

# LOS VERDES BUSINESS PLAN

Quesan Corporation

*July 2012*



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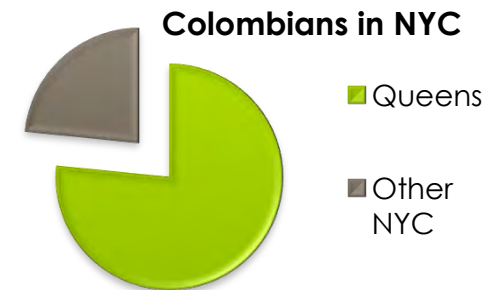
# EXECUTIVE SUMMARY

## THE STORY

Several words can be used to describe the flavors of Colombia: savory, delicious, high in quality. One word that describes Colombian food most for Javier Quezada is home. Javier grew up in New York, running around his parents' Colombian restaurant. Ever since he can remember he wanted to follow in his parents' footsteps. After a long and prestigious run in the military and working for the U.S. State Department, Javier realized that it was his time to build his dream. While stationed at Homestead Air Force Base in Miami he heard about a little Colombian food place called Los Verdes. He drove 30 minutes to get there and after one bite knew that he would open one in his hometown of New York City. He then attended and graduated from the International Culinary Center just to ensure that he would run the best restaurant possible and be the best leader he could be. Now he is ready to bring his favorite restaurant, Los Verdes to the New York City area.

## THE NEED

Since the wave of immigration began in the 1970s, more and more Colombians have been immigrating to America. The majority settle in the New York county of Queens. Queens County now has the largest number of Colombians of any county in the U.S. and Colombians have become the largest population of immigrants from South America. Due to this rising population, more and more of the residents of New York City are looking for authentic and delicious Colombian cuisine. The market is ripe with Colombian and global-cuisine-loving customers, many of whom already love the Los Verdes brand from experiencing it in the Miami area.



## KEYS TO SUCCESS

- Maintain a unique and delicious menu that differentiates Los Verdes from its competition.
- Encourage the three most important values in fast food: brand, speed of service and value.
- Control costs at all times, and focus on controlled growth.
- Consumer focus on “retailtainment” to ensure loyal return customers.
- Sell products that are of the highest quality.
- Get access to high-traffic areas near the target market.
- Promote good values of company culture and business philosophy.
- Appeal to all customers alike through 100% taste and service satisfaction.

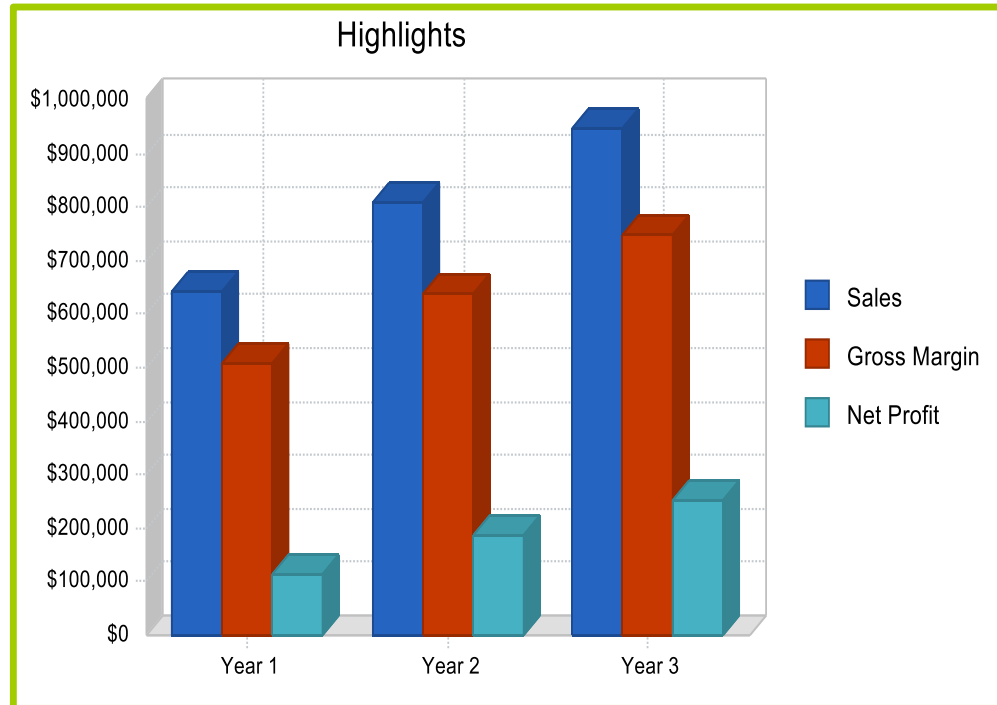


## INDUSTRY STATS

*In 2012, New York's restaurants are projected to register **\$31.9 billion** in sales.<sup>1</sup>*

*The overall U.S. restaurant industry is forecasted to bring in **\$632 billion** in 2012.<sup>2</sup>*

## SALES HIGHLIGHTS



## FINANCIAL HIGHLIGHTS

- The restaurant will gross over 600K in year one;
- Los Verdes New York will become cash flow positive after one year;
- The company will not need to take on any new loans or investments after the initial funding.

## OBJECTIVES

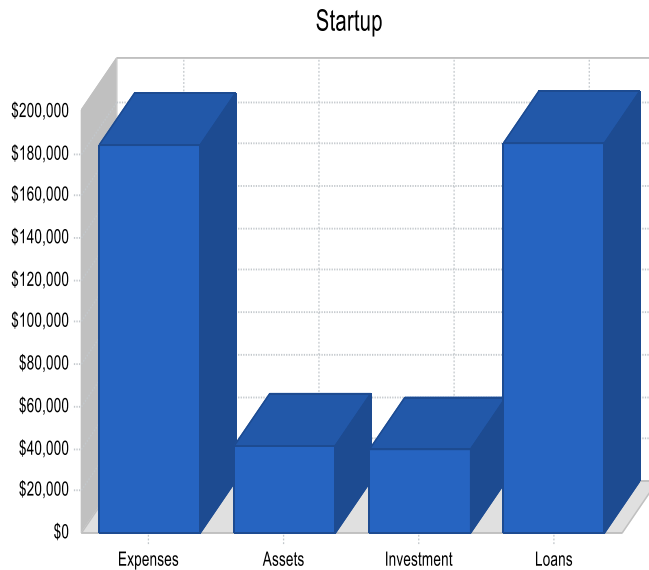
- Cash flow self sufficiency by end of year one;
- Repay financing by the end of third year;
- 20% growth in the first year;
- Sales of more than \$1MM by year four;
- Open a second location by year four;
- Become the premiere Colombian food QSR in Queens, NY;
- Acquire a large portion of market share through the establishment of several restaurants in the NYC metro area.
- Appeal to all cultures in the New York City area by promoting great taste and high quality food in an attractive atmosphere.

## EXIT STRATEGY

Quesan Corporation believes that as the first franchisee of a popular Colombian fast food restaurant, Los Verdes, there will be many opportunities to sell the franchise operation to investors in the New York area.

Los Verdes has already had several offers to open franchises in the NYC metro area, but has decided that Javier Quezada is the man for the project. It is believed that since the restaurant chain is in high demand in NYC, an exit strategy will be to sell to one of these interested parties.

## STARTUP SUMMARY



## COMPANY LOCATION & FACILITIES

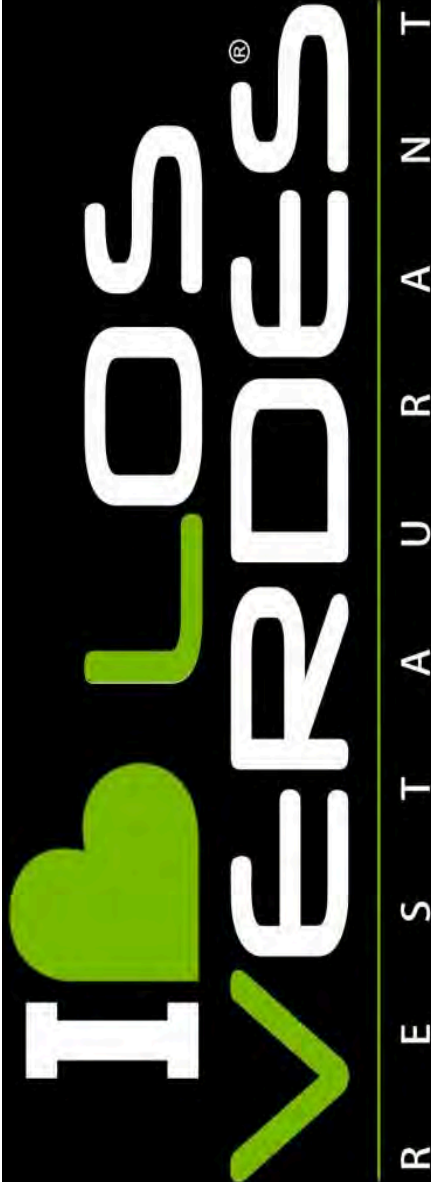
The company will open its flagship New York City location in Queens, New York. Javier Quezada has already been preapproved for several locations and anxiously awaits the opportunity to put a deposit down on the perfect location, within the target market.

## STARTUP REQUIREMENTS

Startup	
Requirements	
Startup Expenses	
Rent	\$40,000
Key Money	\$80,000
Legal Fees	\$3,750
Technology	\$10,000
Renovations	\$25,000
One Month Wages	\$15,000
Marketing and Advertising	\$10,000
Total Startup Expenses	\$183,750
Startup Assets	
Cash Required	\$15,000
Startup Inventory	\$1,250
Other Current Assets	\$0
Long-term Assets	\$25,000
Total Assets	\$41,250
<b>Total Requirements</b>	<b>\$225,000</b>

\* Key money is requested by most property owners, but Javier has also been pre-approved for a space where no key money is needed.

\*\* \$3,000 of the legal fees will be used to obtain an expedited beer-only liquor license.



## COMPANY SUMMARY

The Quesan Corporation was formed in 2012 by Javier Quezada in order to franchise the Los Verdes restaurant in the NYC metro area. The company will use youthful surroundings, following in the tradition of Los Verdes to cater to the Colombian market as well as all people who crave delicious, quality food.

## MISSION

To highlight the splendor of the Colombian culture through food and communion. To bring other communities together with creative and delicious food. To create loyal, return customers in the New York City area who come from all walks of life and cultures.

## HISTORY

Los Verdes Colombian Restaurant was founded in 2006 by Daniel Giraldo. It started as a co-op where Daniel would take over another restaurant after it closed and cater to Miami's Colombian population, as well as the rest of the "late night" crowd who wanted something delicious before and after going out to dance and have a good time. By 2007, Mr. Giraldo needed to upgrade to his own space. The demand for his food was so high, he needed to be open almost 24 hours a day. This led to the opening of two more locations in the Miami metro area within five years, with each opening hosting a line of customers waiting in anticipation that circled the block.

After Javier went from dedicated and loyal customer to a close friend and confidant of Mr. Giraldo, it was decided that Javier would be the perfect person to open the restaurants in the New York area. While Mr. Giraldo has had several other offers, he trusts Javier's ethics and leadership and plans to work hand in hand with him to ensure the opening of the New York restaurant withholds the brand and quality standards associated with Los Verdes Miami.

## CORE VALUES

- ✓ *Integrity in all that we do*
- ✓ *Excellent customer service*
- ✓ *Employee retention through appreciation*
- ✓ *Creativity and Quality in everything that we deliver*
- ✓ *Support the surrounding communities.*

## BUSINESS MODEL

Franchising is the business model that has long been used in the restaurant industry, particularly in quick service restaurants. According to *Entrepreneur Magazine*, "Fast-food, fast-casual, quick-service—whatever you choose to call them, continue to gain popularity among customers and entrepreneurs. The category makes up more than 20 percent of the Franchise 500, and includes some of the longest-running franchises such as the oldest, A&W Restaurants, which has been franchising since 1925. But it's also full of fast-growing innovators." It is clear that this business model has been tested and perfected for decades.<sup>3</sup>

According to Franchising.com, franchising is a "hybrid" form of business model in that it combines aspects of a sole proprietorship with those of a corporation. Franchising allows a business owner to grow a business by selling the rights to use their brand and business model instead of building new units on their own.<sup>4</sup>

## FRANCHISE SUPPORT

*The Quesan Corporation will be assisted in its restaurant opening by the franchise owner, Daniel Giraldo. After acquiring the perfect store location, Javier will train with his head chef in the Miami restaurants for three weeks. For the opening of the New York location Daniel Giraldo will come to New York City to help establish the brand in the new market. He plans to stay for three to four weeks. In addition to personal training, the franchise will support Javier and the Quesan Corporation through marketing, advertising, branding, supplier assistance, recipes, financial trainings in product gross margins and instilling the overall culture of the company. Los Verdes New York will be designed and branded by the same design firm that has worked with the Miami company to ensure the continuity of the brand.*

## FUTURE PLANS

- *Open two to three more Los Verdes restaurants in the NYC metro area;*
- *These would be located in New Jersey and Long Island where there is a large Colombian population as well as communities interested in International cuisine.*





## MARKETING PLAN

Quesan Corporation understands the benefits of a comprehensive marketing and advertising plan. The company will make a major push for the grand opening of the first New York City location and then continue to put marketing and advertising at the forefront of operations. Los Verdes New York's marketing plan can be summarized in three categories:

### COMMUNITY ADVERTISING & INVOLVEMENT

Los Verdes knows that its surrounding community is where its customers come from. By advertising and marketing at community events and attending and donating products to charitable endeavors, Los Verdes can gain authenticity and respect over its competitors.

### TARGET MARKET ADVERTISING

Quesan Corporation plans to utilize several methods to reach its target market. The company plans to advertise through local DJs in Queens, NY, as well as connect with local business owners, offering them discounts for their employees. The company will target the Colombian market directly but also hopes to bring in local neighboring consumers who have yet to try Colombian food.

### WORD OF MOUTH / SOCIAL MEDIA

Los Verdes understands that a satisfied customer not only returns, but may bring friends. That is why taste and customer service are at the forefront of the company's values. In an age where the internet can make or break a company, Los Verdes Miami already has thriving Facebook, Twitter and Instagram community and stellar Yelp reviews. Los Verdes New York plans to do the same while also leveraging the online communities already in place by the Miami locations.







## WORD OF MOUTH / SOCIAL MEDIA CONTINUED

According to market research company, Unmetric, social media allows consumers to track their favorite fast food brands. Unmetric CEO Lux Narayan states, “Large fast food chains have long dominated commercial airwaves, but in the era of social media these restaurants have a new opportunity to directly engage with fans and seek out a competitive edge.”

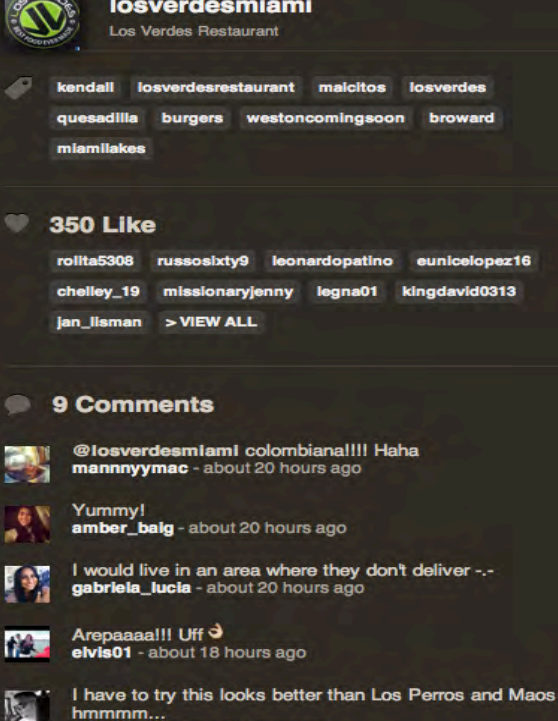
Los Verdes believes that it has a competitive edge over its competitors because it actively engages with the consumers via social media. On the previous page, examples pulled from screenshots of Facebook and Twitter, while on this page you can see the company’s Instagram activity.

*Los Verdes Miami  
also has amazing  
Yelp reviews!*





Chuzo de Pollo, acompañado de nuestra deliciosa ensalada y arepa! Come try it tonight!! @LOSVERDESMIAMI (twitter) #losverdes #losverdesrestaurant #burgers #malcitos #quesadilla #miamilakes #kendall #broward #WestonComingSoon



**losverdesmiami**  
Los Verdes Restaurant

kendall losverdesrestaurant malcitos losverdes  
quesadilla burgers westoncomingsoon broward  
miamilakes

350 Like

rolita5308 russosixty9 leonardopatino eunicelopez16  
chelley\_19 missionaryjenny legna01 kingdavid0313  
jan\_llsman > VIEW ALL

9 Comments

@losverdesmiami colombiana!!!! Haha  
mannnymac - about 20 hours ago

Yummy!  
amber\_balig - about 20 hours ago

I would live in an area where they don't deliver :-  
gabriela\_lucia - about 20 hours ago

Arepaaaa!!! Uff  
elvis01 - about 18 hours ago

I have to try this looks better than Los Perros and Maos  
hmmmm...  
3lchlnohd - about 18 hours ago

## MENU SELECTIONS

Los Verdes Restaurant offers a variety of menu items including specialized Colombian dishes and local favorites like hamburgers and hot dogs, made with a Colombian flare. For an example, Colombian hot dogs, or “perros calientes” are known for their off-the-wall and intense amount of toppings such as potato chips, bacon, and pineapple, all topped with a quail egg—or just about any thing else they can come up with! But Los Verdes doesn’t limit itself to just hotdogs; the restaurant gets just as creative with their hamburgers, Arepas Rellenas (stuffed arepa), Chuzos(kebab), their Salchipapas, a mixture of sliced Salchicha (sausage) and Papas(French fries), and their most famous plate: Maicitos! Los Verdes also offers an array of sauces in order to allow customers to control the flavors of their favorite dishes!

## FUTURE PRODUCTS

Quesan Corporation plans on introducing new menu items as the Los Verdes franchise and profitability permit. Los Verdes will also apply for a beer-only liquor license during the initial stages of business operations. If granted, Los Verdes New York will sell ice cold beer at a significant markup.

JAVIER’S FAVORITE!  
*MAICITOS*

## PRICING STRATEGY

The pricing strategy will focus on providing high quality, delicious food that is quick and has a unique flair. The company will charge a bit more per plate than average quick service restaurants because of the value and the dining experience.

AVERAGE MEAL PRICE

**\$6.00**



## THE OVERALL MARKET

Los Verdes New York will be catering to the Colombian-American population in the area as well as all of the foodies in the neighborhood. Currently, 75% of Colombians in New York City live in Queens, which is where the first restaurant will be located. According to the 2006 American Community Survey put out by the US Census Bureau, 80,116 people claiming Colombian origins live in Queens, while 244,164 are spread out in the entire New York metropolitan area.<sup>5</sup>

Data collected from the Pew Research Center shows that Americans of Colombian descent and Colombian immigrants in America have higher levels of education than the Hispanic population overall. Some 30.3% of Colombians ages 25 and older—compared with 12.6% of all U.S. Hispanics—have obtained at least a bachelor's degree. The median annual income for Colombians ages 16 and older also skewed significantly higher than all of U.S. Hispanics. This shows the target market has more income for eating outside of the home.<sup>6</sup>

Los Verdes will also focus on being inclusive to all cultures in the neighboring area. The franchise has shown in the past that it appeals to people from all walks of life who love good food, quick service and a fun environment to eat with their family and friends.

## CHANGES IN THE MARKET

The most notable change in the market is that the American recession has forced increased frugality. This means that the average consumer is spending less on eating out—but it doesn't mean they are not eating out as much. A person who might have spent \$20 on a meal at a full service restaurant is now looking for sustenance and entertainment at quick service restaurants where they can get a meal for \$6. There are even multiple blogs in the U.S. now dedicated to finding the best meals of this type.

***What was once taboo, now is trendy!***

**U.S. Food Expenditures  
Share of Disposable Income  
1929 - 2010**



## MARKET SEGMENTATION

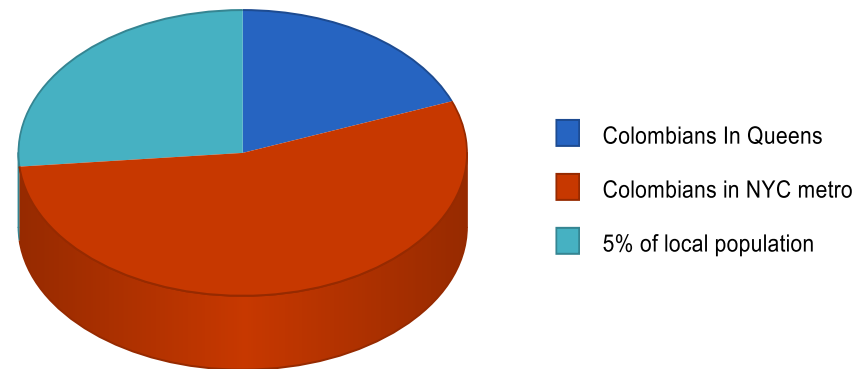
<i>Market Analysis</i>		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Colombians In Queens	3%	80,116	82,519	84,995	87,545	90,171	3.00%
Colombians in NYC metro	5%	228,400	239,820	251,811	264,402	277,622	5.00%
5% of local population	1%	111,468	112,583	113,709	114,846	115,994	1.00%
<b>Total</b>	<b>3.60%</b>	<b>419,984</b>	<b>434,922</b>	<b>450,515</b>	<b>466,793</b>	<b>483,787</b>	<b>3.60%</b>

## CUSTOMER PROFILE

Quesan Corporation and Los Verdes Restaurant sees their target customer as having the following needs:

- Wants variety and flavor in its food
- Looks for speed of service
- Wants an entertaining and fun experience
- Insists upon a clean, friendly, and trendy environment
- Adopts a global lifestyle
- Enjoys eating out
- Has an active lifestyle in the day and night
- Comes from various ethnic backgrounds

Market Analysis (Pie)





## INDUSTRY OVERVIEW

While the term, “fast food,” only became dictionary worthy in 1951, the commodity has been around since the Middle Ages. People throughout history have desired fast, convenient, affordable and tasty food, and today’s world carries on this tradition. The fast food industry is consistently growing industry, seeing a growth in revenues of \$6 billion in 1970 to \$160 billion in 2011—an 8.6% annualized rate. In addition to the fast food industry growth, there has been an overall increase in demand for global cuisine. The number one food trend for 2012, according to New York City-based consultants Baum+Whiteman, is ethnic fusion.

## INDIRECT COMPETITION

Los Verdes New York will have indirect competition in other types of local fast food, as well as sit-down restaurants and people making more and more meals at home. Quesan Corporation believes that although there is this other kind of competition, the consumers are bored with their options and are always looking for a new way to find delicious food for a great value.

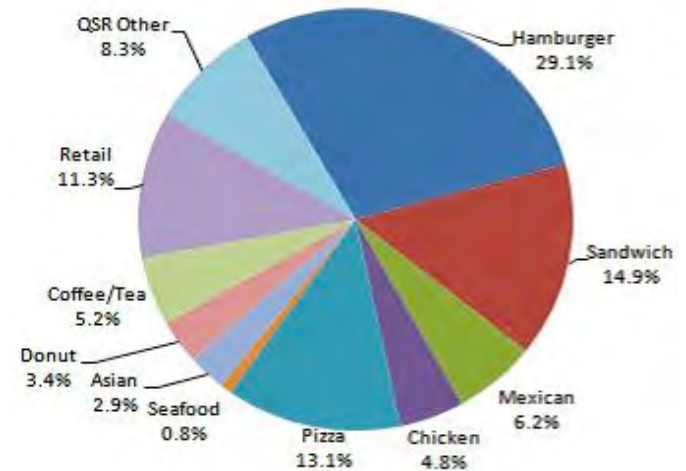
## DIRECT COMPETITORS

Los Verdes New York will have several direct competitors in the Colombian fast food market. These competitors are:

- *Banana King - 8318 Northern Blvd Jackson Heights, NY 11372*
- *El Perro - 8026 Northern Blvd Jackson Heights NY 11372*
- *La Perrada de Chalo - 8312 Northern Blvd Jackson Heights, NY 11372*
- *Xtasis - 8116 Northern Blvd Jackson Heights, NY 11372*
- *Jugos Pronto - 9002 43rd Ave Elmhurst, NY 11373*

Quesan Corporation believes that these competitors do not compare in taste, value or branding. Many of these restaurants charge much more and have half of the customer satisfaction ratings of Los Verdes Miami. Many people who have tried Los Verdes and live in the New York City metro area beg the company to open a location in New York. Clearly they are not satisfied with the competition and there is still room in the market for new entry. In addition, only one of the restaurants mentioned above has a website and none are active in communicating with their customers online. Los Verdes has a clear competitive advantage in that the brand feels young and hip and appeals to all people in the community. Many of their competitors’ restaurants are styled with all things Colombian, which may be off-putting to other cultures. Los Verdes has purposely branded itself to appeal to all ethnicities of people.

Q2 '11 Share of Sales



## COMPETITIVE ADVANTAGE

Quesan Corporation has a competitive advantage in launching Los Verdes Restaurant in New York because of the following:

- *The company's unique blend of American and Colombian food and sauces meld local taste with international;*
- *Enthusiastic and friendly management and staff;*
- *Merchandise that showcases the company's brand;*
- *Intense training and assistance from the franchisee;*
- *Strong branding that attracts and includes all customers;*
- *Javier's strong religious beliefs that mold the unwavering ethics and integrity in the way he runs the business.*

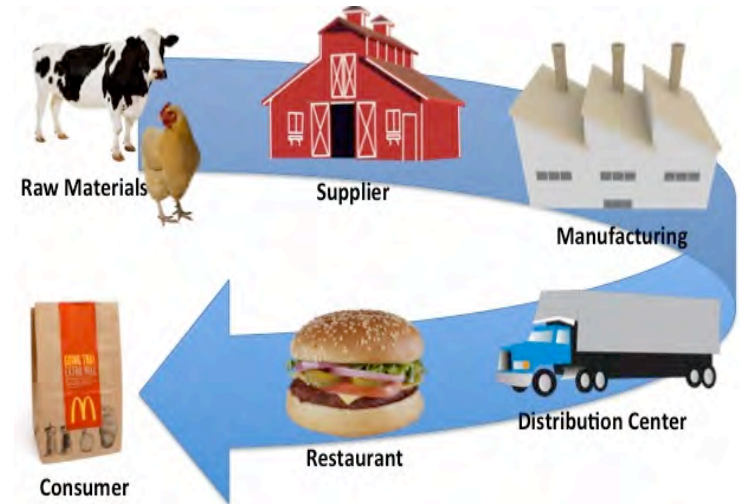


SWOT ANALYSIS	QUESAN CORPORATION, LOS VERDES NY
Strengths	<ul style="list-style-type: none"> <li>• Brand Recognition within Target Market</li> <li>• Great Tasting, Quality Products</li> <li>• Strong Franchise Support</li> <li>• Extended Hours to Target Both Families and Late Night</li> <li>• Strong Branding</li> <li>• Great Value – Satisfying Amount of Food for the Price</li> <li>• Strong Experience &amp; Education of Management</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Small size of restaurant chain</li> <li>• Colombian Food Has Room to Grow in Other Markets</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• After Success with the First NY location, More Locations can be Opened Under the Same Quesan Corporation</li> <li>• Trends in Global Cuisine for all Ethnicities of People</li> <li>• Community Involvement that Brands Authenticity</li> <li>• Continued Growth in the Quick Service Industry</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• Other Colombian Food Restaurants</li> <li>• Nutritional Trends</li> <li>• Capital Required for Growth</li> </ul>



## SUPPLY CHAIN

The supply chain and distribution of most quick service restaurants are relatively the same. Since their products are perishable, the industry supports a short supply chain with only three main tiers. This can be seen in the graphic to the right. Los Verdes New York will have its supplies delivered via Sysco Food Company in compliance with the franchise. The food will be fresh and of the best quality to ensure customer health and satisfaction.



## MANAGEMENT SUMMARY

### Javier Quezada, Owner and CEO

Javier was raised by parents who let him help in their Colombian food restaurant from a young age. He later went on to serve six years in the military, and four years in the state department, learning vital leadership skills, before discovering Los Verdes and petitioning to become a franchise owner. After making the decision, Javier attended and graduated from the International Culinary Center in order to ensure that he would be the best restaurant owner he could possibly be. Javier is also a devout Christian who believes that his faith will permeate the way in which he runs his business—with integrity, love and passion for his fellowman.

### John Quezada, Consultant

John is a successful and talented project manager who is taking on the responsibility of initiating, planning, executing, and monitoring the first Los Verdes restaurant in NYC. John has a Masters in Project Management and has 13 years of experience in working for the Department of Defense and also a military veteran.

### Daniel Giraldo, Consultant

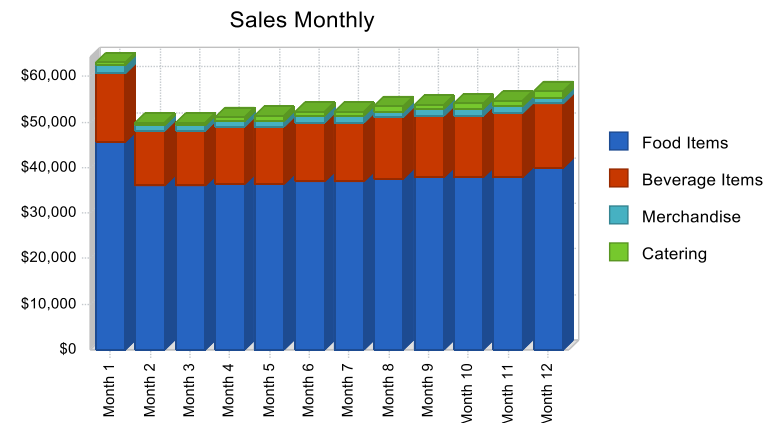
Daniel is the owner of the Los Verdes franchise, and currently owns three restaurants. Mr. Giraldo started the company as a food cart and has turned it into a multi-million dollar company. Mr. Giraldo is also a fervent Christian who enjoys sharing his faith with Javier.

