for a six-month period.

There is a possibility that the information required to assess fully the direction and value of Foss Creek Bar & Grill is not fully represented here, or may be beyond the scope of this document. If this is the case, please do not hesitate in contacting us so that we may answer your questions.

II. Company Analysis

Background:

Foss Creek Bar & Grill is to be a full service restaurant serving upscale California cuisine. Currently it is presently operating as a Mexican restaurant, Martha's Restaurant, located at 241 Main Street, Yountville, California, by owner/operators Felipe & Martha Medina. Martha's location is ideal, being only three doors from the central plaza of downtown Yountville. The location is what prompted the name "Foss Creek Bar & Grill". The facility has a small running creek in front of the facility which you have to cross to gain access to the restaurant.

In its current state, Martha's Restaurant is not faring well. I attribute this to an over abundant amount of local Mexican restaurants, most of which sell the same products and services. This duplication of effort has saturated the small local marketplace (Yountville's population is currently an approximated 9000 people). Secondly, the lack of proper financial management and marketing skills contributes to Martha's lack of success.

Product/Services:

Foss Creek Bar & Grill is a concept which has been in development for the past three years. The people responsible for the creativity behind Foss Creek Bar & Grill are Nancy Hearn (My wife) and I. Nancy and I will provide Foss Creek Bar & Grill with the general and operational management formula necessary for the successful implementation and execution of our concept.

As previously, mentioned, Foss Creek Bar & Grill will be providing its clientele with California cuisine. The sample menu included in Attachment 'A' will clearly show a unique marriage of a nouveau and classic cuisine, with an emphasis on fresh, local ingredient dishes. The professional menu design and execution, coupled with an ambiance best described as California decor, is what we feel will be the definitive formula for making Foss Creek Bar & Grill successful.

Marketplace:

Foss Creek Bar & Grill targets a marketplace which is virtually untapped in Yountville and its neighboring community of Napa (Though one can sense a competitive presence in nearby Rutherford, and St Helena). The Carriage House is the only restaurant which serves California cuisine in Yountville. The Carriage House is an established restaurant that caters to clientele desiring a creative fare for breakfast or lunch. Therefore, The Carriage House poses no threat.

We are targeting Foss Creek Bar & Grill to address the common needs and characteristics of Yountville's local residents and surrounding wineries. Foss Creek Bar & Grill will also cater to a more seasonal tourist trade by complimenting the image which is emerging in Yountville, that is, its natural beauty and inherent charm.

Cost Analysis:

Foss Creek Bar & Grill's associated costs are minimal in comparison to other nearby restaurants on the plaza. For instance, the market rate for commercial property, in and around the square, is an approximated \$1.10/sqft, triple-net lease

with a single five-year term. Foss Creek Bar & Grill's is \$.46/sqft with a five year term and a five year option.

The cost of purchasing the business (Martha's) was equally inexpensive. For example, a local hamburger shop on the square sold during the same time we negotiated Martha's for \$195,000. We, on the other hand, purchased Martha's for \$40,000 inclusive of all stock. Martha's building is also nearly twice the square footage.

All in all, Foss Creek Bar & Grill has proven to be an exceptional purchase given the lease, square footage, capital equipment, and location. We project the capital required to open Foss Creek Bar & Grill to be \$100,000 (this amount includes purchase cost, as well as, renovation and working capital). We strongly believe that by reducing the capital required, providing full subsidization, and creating an ideal cost of operation to gross revenue ratio we have greatly reduced the failure risk factors too well known in the restaurant industry.

Strengths and Weaknesses:

Nancy and I feel that we have the required backgrounds to accomplish our objectives; that is, experience and determination. We have the ability to leverage off of one another's strengths. That is why we will be able to address issues and implement strategies in the following important categories:

MARKETING - Nancy will be spearheading Foss Creek Bar & Grill's marketing efforts. Nancy, having a solid background in devising and executing marketing programs, will start by cultivating the necessary relationships with key local people and their organizations. This, along with an aggressive advertising plan, will enable Nancy and I to participate and contribute to the local community on behalf of Foss Creek Bar & Grill and ourselves.

FINANCES - Though I have sufficient background and experience in handling the finances of a small business, Foss Creek Bar & Grill will be employing the services of a qualified CPA and bookkeeper. We have also decided to automate our system in order to better control our company's assets and cash flow. The system will be a Hewlett-Packard PC based system. The software will cover all general accounting applications (General Ledger, Account Receivables/Payables, Payroll, Invoicing, Inventory, P&L, etc.)

PURCHASING - Purchasing will be a primary function of Foss Creek Bar & Grill's management team. Therefore, only Nancy or I will perform all purchases, be they inventory (perishables, dry storage, and beverages), office supplies, or incidentals.

MANAGEMENT - Nancy or I will handle all aspects of management. This will include establishing specific guidelines and mechanisms for the planning, implementing, and controlling of all activities.

KEY SUCCESS FACTORS - After examining the potential competitors of Foss Creek Bar & Grill, we concluded that in order to make Foss Creek Bar & Grill successful we would have to do the following: