How to Start a Catering Business

By the BizMove.com Team

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A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

This checklist should be useful to you in evaluating a business idea. It is designed to help you screen out ideas that are likely to fail before you invest extensive time, money, and effort in them.

Preliminary Analysis

A feasibility study involves gathering, analyzing and evaluating information with the purpose of answering the question: "Should I go into this business?" Answering this question involves first a preliminary assessment of both personal and project considerations.

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy business ownership/management?

1. Do you like to make your own decisions?
2. Do you enjoy competition?
3. Do you have will power and self-discipline?
4. Do you plan ahead?
5. Do you get things done on time?
6. Can you take advise from others?
7. Are you adaptable to changing conditions?

The next series of questions stress the physical, emotional, and financial strains of a new business.

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?
9. Do you have the physical stamina to handle a business?
10. Do you have the emotional strength to withstand the strain?
11. Are you prepared to lower your standard of living for several months or years?

12. Are you prepared to loose your savings?

Specific Personal Considerations

1. Do you know which skills and areas of expertise are critical to the success of your project?
2. Do you have these skills?
3. Does your idea effectively utilize your own skills and abilities?
4. Can you find personnel that have the expertise you lack?
5. Do you know why you are considering this project?
6. Will your project effectively meet your career aspirations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

7. Do you have the ability to perform the feasibility study?
8. Do you have the time to perform the feasibility study?
9. Do you have the money to pay for the feasibility study done?

General Project Description

1. Briefly describe the business you want to enter.

____

____

2. List the products and/or services you want to sell

____

3. Describe who will use your products/services

____

4. Why would someone buy your product/service?

____

5. What kind of location do you need in terms of type of neighborhood, traffic count, nearby firms, etc.?

____

6. List your product/services suppliers.

____

7. List your major competitors - those who sell or provide like products/services.

____

____

8. List the labor and staff you require to provide your products/services. _______________

____

B. Requirements For Success

To determine whether your idea meets the basic requirements for a successful new project, you must be able to answer at least one of the following questions with a "yes."

1. Does the product/service/business serve a presently unserved need?

2. Does the product/service/business serve an existing market in which demand exceeds supply?

3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

A "Yes" response to questions such as the following would indicate that the idea has little chance for success.

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scare skills, energy, material, equipment, processes, technology, or personnel)?

2. Are capital requirements for entry or continuing operations excessive?

3. Is adequate financing hard to obtain?

4. Are there potential detrimental environmental effects?

5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

1. How much income do you desire?

____

2. Are you prepared to earn less income in the first 1-3 years?

____

3. What minimum income do you require?

____

4. What financial investment will be required for your business?

____

5. How much could you earn by investing this money?

____

6. How much could you earn by working for someone else?

____

7. Add the amounts in 5 and 6. If this income is greater that what you can realistically expect from your business, are you prepared to forego this additional income just to be your own boss with the only prospects of more substantial profit/income in future years?

____

8. What is the average return on investment for a business of your type? _______________

D. Preliminary Income Statement

Besides return on investment, you need to know the income and expenses for your business. You show profit or loss and derive operating ratios on the income statement. Dollars are the (actual, estimated, or industry average) amounts for income and expense categories. Operating ratios are expressed as percentages of net sales and show relationships of expenses and net sales.

For instance 50,000 in net sales equals 100% of sales income (revenue). Net profit after taxes equals 3.14% of net sales. The hypothetical "X" industry average after tax net profit might be 5% in a given year for firms with 50,000 in net sales. First you estimate or forecast income (revenue) and expense dollars and ratios for your business. Then compare your estimated or actual performance with your industry average. Analyze differences to see why you are doing better or worse than the competition or why your venture does or doesn't look like it will float.

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

1. What is the normal markup in this line of business. i.e., the dollar difference between the cost of goods sold and sales, expressed as a percentage of sales?

____

2. What is the average cost of goods sold percentage of sales?

____

3. What is the average inventory turnover, i.e., the number of times the average inventory is sold each year?

____

4. What is the average gross profit as a percentage of sales?

____

5. What are the average expenses as a percentage of sales?

____

6. What is the average net profit as a percent of sales?

____

7. Take the preceding figures and work backwards using a standard income statement format and determine the level of sales necessary to support your desired income level.

____

8. From an objective, practical standpoint, is this level of sales, expenses and profit attainable?

____

ANY BUSINESS, INC.
Condensed Hypothetical Income Statement
For year ending December 31

Item	Amount		Percent
Gross sales	773,888		
Less returns, allowances, and cash discounts	14,872		
Net sales		759,016	100.00
Cost of goods sold		589,392	77.65
Gross profit on sales		169,624	22.35
Selling expenses	41,916		5.52
Administrative expenses	28,010		3.69
General expenses	50,030		6.59
Financial expenses	5,248		0.69
Total expenses		125,204	16.50
Operating profit		44,220	5.85
Extraordinary expenses		1,200	0.16
Net profit before taxes		43,220	5.69
taxes		19,542	2.57
Net profit after taxes		23,678	3.12

E. Market Analysis

The primary objective of a market analysis is to arrive at a realistic projection of sales. after answering the following questions you will be in a better positions to answer question eight immediately above.

Population

1. Define the geographical areas from which you can realistically expect to draw customers.

____

2. What is the population of these areas?

____

3. What do you know about the population growth trend in these areas? _______________

4. What is the average family size?

____

5. What is the age distribution?

6. What is the per capita income?

7. What are the consumers' attitudes toward business like yours?

8. What do you know about consumer shopping and spending patterns relative to your type of business?

9. Is the price of your product/service especially important to your target market?

10. Can you appeal to the entire market?

11. If you appeal to only a market segment, is it large enough to be profitable?

F. Competition

1. Who are your major competitors?

2. What are the major strengths of each?

3. What are the major weaknesses of each?

4. Are you familiar with the following factors concerning your competitors:

Price structure?

Product lines (quality, breadth, width)?

Location?

____

Promotional activities?

____

Sources of supply?

____

Image from a consumer's viewpoint?

____

5. Do you know of any new competitors?

____

6. Do you know of any competitor's plans for expansion?

____

7. Have any firms of your type gone out of business lately?

____

8. If so, why?

____

9. Do you know the sales and market share of each competitor?

____

10. Do you know whether the sales and market share of each competitor are increasing, decreasing, or stable?

____

11. Do you know the profit levels of each competitor?

____

12. Are your competitors' profits increasing, decreasing, or stable?

____

13. Can you compete with your competition?

____

G. Sales

1. Determine the total sales volume in your market area.

____

2. How accurate do you think your forecast of total sales is?

____

3. Did you base your forecast on concrete data?

____

4. Is the estimated sales figure "normal" for your market area?

____

5. Is the sales per square foot for your competitors above the normal average?

____

6. Are there conditions, or trends, that could change your forecast of total sales?

____

7. Do you expect to carry items in inventory from season to season, or do you plan to mark down products occasionally to eliminate inventories? If you do not carry over inventory, have you adequately considered the effect of mark-down in your pricing? (Your gross profits margin may be too low.)

____

8. How do you plan to advertise and promote your product/service/business?

____

9. Forecast the share of the total market that you can realistically expect - as a dollar amount and as a percentage of your market.

____

10. Are you sure that you can create enough competitive advantages to achieve the market share in your forecast of the previous question?

____

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

____

12. Have you been optimistic or pessimistic in your forecast of sales? _______________

13. Do you need to hire an expert to refine the sales forecast?

____

14. Are you willing to hire an expert to refine the sales forecast?

____

H. Supply

1. Can you make a list of every item of inventory and operating supplies needed?
2. Do you know the quantity, quality, technical specifications, and price ranges desired?
3. Do you know the name and location of each potential source of supply?
4. Do you know the price ranges available for each product from each supplier?
5. Do you know about the delivery schedules for each supplier?
6. Do you know the sales terms of each supplier?
7. Do you know the credit terms of each supplier?
8. Do you know the financial condition of each supplier?
9. Is there a risk of shortage for any critical materials or merchandise?
10. Are you aware of which supplies have an advantage relative to transportation costs?
11. Will the price available allow you to achieve an adequate markup?

I. Expenses

1. Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc?
2. Do you need to know which expenses are Direct, Indirect, or Fixed?
3. Do you know how much your overhead will be?
4. Do you know how much your selling expenses will be?

Miscellaneous

1. Are you aware of the major risks associated with your product? Service Business?

2. Can you minimize any of these major risks?
3. Are there major risks beyond your control?
4. Can these risks bankrupt you? (fatal flaws)

J. Venture Feasibility

1. Are there any major questions remaining about your proposed venture?
2. Do the above questions arise because of a lack of data?
3. Do the above questions arise because of a lack of management skills?
4. Do the above questions arise because of a "fatal flaw" in your idea?
5. Can you obtain the additional data needed?

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2. Starting Your Business Step by Step

Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful retail business. To profit in a retail business, you need to consider the following questions: What business am I in? What goods do I sell? Where is my market? Who will buy? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my store? How will I get the work done? What management controls are needed? How can they be carried out? Where can I go for help?

As the owner, you have to answer these questions to draw up your business plan. The pages of this Guide are a combination of text and suggested analysis so that you can organize the information you gather from research to develop your plan, giving you a progression from a common sense starting point to a profitable ending point.

What Is a Business Plan?

The success of your business depends largely upon the decisions you make. A business plan allocates resources and measures the results of your actions, helping you set realistic goals and make logical decisions.

You may be thinking, "Why should I spend my time drawing up a business plan? What's in it for me?" If you've never worked out a plan, you are right in wanting to hear about the possible benefits before you do the work. Remember first that the lack of planning leaves you poorly equipped to anticipate future decisions and actions you must make or take to run your business successfully. A business plan Gives you a path to follow. A plan with goals and action steps allows you to guide your business through turbulent often unforeseen economic conditions.

A plan shows your banker the condition and direction of your business so that your business can be more favorably considered for a loan because of the banker's insight into your situation.

A plan can tell your sales personnel, suppliers, and others about your operations and goals.

A plan can help you develop as a manager. It can give you practice in thinking and figuring out problems about competitive conditions, promotional opportunities and situations that are good or bad for your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

A second plan tells you what to do and how to do it to achieve the goals you have set for your business.

What Business Am I In?

In making your business plan, the first question to consider is: What business am I really in? At first reading, this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I'm in." Hold on and think. Some owner-managers have gone broke and others have wasted their savings because they did not define their businesses in detail. Actually they were confused about what business they were in.

Look at an example. Mr. Jet maintained a dock and sold and rented boats. He thought he was in the marina business. But when he got into trouble and asked for outside help, he learned that he was not necessarily in the marina business. He was in several businesses. He was in the restaurant business with a dockside cafe, serving meals to boating parties. He was in the real estate business, buying and selling lots. He was in boat repair business, buying parts and hiring a mechanic as demand rose. Mr. Jet was trying to be too many things and couldn't decide which venture to put money into and how much return to expect. What slim resources he had were fragmented.

Before he could make a profit on his sales and a return on his investment, Mr. Jet had to decide what business he really was in and concentrate on it. After much study, he realized that he should stick to the marina format, buying, selling, and servicing boats.

Decide what business you are in and write it down - define your business.
To help you decide, think of answers to questions like: What do you buy? What do you sell? Which of your lines of goods yields the greatest profit? What do people ask you for? What is it that you are trying to do better or more of or differently from your competitors? Write it down in detail.

Planning Your Marketing

When you have decided what business you are in, you are ready to consider another important part of you business plan. Marketing. Successful marketing starts with the owner-manager. You have to know the merchandise you sell and the wishes and wants of your customers you can appeal to. The objective is to move the stock off the shelves and display racks at the right price and bring in sales dollars.

The text and suggested working papers that follow are designed to help you work out a marketing plan for your store.

Determining the Sales Potential

In retail business, your sales potential depends on location. Like a tree, a store has to draw its nourishment from the area around it. The following questions should help you work through the problem of selecting a profitable location.

In what part of the city or town will you locate?

In the downtown business section?

In the area right next to the downtown business area?

In a residential section of the town?

On the highway outside of town?

In the suburbs?

In a suburban shopping center?

On a worksheet, write where you plan to locate and give your reasons why you chose that particular location.

Now consider these questions that will help you narrow down a place in your location area.

What is the competition in the area you have picked?

How many of the stores look prosperous?

How many look as though they are barely getting by?

How many similar stores went out of business in this area last year?

How many new stores opened up in the last year?

What price line does competition carry?

Which store or stores in the area will be your biggest competitors?

Again, write down the reasons for your opinions. Also write out an analysis of the area's economic base and give the reason for your opinion. Is the area in which you plan to locate supported by a strong economic base? For example, are nearby industries working full time? Only part time? Did any industries go out of business in the past several months? Are new industries scheduled to open in the next several months?

When you find a store building that seems to be what you need, answer the following questions:

Is the neighborhood starting to get run down?

Is the neighborhood new and on the way up? (The local Chamber of Commerce may have census data for your area. Census Tracts on Population, published by the Bureau of Census, may be useful. Other sources on such marketing statistics are trade associations and directories).

Are there any super highways or through-ways planned for the neighborhood?

Is street traffic fairly heavy all day?

How close is the building to bus lines and other transportation?

Are there adequate parking spaces convenient to your store?

Are the sidewalks in good repair (you may have to repair them)?

is the street lighting good?

Is your store on the sunny side of the street?

What is the occupancy history of this store building? Does the store have a reputation for failures? (Have stores opened and closed after a short time)?

Why have other businesses failed in this location?

What is the physical condition of the store?

What service does the landlord provide?

What are the terms of the lease?

How much rent must you pay each month?

Estimate the gross annual sales you expect in this location.

When you think you have finally solved the site location question, ask your banker to recommend people who know most about location in your line of business. Contact these people and listen to their advice and opinions, weigh what they say, then decide.

How to Attract Customers

When you have a location in mind, you should work through another aspect of marketing. How will you attract customers to your store? How will you pull business away from your competition?

It is in working with this aspect of marketing that many retailers find competitive advantages. The ideas that they develop are as good as and often better than those that large companies develop. The work blocks that follow are designed to help you think about image, pricing, customer service policies, and advertising.

Image

A store has an image whether or not the owner is aware of it. For example, throw some merchandise onto shelves and onto display tables in a dirty, dimly lit store and you've got an image. Shoppers think of it as a dirty, junky store and avoid coming into it. Your image should be concrete enough to promote in your advertising and other promotional activities. For example, "home-cooked" food might be the image of a small restaurant.

Write out on a worksheet the image that you want shoppers and customers to have of your store.

Pricing

Value received is the key to pricing. The only way a store can have low prices is to sell low-priced merchandise. Thus, what you do about the prices you charge depends on the lines of merchandise you buy and sell. It depends also on what your competition charges for these lines of merchandise. Your answers to the following questions should help you to decide what to do about pricing.

In what price ranges are your line of merchandise sold

High _____ , Medium _________, or Low _____?

Will you sell for cash only?

What services will you offer to justify your prices if they are higher than your competitor's prices?

If you offer credit, will your price have to be higher than if all sales are for cash? The credit costs have to come from somewhere. Plan for them.

If you use credit card systems, what will it cost you? Will you have to add to your prices to absorb this cost.

Customer Service Policies

The service you provide your customers may be free to them, but you pay for it. For example, if you provide free parking, you pay for your own parking lot or pick up your part of the cost of a lot you share with other retailers.

Make a list of the services that your competitors offer and estimate the cost of each service. How many of these services will you have to provide just to be competitive? Are there other services that would attract customers but that competitors are not offering? If so, what are your estimates of the cost of such services? Now list all the services you plan to offer and the estimated costs. Total this expense and figure out how you can include those added costs in your prices without pricing your merchandise out of the market.

Planning Your Advertising Activities

Advertising was saved until the last because you have to have something to say before advertising can be effective. When you have an image, price range, and customer services, you are ready to tell prospective customers why they should shop in your store.

When the money you can spend for advertising is limited, it is vital that your advertising be on target. Before you think about how much money you can afford for advertising, take time to determine what jobs you want to do for your store. List what makes your store different from your competitors. List the facts about your store and its merchandise that your advertising should tell shoppers and prospective customers.

When you have these facts listed and in hand, you are ready to think about the form your advertising should take and its cost. Ask the local media (newspapers, radio and television, and printers of direct mail pieces) for information about the services and results they offer for your money.

How you spend advertising money is your decision, but don't fall into the trap that snares many advertisers who have little or no experience with advertising copy and media selection. Advertising is a profession. Don't spend a lot of money on advertising without getting professional advice on what kind and how much advertising your store needs.

The following work sheet can be useful in determining what advertising is needed to sell your strong points to prospective customers.

Form of Advertising	Size of Audience	Frequency of Use	Cost of a single ad	Est. Cost
________	________	________	________	______
________	________	________	________	______
________	________	________	________	______
________	________	________	________	______
			Total	______

When you have a figure on what your advertising for the next twelve months will cost, check it against what similar stores spend. Advertising expense is one of the operating ratios (expenses as a percentage of sales) that trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of merchandise, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining how much to spend for advertising comes down to the question, "How much can I afford to spend and still do the job that needs to be done?"

In-store Sales Promotion

To complete your work on marketing, you need to think about what you want to happen after prospects get inside your store. Your goal is to move stock off your shelves and displays at a profit and satisfy your customers. You want repeat customers and money in your cash register.

At this point, if you have decided to sell for cash only, take a second look at your decision. Don't overlook the fact that Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers. Customers will have more buying confidence and be more comfortable in your store if they know they can afford to buy. Credit makes this possible.

To encourage people to buy, self-service stores rely on layout, attractive displays, signs and clearly marked prices on the items offered for sale. Other stores combine these techniques with personal selling.

List the display counters, racks, special equipment (something peculiar to your business like a frozen food display bin or a machine to measure and cut cloth), and other fixtures. Figure the cost of all fixtures and equipment by listing them on a worksheet as follows:

Type of equipment	Number	X Unit Cost	= Cost
__________	______	________	________
__________	______	________	________
__________	______	________	________
__________	______	________	________
__________	______	________	________

Draw several layouts of your store and attach the layout that suits you to the cost worksheet. Determine how many signs you may need for a twelve month operation and estimate that cost also.

If your store is a combination of self-service and personal selling, how many sales persons and cashiers will you need? Estimate, I will need ________ sales persons at $ ________ each week (include payroll taxes and insurance in this salaries cost). In a year, salaries will cost: _________.

Personal attention to customers is one strong point that a store can use as a competitive tool. You want to emphasize in training employees that everyone has to pitch in and get the job done. Customers are not interested in job descriptions, but they are interested in being served promptly and courteously. Nothing is more frustrating to a customer than being ignored by an employee. Decide what training you will give your sales people in the techniques of how to greet customers, show merchandise, suggest other items, and handle customer needs and complaints.

Buying

When buying merchandise for resale, you need to answer questions such as:

Who sells the line to retailers? Is it sold by the manufacturer directly or through wholesalers and distributors?

What delivery service can you get and must you pay shipping charges?

What are the terms of buying?

Can you get credit?

How quickly can the vendor deliver fill-in orders?

You should establish a source of supply on acceptable terms for each line of merchandise and estimate a plan for purchasing as follows:

Name of Item	Name of Supplier	Address Supplier	Disc. Offered	Delv. Time(1)	Freight Costs(2)	Fill-in Policy(3)
________	______	_______	______	______	_______	______
________	______	_______	______	______	_______	______
________	______	_______	______	______	_______	______

(1) How many days or weeks does it take the supplier to deliver the merchandise to your store.
(2) Who pays? You, the buyer? The supplier? Freight or transportation costs are a big expense item.
(3) What is the supplier's policy on fill-in orders? That is, do you have to buy a gross, a dozen, or will the supplier ship only two or three items? How long does it take for the delivery to get into your store?

Stock Control

Often shoppers leave without buying because the store did not have the items they wanted or the sizes and colors were wrong. Stock control, combined with suppliers whose policies on fill-in orders are favorable to you, provides a way to reduce "walkouts".

The type of system you use to keep informed about your stock, or inventory, depends on your line of merchandise and the delivery dates provided by your suppliers.

Your stock control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been sold. Some trade associations and suppliers provide systems to members and customers, otherwise your accountant can set up a system that is best for your business. Inventory control is based upon either a perpetual or a periodic method of accounting that involves cost considerations as well as stock control. When you have decided what system you will use to control stock, estimate its cost. You may not need an extensive (and expensive) control system because you do not need the detailed information such a system collects. The system must justify its costs or you will just waste money and time on a useless effort.

Stock Turnover

When an owner-manager buys reasonably well, you can expect to turnover stock several times a year. For example, the stock in a small camera shop should turnover four times to four and a half times a year. What is the average stock turnover per year of your line of merchandise? How many times do you expect your stock to turnover? List the reasons for your estimate.

Behind-the-Scenes Work

In a retail store, behind-the-scenes work consists of the receiving of merchandise, preparing it for display, maintaining display counters and shelves, and keeping the store clean and attractive to customers. The following analytical list will help you decided what to do and the cost of those actions.

First list the equipment (for example a marking machine for pricing, shelves, a cash register) you will need for: (1) receiving merchandise (2) preparing merchandise for display, (3) maintaining display counters and shelves, and (4) keeping the store clean. Next list the supplies you will need for a year, for example, brooms, price tags, and business forms.

Use this format to figure these costs:

Name of Equip./Supplies	Quantity	X Unit Cost	= Cost
______________	______	__________	______
______________	______	__________	______
______________	______	__________	______

Who will do the back-room work and the cleaning that is needed to make a smooth operation in the store? If you do it yourself, how many hours a week will it take you? Will you do these chores after closing? If you use employees, what will they cost? On a worksheet describe how you plan to handle these tasks. For example:

Back-room work will be done by one employee during the slack sales times of the day. I estimate that the employee will spend _______ hours per week on these tasks and will cost ________ (number of hours times hourly wages) per week and _____ per year.

I will need ________ square feet of space for the back-room operation. This space will cost _______ per square foot or a total of ________ per month.

List and analyze all expense items in the same manner. Examples are utilities, office help, insurance, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help manage, analyze these salaries.

How Much Money Will You Need

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

The first question concerns the source of dollars. After your initial capital investments in a retail store, the main source of money is sales. What sales volume do you expect to do in the first twelve months? Write your estimate here ________, and justify your estimate.

Start-Up Costs:

List the following estimated start-up costs:

Fixtures and equipment*	__________
Starting inventory	__________
Decorating and remodeling	__________
Installation of equipment	__________
Deposits for utilities	__________
Legal and professional fees	__________
Licenses and permits	__________
Advertising for the opening	__________
Accounts receivable	__________
Operating cash	__________
Total	______________

*Transfer your figures from previous worksheets.

Whether you have the funds (say in savings) or borrow the money, your new business will have to pay back start-up costs. Keep this fact in mind as you work on estimating expenses and on other financial aspects of your plan.

Expenses

In connection with annual sales volume you need to think about expenses. If, for example, you plan to do sales amounting to $100,000, what will it cost you to do this amount of business? How much profit will you make? A business must make a profit or close.

The following exercise will help you to make an estimate of your expenses. To do this exercise you need to know the total cost of goods sold for your line of merchandise for the period (month or year) that you are analyzing. Cost of goods sold is expressed as a percentage of sales and is called an operating ratio. Check with your trade association to get the operating ratios for your business's. The following is the format for an Income Statement with operating ratios substituted for dollar amounts.

Summary of Operating Ratios
of 250 high Profit Hardware Stores

			Percent of sale
Sales			100.00
Cost of Goods Sold			-64.92
Margin			35.08
Expenses			
Payroll and other employee expenses	16.23		
Occupancy expenses	3.23		
Office supplies and postage	0.40		
Advertising	1.49		
donations	0.08		
Telephone and telegraph	0.24		
Bad Debts	0.30		
Delivery	0.47		
Insurance	0.66		
Taxes (other than realestate and payroll)	0.46		
Interest	0.61		
Depreciation (other than real estate)	0.57		
Supplies	0.37		
Legal and accounting expenses	0.31		
Dues and subscription	0.08		
Travel, buying, and entertainment	0.19		
Unclassified expenses	0.64		
Total operating expense		-26.33	
Net operating profit		8.75	
Other income		1.65	
Net profit before income taxes		10.40	

Now using your operating ratio for cost of goods sold and your estimated Sales Revenue, you can breakdown your expenses by substituting your ratios and dollar amounts in the Income Statement.

Notice that Gross Margin must be large enough to provide for your expenses and profit.

	Expressed in Percent	Expressed in dollars	Your Percentage	Your Dollars
1. Sales	100	$100,000	100	$___
2. Cost of Goods Sold	-66	-66,000	____	-$___
3.Gross Margin	34	$34,000	____	$___

and continue to fill out the entire Income Statement. Work out statements monthly or for the year.

Cash Forecast

A budget helps you to see the dollar amount of your expected revenue and expenses each month. Then from month to month the question is: Will sales bring in enough money to pay for the store's bills? The owner-manager must prepare for the financial peaks and valleys of the business cycle. A cash forecast is a management tool that can eliminate much of the anxiety that can plague you if your sales go through lean months. Use the following format.

Estimated Cash Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
(1) Cash in Bank (Start of Month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(2) Petty Cash (Start of Month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(3) Total Cash (add (1) and (2)	___	___	___	___	___	___	___	___	___	___	___	___	___
(4) Expected Accounts Receivable	___	___	___	___	___	___	___	___	___	___	___	___	___
(5) Other Money Expected	___	___	___	___	___	___	___	___	___	___	___	___	___
(6) Total Receipts (add (4) and (5))	___	___	___	___	___	___	___	___	___	___	___	___	___
(7) Total Cash and Receipts (add (3) and (6)	___	___	___	___	___	___	___	___	___	___	___	___	___
(8) All Disbursements (for month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(9) Cash Balance at end of Month in Bank Account and Petty Cash (subtract (8) from (7)*	___	___	___	___	___	___	___	___	___	___	___	___	___

*This balance is your starting figure for the next month

Is Additional Money Needed? Suppose at this point that your business needs more money than can be generated by present sales. What do you do? If your business has great potential or is in good financial condition, as shown by its balance sheet, you will borrow money (from a bank most likely) to keep the business operating during start-up and slow sales periods. The loan can be repaid during the fat sales months when sales are greater than expenses. Adequate working capital is needed for success and survival; but cash on hand (or the lack of it) is not necessarily an indication that the business is in bad financial shape. A lender will look at your balance sheet to see the business's Net Worth of which cash and cash flow are only a part. The balance sheet statement shows a business's Net Worth (financial position) at a given point in time, say at the close of business at the end of the month or at the end of the year. Free Retail Business Plan How To.

Even if you do not need to borrow money you may want to show your plan and balance sheet to your banker. It is never too early to build good relations and credibility (trust) with your banker. Let your banker know that you are a manager who knows where you want to go rather than someone who merely hopes to succeed.

Control and Feedback

To make your plan work you need feedback. For example, the year-end profit and loss (income) statement shows whether your business made a profit or took a loss for the past twelve months.

Don't wait twelve months for the score. To keep your plan on target you need readings at frequent intervals. An income statement compiled at the end of each month or at the end of each quarter is one type of frequent feedback. Also you must set up management controls that help you insure that the right things are done each day and week. Organization is needed because you as the owner-manager cannot do all the work. You must delegate work, responsibility, and authority. The record keeping systems should be set up before the store opens. After you're in business it is too late.

The control system that you set up should give you information about stock, sales, receipts and disbursement. The simpler the accounting control system, the better. Its purpose is to give you current useful information. You need facts that expose trouble spots. Outside advisers, such as accountants can help.

Stock Control

The purpose of controlling stock is to provide maximum service to your customers. Your aim should be to achieve a high turnover rate on your inventory. The fewer dollars you tie up in stock, the better.

In a store, stock control helps the owner-manager offer customers a balanced assortment and enables you to determine what needs ordering on the basis of (1) what is on hand, (2) what is on order, and (3) what has been sold.

When setting up inventory controls, keep in mind that the cost of the stock is not your only cost. There are inventory costs, such as the cost of purchasing, the cost of keeping stock control records, and the cost of receiving and storing stock.