## SALES FORECAST

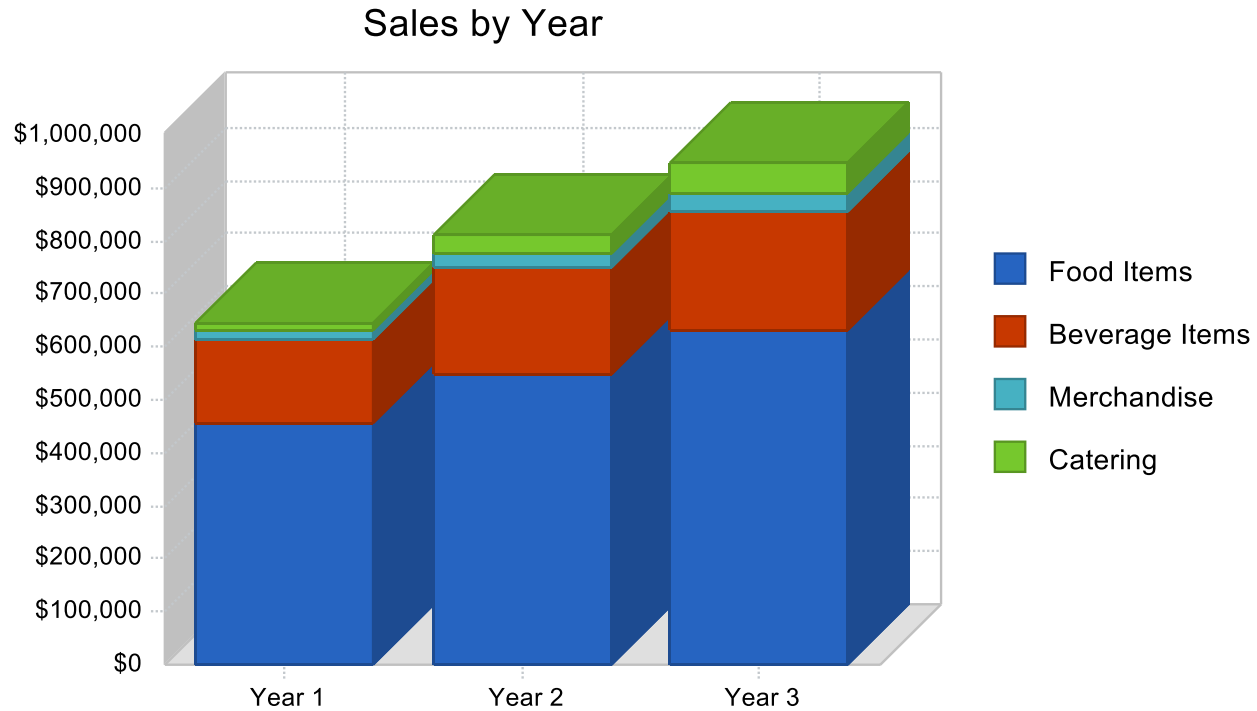
<i>Sales Forecast</i>	Year 1	Year 2	Year 3
Sales			
Food Items	\$456,260	\$549,889	\$631,460
Beverage Items	\$158,500	\$201,180	\$223,400
Merchandise	\$16,100	\$25,297	\$34,300
Catering	\$11,700	\$33,736	\$57,800
Total Sales	\$642,560	\$810,102	\$946,960
Direct Cost of Sales	Year 1	Year 2	Year 3
Food Costs	\$107,852	\$136,254	\$157,900
Beverage Costs	\$13,947	\$18,448	\$21,300
Merchandise Costs	\$5,064	\$7,087	\$9,870
Catering Costs	\$5,064	\$7,087	\$8,760
<b>Subtotal Direct Cost of Sales</b>	<b>\$131,927</b>	<b>\$168,876</b>	<b>\$197,830</b>

## SALES SUMMARY

Quesan Corporation will operate Los Verdes Restaurant and sell food, beverages, merchandise and catering, with the highest margins being on beverages. The company's sales will spike for the grand opening and then slowly grow through the execution of a comprehensive advertising and marketing campaign and word of mouth. The sales forecasts above take the average sales price per category and subtract the average direct cost of goods per item.



## SALES YEARLY



## PERSONNEL

<i>Personnel Plan</i>	Year 1	Year 2	Year 3
Owner / Manager	\$42,000	\$48,000	\$52,000
Shift Manager	\$24,000	\$27,000	\$29,000
Head Chef	\$24,000	\$25,200	\$27,500
Line Cook	\$14,400	\$24,000	\$25,000
Customer Service 1	\$13,056	\$13,056	\$13,500
Customer Service 2	\$13,056	\$13,056	\$13,500
Customer Service 3	\$13,056	\$13,056	\$14,000
Customer Service 4	\$13,056	\$13,056	\$14,000
Total People	8	8	8
<b>Total Payroll</b>	<b>\$156,624</b>	<b>\$176,424</b>	<b>\$188,500</b>

## PERSONNEL SUMMARY

Los Verdes, New York will need several employees to manage the day-to-day operations of the company. The owner, Javier Quezada is trained in all aspects of the restaurant business and will be able to oversee such things as ordering, financial planning, operations as well as managing all employees.

The company will also utilize a shift manager and a head chef in order to make sure that it is always functioning to the best of its ability. The restaurant will have four employees who work 32 hours per week as well as a line cook.



# FINANCIALS

<i>Startup Funding</i>	
Startup Expenses to Fund	\$183,750
Startup Assets to Fund	\$41,250
Total Funding Required	\$225,000
Assets	
Non-cash Assets from Startup	\$26,250
Cash Requirements from Startup	\$15,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$15,000
Total Assets	\$41,250
Liabilities and Capital	
Liabilities	
Current Borrowing	\$185,000
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$185,000
Capital	
Planned Investment	
Owner	\$40,000
Investor	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$40,000
Loss at Startup (Startup Expenses)	(\$183,750)
Total Capital	(\$143,750)
Total Capital and Liabilities	\$41,250
<b>Total Funding</b>	<b>\$225,000</b>

**TOTAL FUNDING  
REQUIRED: \$225,000**

**TOTAL FUNDED BY  
OWNER: \$40,000**

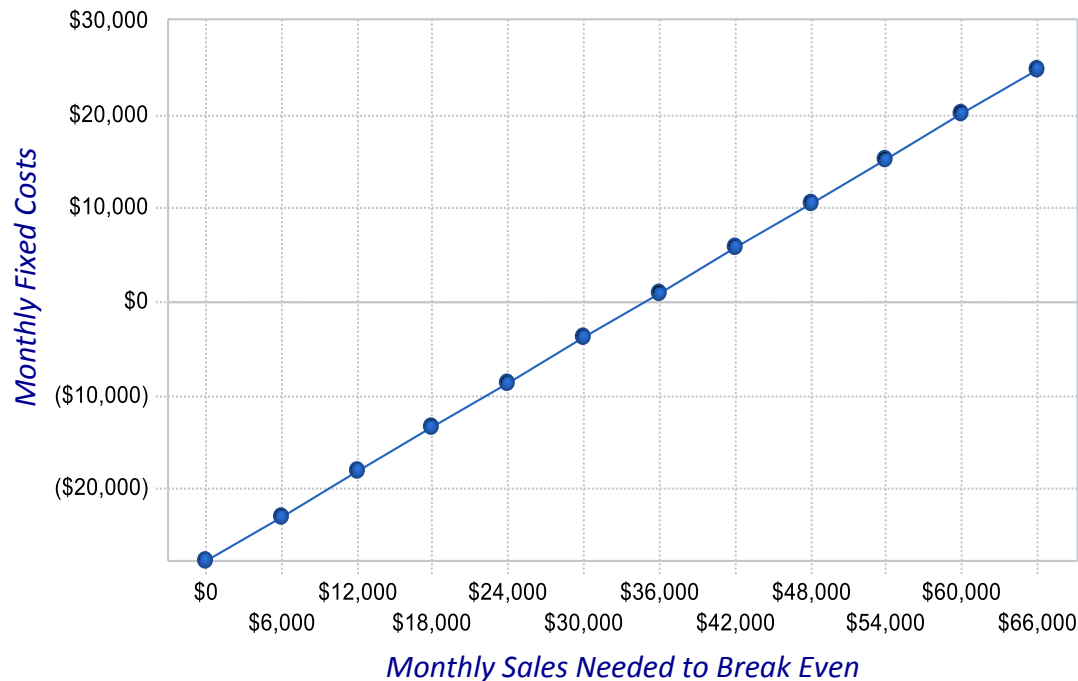
**TOTAL ADDITIONAL  
REQUIRED: \$185,000**

## BREAK-EVEN ANALYSIS

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$34,750
Assumptions:	
Average Percent Variable Cost	21%
Estimated Monthly Fixed Cost	\$27,615

These charts show that Los Verdes will need to bring in an estimated, \$34,750 per month to break even. The company's fixed costs, which are costs needed to be paid no matter how much volume is sold, is approximately, \$27,615. The average fast food restaurant that does not belong to a franchise brings in monthly gross sales of \$68,186.<sup>8</sup> This shows that Los Verdes New York should have no problem surpassing the break even point on a monthly basis.

Break-even Analysis





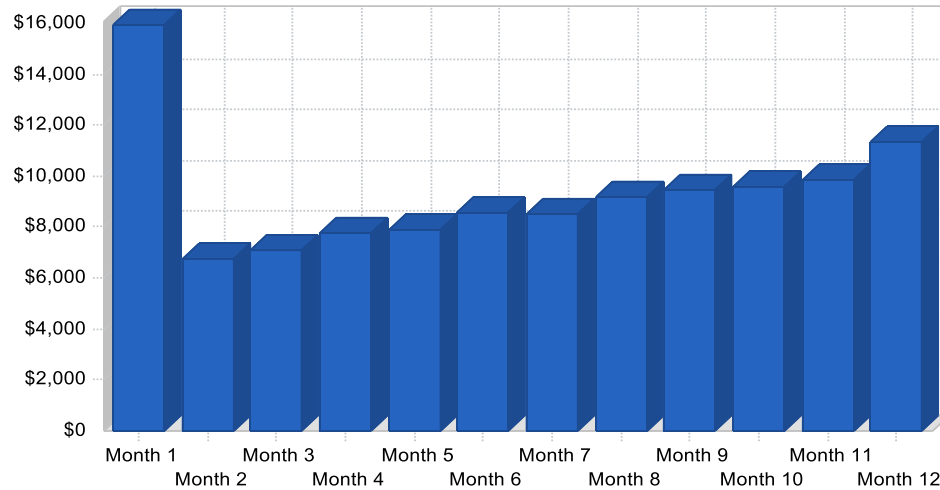
## PROFIT AND LOSS

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3
Sales	\$642,560	\$810,102	\$946,960
Direct Cost of Sales	\$131,927	\$168,876	\$197,830
Other Costs of Sales	\$1,200	\$1,200	\$1,200
Total Cost of Sales	\$133,127	\$170,076	\$199,030
Gross Margin	\$509,433	\$640,026	\$747,930
Gross Margin %	79.28%	79.01%	78.98%
Expenses			
Payroll	\$156,624	\$176,424	\$188,500
Marketing/Promotion	\$14,400	\$16,800	\$18,000
Depreciation	\$666	\$810	\$1,000
Rent	\$120,000	\$120,000	\$120,000
Utilities	\$7,200	\$7,200	\$7,200
Insurance	\$2,400	\$2,400	\$2,400
Payroll Taxes	\$23,494	\$26,464	\$28,275
Phones/ Internet / Cable	\$2,400	\$3,000	\$3,200
Non-Food Supplies	\$3,000	\$3,600	\$4,000
Other	\$1,200	\$1,440	\$1,500
Total Operating Expenses	\$331,384	\$358,138	\$374,075
Profit Before Interest and Taxes	\$178,049	\$281,888	\$373,855
EBITDA	\$178,715	\$282,698	\$374,855
Interest Expense	\$18,013	\$16,820	\$14,960
Taxes Incurred	\$48,011	\$79,521	\$107,669
Net Profit	\$112,026	\$185,548	\$251,227
Net Profit/Sales	17.43%	22.90%	26.53%

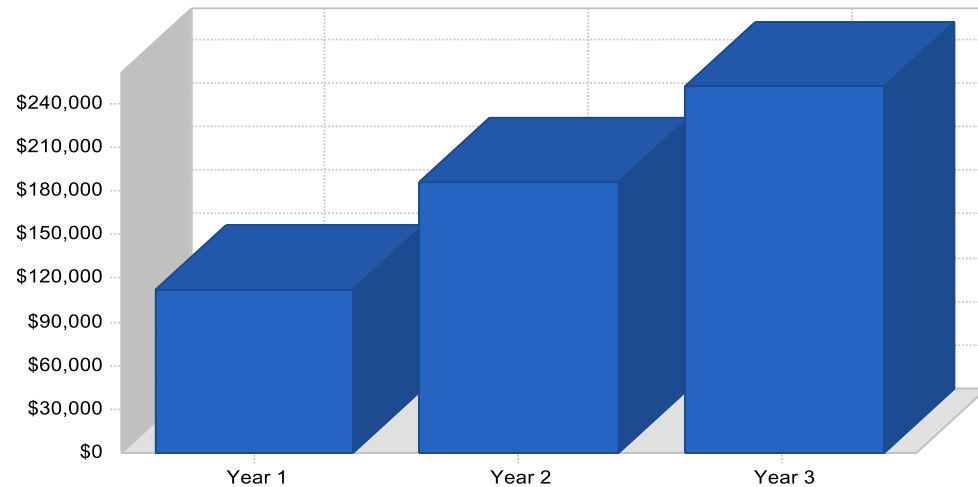
**PROFITABLE  
IN YEAR ONE  
& 20%  
GROWTH**