Sales

In a store, sales slips and cash register tapes give the owner-manager feedback at the end of each day. To keep on top of sales, you need answers to questions, such as: How many sales were made? What was the dollar amount? What were the best selling products? At what price? What credit terms were given to customers?

Receipts

Break out your receipts into receivables (money still owned such as a charge sale) and cash. You know how much credit you have given, how much more you can give, and how much cash you have with which to operate.

Disbursement

Your management controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to be penny-wise and pound-foolish. You should pay bills on time to take advantage of supplier discounts. Your review systems should also give you the opportunity to make judgments on the use of the funds. In this manner, you can be on top of emergencies as well as routine situations. Your system should also keep you aware that tax monies, such as payroll income tax deductions, must be set aside and paid out at the proper time.

Break-Even Analysis

Break-even analysis is a management control device that approximates how much you must sell in order to cover your costs with no profit and no loss. Profit comes after break-even.

Profit depends on sales volume, selling price, and costs. Break-even analysis helps you to estimate what a change in one or more of these factories will do to your profit. To figure a break-even point, fixed costs (like rent) must be separated from variable costs (like the cost of goods sold)**.**

The break-even formula is:

$$\text{Break-even point (in sales dollars)} = \frac{\text{Total fixed costs}}{1 - \dfrac{\text{Total variable costs}}{\text{Corresponding sales volume}}}$$

Sample break-even calculations: Bill Mason plans to open a shoe store and estimates his fixed expenses at about $9,000 the first year. He estimates variable expenses of about $700 for every $1,000 of sales. How much must the store gross to break-even?

$$\text{BE point} = \frac{\$9{,}000}{1 - \dfrac{700}{1{,}000}} = \frac{\$9{,}000}{1 - 0.70} = \frac{\$9{,}000}{30} = \$30{,}000$$

Is Your Plan Workable?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure that your plan is workable.

Take time to re-examine your plan before you back it with money. If the plan is not workable, better to learn it now than to realize six months down the road that you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures you drew up when you broke down your expenses for the year (operating ratios on the income statement). If any of your cost items are too high or too low, change them. You can write your changes above or below your original entries on the worksheet. When you finish making your adjustments, you will have a revised projected statement of sales and expenses.

With your revised figures, work out a revised break-even analysis. Whether the new break-even point looks good or bad, take one more precaution. Show your plan to someone who has not been involved in working out the details with you. Get an impartial. knowledgeable second opinion. Your banker, or other advisor may see weaknesses that failed to appear as you went over the plan details. These experts may see strong points that your plan should emphasize.

Put Your Plan Into Action

When your plan is as thorough and accurate as possible you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a wishful dream. A successful owner-manager does not stop after gathering information and drawing up a business plan, as you have done in working through this Guide. use the plan.

At this point, look back over your plan. Look for things that must be done to put your plan into action. What needs to be done will depend on your situation and goals. For example, if your business plan calls for an increase in sales, you may have to provide more funds for this expansion. Have you more money to put into this business? Do you borrow from friends and relatives? From your bank? From your suppliers (through credit terms?) If you are starting a new business, one action may be to get a loan for fixtures, stock, employee salaries, and other expenses. Another action will be to find and to hire capable employees.

Now make a list of things that must be done to put your plan into action. Give each item a date so that it can be done at the appropriate time.

To put my plan into action, I must:

1. Do (action) _________ By _________(date)

2. etc.

Keep Your Plan Current

Once you put your plan into action, look out for changes. They can cripple the best business no matter how well planned. Stay on top of changing conditions and adjust your business plan accordingly. Sometimes the change is within your company. For example, several of your sales persons may quit. Sometimes the change is with the customers whose desires and tastes shift and change or refuse to change. Sometimes the change is technological as when products are created and marketed.

In order to adjust your plan to account for such changes, you the owner-manager, must:

Be alert to the changes that come about in your line of business, in your market, and in your customers.

Check your plan against these changes.

Determine what revisions, if any, are needed in the business plan.

The method you use to keep your plan current so that your business can weather the changing forces of the market place is up to you. Read trade and business papers and magazines and review your plan periodically. Once each month or every other month, go over your plan to see whether or not it needs adjusting. Certainly you will have more accurate dollar amounts to work with after you have been in business for a time. Make revisions and put them into action. You must be constantly updating and improving. A good business plan must evolve from experience and the best current information. A good business plan is good business.

Go to Top

3. Complete Catering Business Plan Template

Table of Contents

1.0 Executive Summary

[COMPANY NAME]

Contact: [NAME]

[ADDRESS]

[CITY, STATE ZIP]

Phone XXX-XXX-XXXX

Fax XXX-XXX-XXXX

[EMAIL]

[WEBSITE]

[COMPANY NAME] is a full service professionally designed restaurant and banquet facility that presents a fresh new upscale dining environment that is family friendly and geared toward business and social gatherings. The decor is professionally designed from form to function in all areas of the facility and incorporates fresh new perspectives in dining establishments. There is no similar dining experience within 25-30 miles of [COMPANY NAME]. The design could be compared to that of many franchise operations that are developed in St. Cloud (i.e. TGI Fridays, Applebee's, Outback Steak House, Olive Garden, Champs, etc.) The menu is a moderate to higher price point than the traditional sit down family restaurant. Seating capacity in the bar and restaurant is 50 and 150, respectively and have a number of areas that can readily accommodate private small to medium sized group meetings. The banquet facility is one large area that accommodates up to 700 guests. The banquet facility has multiple uses including:

1. Wedding, Anniversary and Family Reunion functions
2. Special Events, Association banquets, Trade Shows, etc.
3. Alcohol FREE Youth Events

The owner of the Company is [NAME] who has brings over 15 years experience in the Restaurant industry. The restaurant is minutes away from a major shopping center and sits off of a highly traveled intersection of Interstate 94, US Highway 71 and State Highway 28. The building contains 33,000 square feet of commercial space with approximately 150+ parking spaces available on site. [COMPANY NAME] was established in May 2005 and is headquartered in Sauk Centre, Minnesota. The Company prides itself on its customer service.

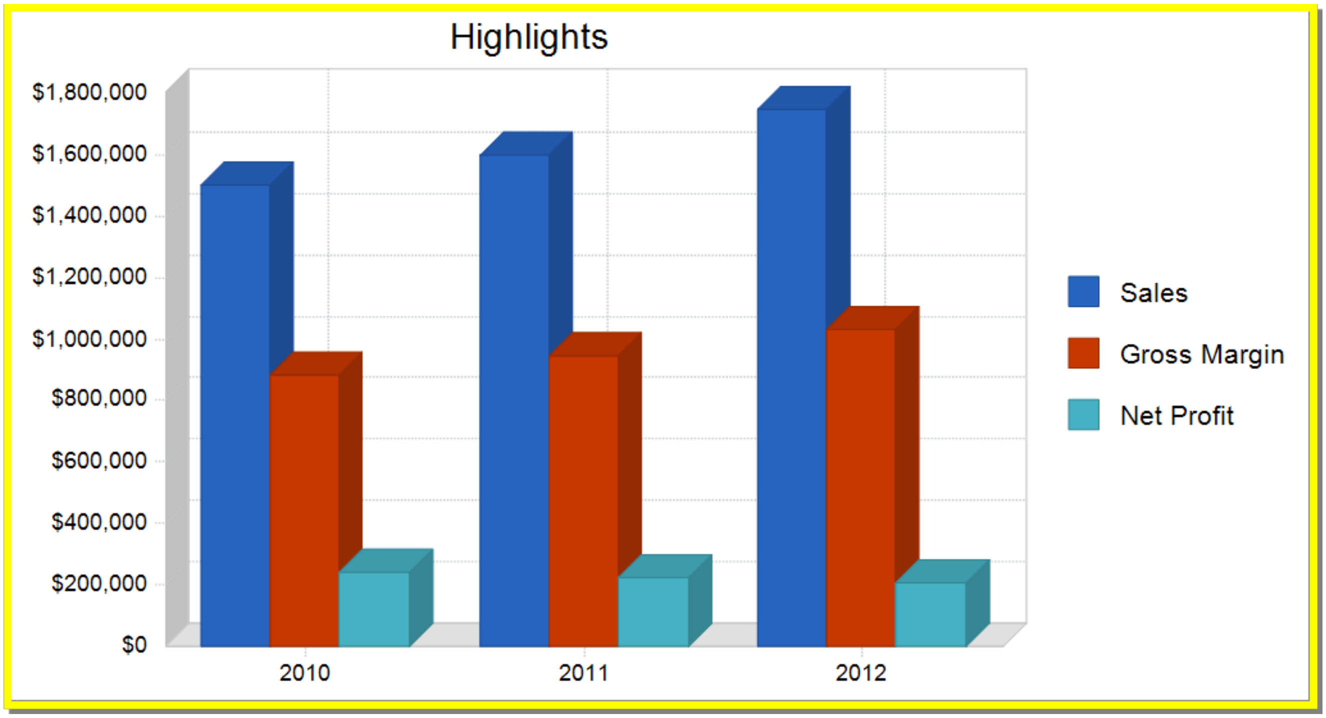
[COMPANY NAME] offers a lunch, dinner, or appetizer menu. From delectable appetizers to delicious dinners of steak, chicken pork, pasta and even prime rib, [COMPANY NAME] serves up meals to delight anyone's taste-buds. The burger selection is one-of-a-kind. The Company also has unique specials and has something on the menu for every kind of taste bud.

[COMPANY NAME] offers a place for a wedding or special event. With one large banquet hall and two additional meeting rooms that can be joined together, [COMPANY NAME] can accommodate any size gathering comfortably. The Company's facility offers televisions to watch sports events, Bingo games at the bar, pool tables, darts, dining, dancing, wedding facilities, anniversary facilities, class reunion facilities, book reading areas, seminar training, or party facilities.

[COMPANY NAME]'s competitive advantage is its visibility, accessibility and location. Equally important is the unique environment, food quality, and extensive experience in the food and banquet industry.

The Company is seeking grant funding in the amount of $800,000. The grant will be used to expand the business by improving the exterior landscaping, repairing the parking lot, improving the building cosmetically, increase advertising/ promotions and hire additional staff. Based on the detailed financial projections, [COMPANY NAME]'s future sales for 2010, 2011 and 2012 are expected to be $1,500,000, $1,600,000 and $1,750,000.

Chart: Highlights



1.1 Objectives

[COMPANY NAME] has three main objectives:

1. To be rated the #1 dining restaurant in Sauk Centre
2. To be rated best wedding, banquet and meeting facility within a 30-50 mile radius Sauk Centre
3. To present a clean and inviting environment with ambiance unique to the area
4. To provide excellent Customer Service
5. To accomplish annual sales of $1,500,000 in 2010; $1,600,000 in 2011; and $1,750,000 in 2012

1.2 Mission

[COMPANY NAME]'s mission is to provide a full service premier dining, banquet and event facility for families, businesses and other community functions throughout the surrounding non-metro local area of Sauk Centre, Minnesota and throughout the County of Stearns, located in Central Minnesota.

The restaurant strives to be a good corporate and civic partner promoting activities and events that benefit the community, its businesses and the surrounding area. The restaurant will host Youth entertainment events that present excellent fund raising opportunities for the community.

[COMPANY NAME]'s business philosophy is to provide a dining and event experience that caters to individuals and businesses unique and special needs. The Company strives to handle all details of the experience so that the customer can relax and be catered to.

1.3 Keys to Success

The keys to success in this business are:

1. Repeat Customers
2. Good Word of Mouth
3. Great Marketing plan
4. Continuous growth in weddings, banquets, front of house dining
5. Keeping Expenses in line

2.0 Company Summary

[COMPANY NAME]

Contact: [NAME]

[ADDRESS]

[CITY, STATE ZIP]

Phone XXX-XXX-XXXX

Fax XXX-XXX-XXXX

[EMAIL]

[WEBSITE]

[COMPANY NAME] is a full service professionally designed restaurant and banquet facility that presents a fresh new upscale dining environment that is family friendly and geared toward business and social gatherings. The decor is professionally designed from form to function in all areas of the facility and incorporates fresh new perspectives in dining establishments. There is no similar dining experience within 25-30 miles of [COMPANY NAME]. The design could be compared to that of many franchise operations that are developed in St. Cloud (i.e. TGI Fridays, Applebee's, Outback Steak House, Olive Garden, Champs, etc.) The menu is a moderate to higher price point than the traditional sit down family restaurant. Seating capacity in the bar and restaurant is 50 and 150, respectively and have a number of areas that can readily accommodate private small to medium sized group meetings. The banquet facility is one large area that accommodates up to 700 guests. The banquet facility has multiple uses including:

- Wedding, Anniversary and Family Reunion functions
- Special Events, Association banquets, Trade Shows, etc.
- Alcohol FREE Youth Events

The owner of the Company is [NAME] who has brings over 15 years experience in the Restaurant industry. The restaurant is minutes away from a major shopping center and sits off of a highly traveled intersection of Interstate 94, US Highway 71 and State Highway 28. The building contains 33,000 square feet of commercial space with approximately 150+ parking spaces available on site. [COMPANY NAME] was established in May 2005 and is headquartered in Sauk Centre, Minnesota. The Company prides itself on its customer service.

2.1 Company Ownership

[COMPANY NAME] is an S-Corp wholly owned by [NAME] the manager and operator of the Business.

2.2 Company History

Sales figures in year 2007, 2008 and 2009 were $996,123, $1,102,879 and $1,054,092, respectively. The Earnings for this period were -$315, $27,831 and $22,738, respectively.