## PROFIT AND LOSS

Profit Monthly

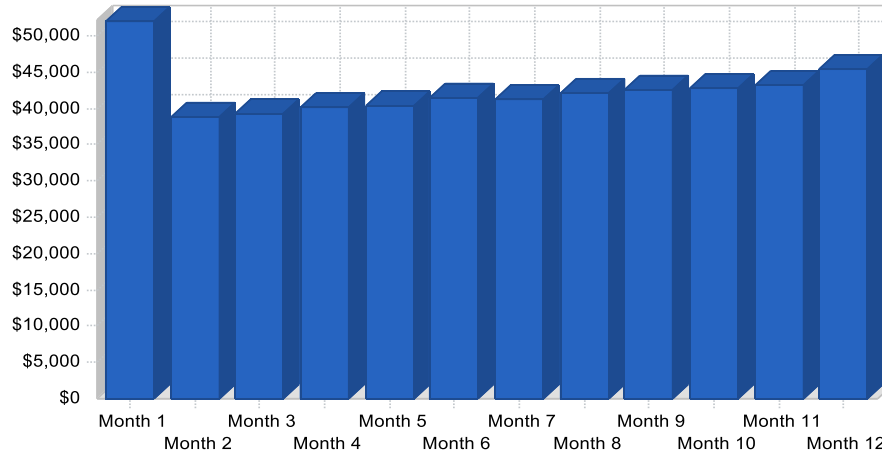


Profit Yearly

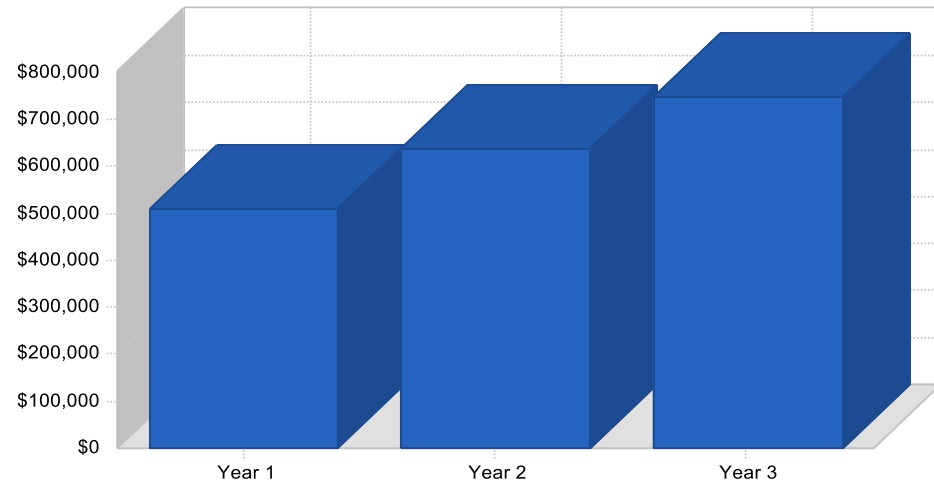


## GROSS MARGINS

Gross Margin Monthly

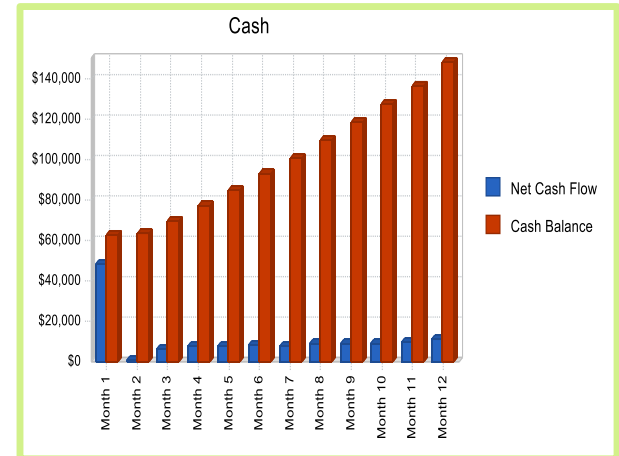


Gross Margin Yearly



## CASH FLOW

<i>Pro Forma Cash Flow</i>	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$642,560	\$810,102	\$946,960
Subtotal Cash from Operations	\$642,560	\$810,102	\$946,960
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$28,915	\$36,455	\$42,613
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$45,000	\$0
New Long-term Liabilities	\$0	\$0	\$0
Subtotal Cash Received	\$671,475	\$891,557	\$989,573
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$156,624	\$176,424	\$188,500
Bill Payments	\$343,490	\$439,667	\$505,552
Subtotal Spent on Operations	\$500,114	\$616,091	\$694,052
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$28,915	\$36,455	\$42,613
Principal Repayment of Current Borrowing	\$9,000	\$14,400	\$24,000
Other Liabilities Principal Repayment	\$0	\$12,000	\$12,000
Subtotal Cash Spent	\$538,030	\$678,945	\$772,665
Net Cash Flow	\$133,446	\$212,611	\$216,908
Cash Balance	\$148,446	\$361,057	\$577,965



## BALANCE SHEET

<i>Pro Forma Balance Sheet</i>			
	Year 1	Year 2	Year 3
<b>Assets</b>			
Current Assets			
Cash	\$148,446	\$361,057	\$577,965
Inventory	\$2,872	\$4,118	\$4,828
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$151,317	\$365,175	\$582,793
Long-term Assets			
Long-term Assets	\$25,000	\$25,000	\$25,000
Accumulated Depreciation	\$666	\$1,476	\$2,476
Total Long-term Assets	\$24,334	\$23,524	\$22,524
Total Assets	\$175,651	\$388,699	\$605,317
<b>Liabilities and Capital</b>	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	\$31,375	\$40,275	\$41,667
Current Borrowing	\$176,000	\$161,600	\$137,600
Other Current Liabilities	\$0	\$33,000	\$21,000
Subtotal Current Liabilities	\$207,375	\$234,875	\$200,267
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$207,375	\$234,875	\$200,267
Paid-in Capital	\$40,000	\$40,000	\$40,000
Retained Earnings	(\$183,750)	(\$71,724)	\$113,824
Earnings	\$112,026	\$185,548	\$251,227
Total Capital	(\$31,724)	\$153,824	\$405,050
Total Liabilities and Capital	\$175,651	\$388,699	\$605,317
<b>Net Worth</b>	<b>(\$31,724)</b>	<b>\$153,824</b>	<b>\$405,050</b>

Cash Positive in  
Year Two!

## INDUSTRY RATIOS

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	26.07%	16.89%	1.65%
Percent of Total Assets				
Inventory	1.63%	1.06%	0.80%	6.34%
Other Current Assets	0.00%	0.00%	0.00%	43.25%
Total Current Assets	86.15%	93.95%	96.28%	53.12%
Long-term Assets	13.85%	6.05%	3.72%	46.88%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	118.06%	60.43%	33.08%	25.40%
Long-term Liabilities	0.00%	0.00%	0.00%	73.91%
Total Liabilities	118.06%	60.43%	33.08%	99.31%
Net Worth	-18.06%	39.57%	66.92%	0.69%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	79.28%	79.01%	78.98%	58.06%
Selling, General & Administrative Expenses	61.85%	56.10%	52.45%	23.02%
Advertising Expenses	2.24%	2.07%	1.90%	1.74%
Profit Before Interest and Taxes	27.71%	34.80%	39.48%	6.52%
Main Ratios				
Current	0.73	1.55	2.91	1.25
Quick	0.72	1.54	2.89	1.00
Total Debt to Total Assets	118.06%	60.43%	33.08%	99.31%
Pre-tax Return on Net Worth	-504.46%	172.32%	88.61%	4325.25%
Pre-tax Return on Assets	91.11%	68.19%	59.29%	29.65%



Table: Sales Forecast

<i>Sales Forecast</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Sales</b>												
Food Items	\$45,760	\$36,000	\$36,000	\$36,500	\$36,500	\$37,000	\$37,000	\$37,500	\$38,000	\$38,000	\$38,000	\$40,000
Beverage Items	\$15,000	\$12,000	\$12,000	\$12,500	\$12,500	\$13,000	\$13,000	\$13,500	\$13,500	\$13,500	\$14,000	\$14,000
Merchandise	\$1,750	\$1,200	\$1,200	\$1,200	\$1,250	\$1,300	\$1,300	\$1,350	\$1,350	\$1,400	\$1,400	\$1,400
Catering	\$600	\$650	\$700	\$750	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,250	\$1,250	\$1,500
<b>Total Sales</b>	<b>\$63,110</b>	<b>\$49,850</b>	<b>\$49,900</b>	<b>\$50,950</b>	<b>\$51,250</b>	<b>\$52,300</b>	<b>\$52,300</b>	<b>\$53,350</b>	<b>\$53,850</b>	<b>\$54,150</b>	<b>\$54,650</b>	<b>\$56,900</b>
<b>Direct Cost of Sales</b>												
Food Costs	\$9,200	\$9,000	\$8,569	\$8,655	\$8,742	\$8,829	\$8,917	\$9,006	\$9,096	\$9,187	\$9,279	\$9,372
Beverage Costs	\$1,100	\$1,111	\$1,122	\$1,133	\$1,144	\$1,155	\$1,167	\$1,179	\$1,191	\$1,203	\$1,215	\$1,227
Merchandise Costs	\$400	\$404	\$408	\$412	\$416	\$420	\$424	\$428	\$432	\$436	\$440	\$444
Catering Costs	\$400	\$404	\$408	\$412	\$416	\$420	\$424	\$428	\$432	\$436	\$440	\$444
<b>Subtotal Direct Cost of Sales</b>	<b>\$11,100</b>	<b>\$10,919</b>	<b>\$10,507</b>	<b>\$10,612</b>	<b>\$10,718</b>	<b>\$10,824</b>	<b>\$10,932</b>	<b>\$11,041</b>	<b>\$11,151</b>	<b>\$11,262</b>	<b>\$11,374</b>	<b>\$11,487</b>