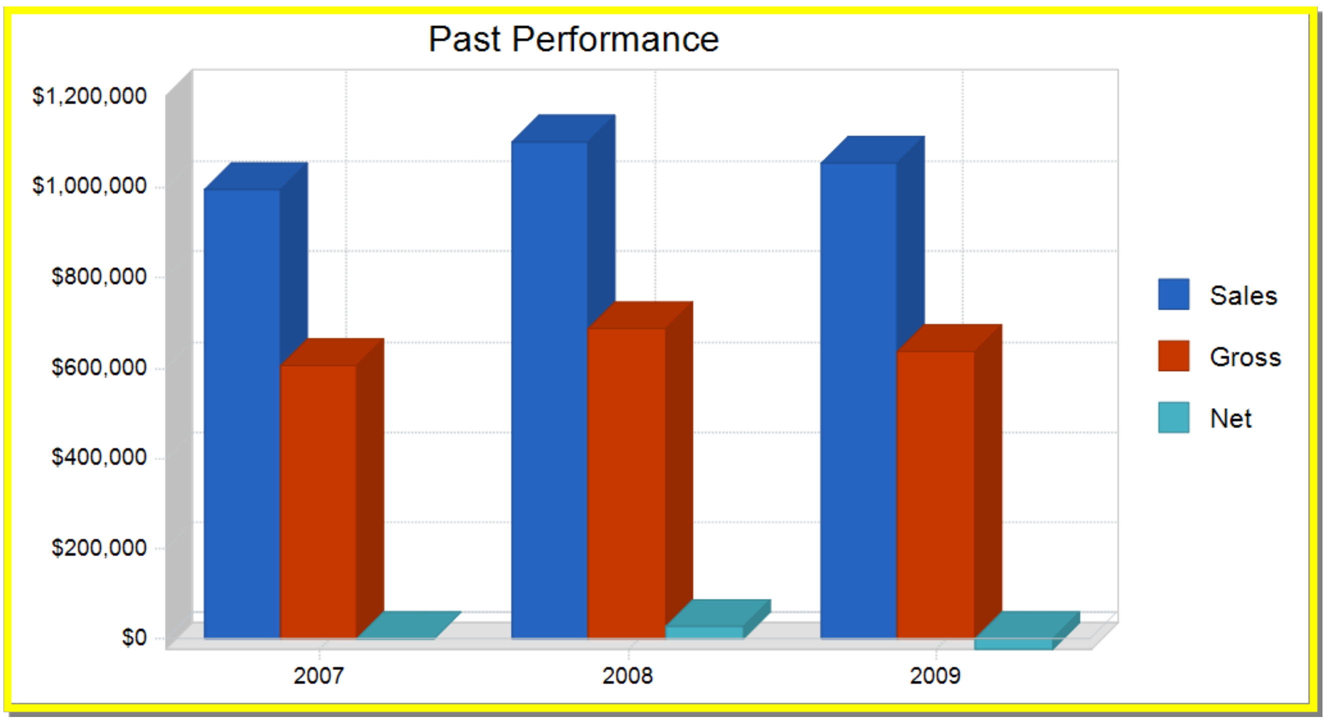
Table: Past Performance

Past Performance			
	2007	2008	2009
Sales	$996,123	$1,102,879	$1,054,092
Gross Margin	$605,693	$687,268	$638,357
Gross Margin %	60.81%	62.32%	60.56%
Operating Expenses	$538,614	$545,160	$558,907

Inventory Turnover	37.18	39.58	39.59
Balance Sheet			
	2007	2008	2009
Current Assets			
Cash	$5,891	$733	($9,431)
Inventory	$10,500	$10,500	$10,500
Other Current Assets	$8,994	$11,384	$6,407
Total Current Assets	$25,385	$22,617	$7,476
Long-term Assets			
Long-term Assets	$125,809	$124,754	$128,677
Accumulated Depreciation	$28,186	$42,217	$56,918
Total Long-term Assets	$97,623	$82,537	$71,759
Total Assets	$123,008	$105,154	$79,235
Current Liabilities			
Accounts Payable	$16,062	$8,271	$8,374
Current Borrowing	$15,000	$15,000	$0
Other Current Liabilities (interest free)		$0	
Total Current Liabilities	$31,062	$23,271	$8,374
Long-term Liabilities	$89,560	$51,666	$64,135
Total Liabilities	$120,622	$74,937	$72,509

Paid-in Capital	$32,161	$32,161	$32,161
Retained Earnings	($29,460)	($29,775)	($2,697)
Earnings	($315)	$27,831	($22,738)
Total Capital	$2,386	$30,217	$6,726
Total Capital and Liabilities	$123,008	$105,154	$79,235
Other Inputs			
Payment Days	30	30	30

Chart: Past Performance



3.0 Services

[COMPANY NAME]'s offers:

* Great Food
* Daily Specials
* Lunch Buffets
* Entertainment
* Dancing

* Dart Leagues
* Pool Leagues
* Games – Sunday night "Bargo" (Bar Bingo)!
* Full Bar
* Banquet Hall Facilities

[COMPANY NAME] offers a lunch, dinner, or appetizer menu. From delectable appetizers to delicious dinners of steak, chicken pork, pasta and even prime rib, [COMPANY NAME] serves up meals to delight anyone's taste-buds. The burger selection is one-of-a-kind. The Restaurant makes its own sauce for its BBQ Ribs along with the homemade family recipes for bleu cheese dressing, French dressing, ranch dressing, garlic butter, honey butter. Also all of the soups are made from scratch. The Company also has unique specials and has something on the menu for every kind of taste bud.

[COMPANY NAME] offers a place for a wedding or special event. With one large banquet hall and two additional meeting rooms that can be joined together, [COMPANY NAME] can accommodate any size gathering comfortably. The Company's facility offers televisions to watch a sports event, Bingo games at the bar, pool tables, darts, dining, dancing, wedding facilities, anniversary facilities, class reunion facilities, book reading areas, seminar training, or party facilities.

The Company is focused on "going green" by participating in recycling efforts including the use energy efficient bulbs, recycling the grease, separating the food waste, etc. and has recently checked into solar panels for the hot water and electricity.

In the near future, [COMPANY NAME] would like to incorporate an enclosed sound proof area offering fine dining as well as host fundraiser events that will benefit the community, its businesses and the surrounding area. The Company would like to work with area youth for entertainment and fund raising opportunities. The Company would like to include a landscaped and sheltered outdoor courtyard space that could also be available to host outdoor events.

4.0 Market Analysis Summary

The U.S. restaurant industry, which consists of fast food, casual dining and upscale chains, is facing its toughest stretch in three decades. This is due to declining guest traffic as well as a decline in sales. To survive, restaurant operators will need to balance incentives and discounts with added value and brand enhancement.

[COMPANY NAME] business plan focuses solely on the restaurant and dining industry. The Company has the services necessary to flourish within this industry. [COMPANY NAME] will market its services to individuals seeking a dining experience away from daily routine, businesses, traveling guests and those looking for a place to celebrate a special occasion. In addition, the banquet facility and meeting rooms will be marketed to engaged couples, businesses with meeting/ training/ social gathering needs, clubs/ organizations with annual meetings and fund raising events, and general entertainment events marketed to youth and adults in the area. Forms of marketing include local newspaper ads, online social networking, direct marketing, monthly newsletters, birthday coupons, word of mouth and community involvement.

4.1 Market Segmentation

[COMPANY NAME] is a full service Restaurant centrally located in Minnesota making its location a convenient meeting area for both residential lake home owners, vacationers and multiple businesses. While Sauk Centre and the immediate area is the primary market, [COMPANY NAME]'s market segment comes from both residential lake home owners and vacationers in a 30 mile radius that are seeking a unique, comfortable and quality dining experience.

Sauk Centre offers visitors an array of activities including 3 golf courses (Greystone an 18 hole course, The Lynx an 18 hole course and Sauk Centre Country Club a 9 hole course), a 6 screen movie theatre, race track, Lake Wobegon Biking-Hiking Trail, Frisbee Golf, Skate Board Park, Camping and beautiful lakes and parks for their enjoyment.