# APPENDIX

Table: Personnel

<i>Personnel Plan</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Owner / Manager	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Shift Manager	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Head Chef	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Line Cook	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Customer Service 1	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088
Customer Service 2	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088
Customer Service 3	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088
Customer Service 4	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088
Total People	8	8	8	8	8	8	8	8	8	8	8	8
<b>Total Payroll</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>	<b>\$13,052</b>

# APPENDIX

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales		\$63,110	\$49,850	\$49,900	\$50,950	\$51,250	\$52,300	\$52,300	\$53,350	\$53,850	\$54,150	\$54,650	\$56,900
Direct Cost of Sales		\$11,100	\$10,919	\$10,507	\$10,612	\$10,718	\$10,824	\$10,932	\$11,041	\$11,151	\$11,262	\$11,374	\$11,487
Other Costs of Sales		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Total Cost of Sales		\$11,200	\$11,019	\$10,607	\$10,712	\$10,818	\$10,924	\$11,032	\$11,141	\$11,251	\$11,362	\$11,474	\$11,587
Gross Margin		\$51,910	\$38,831	\$39,293	\$40,238	\$40,432	\$41,376	\$41,268	\$42,209	\$42,599	\$42,788	\$43,176	\$45,313
Gross Margin %		82.25%	77.90%	78.74%	78.98%	78.89%	79.11%	78.91%	79.12%	79.11%	79.02%	79.00%	79.64%
Expenses													
Payroll		\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052
Marketing/Promotion		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Depreciation		\$50	\$51	\$52	\$53	\$54	\$55	\$56	\$57	\$58	\$59	\$60	\$61
Rent		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Utilities		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Insurance		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Payroll Taxes	15%	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958	\$1,958
Phones/ Internet / Cable	15%	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Non-Food Supplies	15%	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Other		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Total Operating Expenses		\$27,610	\$27,611	\$27,612	\$27,613	\$27,614	\$27,615	\$27,616	\$27,617	\$27,618	\$27,619	\$27,620	\$27,621
Profit Before Interest and Taxes		\$24,300	\$11,220	\$11,681	\$12,625	\$12,818	\$13,761	\$13,652	\$14,592	\$14,981	\$15,169	\$15,556	\$17,692
EBITDA		\$24,350	\$11,271	\$11,733	\$12,678	\$12,872	\$13,816	\$13,708	\$14,649	\$15,039	\$15,228	\$15,616	\$17,753
Interest Expense		\$1,535	\$1,529	\$1,523	\$1,517	\$1,510	\$1,504	\$1,498	\$1,492	\$1,485	\$1,479	\$1,473	\$1,467
Taxes Incurred		\$6,829	\$2,907	\$3,047	\$3,333	\$3,392	\$3,677	\$3,646	\$3,930	\$4,049	\$4,107	\$4,225	\$4,868

Table: Cash Flow

<i>Pro Forma Cash Flow</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received													
Cash from Operations													
Cash Sales		\$63,110	\$49,850	\$49,900	\$50,950	\$51,250	\$52,300	\$52,300	\$53,350	\$53,850	\$54,150	\$54,650	\$56,900
Subtotal Cash from Operations		\$63,110	\$49,850	\$49,900	\$50,950	\$51,250	\$52,300	\$52,300	\$53,350	\$53,850	\$54,150	\$54,650	\$56,900
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	4.50%	\$2,840	\$2,243	\$2,246	\$2,293	\$2,306	\$2,354	\$2,354	\$2,401	\$2,423	\$2,437	\$2,459	\$2,561
New Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received		\$65,950	\$52,093	\$52,146	\$53,243	\$53,556	\$54,654	\$54,654	\$55,751	\$56,273	\$56,587	\$57,109	\$59,461
Expenditures		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations													
Cash Spending		\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052	\$13,052
Bill Payments		\$1,187	\$35,408	\$29,907	\$29,599	\$30,101	\$30,268	\$30,642	\$30,724	\$31,105	\$31,326	\$31,491	\$31,733
Subtotal Spent on Operations		\$14,239	\$48,460	\$42,959	\$42,651	\$43,153	\$43,320	\$43,694	\$43,776	\$44,157	\$44,378	\$44,543	\$44,785
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		\$2,840	\$2,243	\$2,246	\$2,293	\$2,306	\$2,354	\$2,354	\$2,401	\$2,423	\$2,437	\$2,459	\$2,561
Principal Repayment of Current Borrowing		\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750

# APPENDIX

Table: Balance Sheet

Pro Forma Balance Sheet													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	\$15,000	\$63,121	\$63,761	\$69,952	\$77,501	\$84,848	\$93,078	\$100,935	\$109,759	\$118,701	\$127,723	\$137,080	\$148,446
Inventory	\$1,250	\$2,775	\$2,730	\$2,627	\$2,653	\$2,680	\$2,706	\$2,733	\$2,760	\$2,788	\$2,816	\$2,844	\$2,872
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$16,250	\$65,896	\$66,491	\$72,579	\$80,154	\$87,528	\$95,784	\$103,668	\$112,519	\$121,489	\$130,539	\$139,924	\$151,317
Long-term Assets													
Long-term Assets	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Accumulated Depreciation	\$0	\$50	\$101	\$153	\$206	\$260	\$315	\$371	\$428	\$486	\$545	\$605	\$666
Total Long-term Assets	\$25,000	\$24,950	\$24,899	\$24,847	\$24,794	\$24,740	\$24,685	\$24,629	\$24,572	\$24,514	\$24,455	\$24,395	\$24,334
Total Assets	\$41,250	\$90,846	\$91,390	\$97,426	\$104,948	\$112,268	\$120,469	\$128,297	\$137,091	\$146,003	\$154,994	\$164,319	\$175,651
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$34,411	\$28,921	\$28,596	\$29,092	\$29,247	\$29,618	\$29,687	\$30,061	\$30,276	\$30,434	\$30,651	\$31,375
Current Borrowing	\$185,000	\$184,250	\$183,500	\$182,750	\$182,000	\$181,250	\$180,500	\$179,750	\$179,000	\$178,250	\$177,500	\$176,750	\$176,000
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$185,000	\$218,661	\$212,421	\$211,346	\$211,092	\$210,497	\$210,118	\$209,437	\$209,061	\$208,526	\$207,934	\$207,401	\$207,375
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$185,000	\$218,661	\$212,421	\$211,346	\$211,092	\$210,497	\$210,118	\$209,437	\$209,061	\$208,526	\$207,934	\$207,401	\$207,375
Paid-in Capital	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Retained Earnings	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)	(\$183,750)
Earnings	\$0	\$15,935	\$22,719	\$29,830	\$37,606	\$45,521	\$54,101	\$62,609	\$71,780	\$81,227	\$90,810	\$100,668	\$112,026

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