This market segment in addition to the general population entertaining friends, family and guests, are willing to travel extra miles for a unique, comfortable and quality dining experience. The recent housing development of Lakeride, along Sauk Lake will support this assertion along with the development around Big/ Little Birch Lake and the many lake properties in the area.

Non-local business is also anticipated to be generated by traffic from the Interstate, US Highway 71, transient patrons from the hotels and events booked by area associations/ clubs. A review of the Minnesota Department of Transportation 2009 Traffic Volumes map indicates the following traffic counts at key locations that are visible and provide direct access to the restaurant:

- Interstate 94 (West Bound) 20,300
- Interstate 94 (East Bound) 22,000

- US Highway 71 (North of I-94) 9,800
- 12th Street (adjacent to site) 7,800

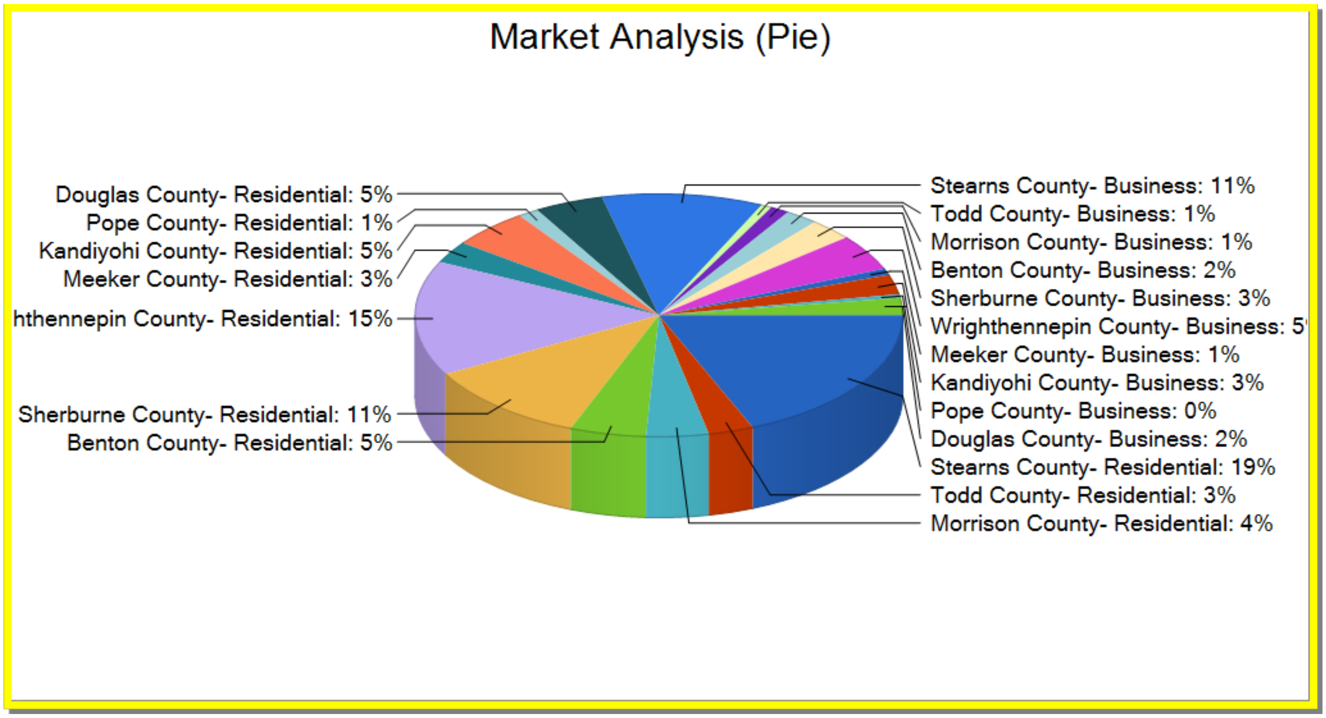
The target market segment for weddings, meetings, banquets, etc. is stretched throughout 10 Counties in Minnesota including Stearns County, Todd County, Morrison County, Benton County, Sherburne County, Wright Hennepin County, Meeker County, Kandiyohi County, Pope County and Douglas County. The information contained in the market analysis table displays the details of these County's residential, vacationers and business populations.

Table: Market Analysis

Market Analysis							
		2010	2011	2012	2013	2014	
Potential Customers	Growth						CAGR
Stearns County-Residential	1%	150,500	152,005	153,525	155,060	156,611	1.00%
Todd County-Residential	1%	24,108	24,349	24,592	24,838	25,086	1.00%
Morrison County-Residential	1%	33,212	33,544	33,879	34,218	34,560	1.00%
Benton County-Residential	1%	40,595	41,001	41,411	41,825	42,243	1.00%
Sherburne County-Residential	1%	88,710	89,597	90,493	91,398	92,312	1.00%
Wright Hennepin County-Residential	1%	123,126	124,357	125,601	126,857	128,126	1.00%
Meeker County-Residential	1%	23,386	23,620	23,856	24,095	24,336	1.00%
Kandiyohi County-Residential	1%	41,534	41,949	42,368	42,792	43,220	1.00%
Pope County-Residential	1%	10,978	11,088	11,199	11,311	11,424	1.00%
Douglas County-	1%	36,754	37,122	37,493	37,868	38,247	1.00%

Residential							
Stearns County-Business	1%	85,816	86,674	87,541	88,416	89,300	1.00%
Todd County-Business	1%	5,648	5,704	5,761	5,819	5,877	1.00%
Morrison County-Business	1%	10,037	10,137	10,238	10,340	10,443	1.00%
Benton County-Business	1%	17,492	17,667	17,844	18,022	18,202	1.00%
Sherburne County-Business	1%	23,254	23,487	23,722	23,959	24,199	1.00%
Wright Hennepin County-Business	1%	38,562	38,948	39,337	39,730	40,127	1.00%
Meeker County-Business	1%	7,034	7,104	7,175	7,247	7,319	1.00%
Kandiyohi County-Business	1%	21,089	21,300	21,513	21,728	21,945	1.00%
Pope County-Business	1%	3,845	3,883	3,922	3,961	4,001	1.00%
Douglas County-Business	1%	18,411	18,595	18,781	18,969	19,159	1.00%
Total	1.00%	804,091	812,131	820,251	828,453	836,737	1.00%

Chart: Market Analysis (Pie)



4.2 Target Market Segment Strategy

[COMPANY NAME]'s mission is to provide a full service premier dining, banquet and event facility for families, businesses and other community functions throughout the surrounding non-metro local area of Sauk Centre, Minnesota and throughout the County of Stearns, located in Central Minnesota.

The restaurant strives to be a good corporate and civic partner promoting activities and events that benefit the community, its businesses and the surrounding area. The restaurant will host Youth entertainment events that present excellent fund raising opportunities for the community.

[COMPANY NAME]'s business philosophy is to provide a dining and event experience that caters to individuals and businesses unique and special needs. The Company strives to handle all details of the experience so that the customer can relax and be catered to.

4.3 Service Business Analysis

With the economic downturn easing, the restaurant industry is expected to show gradual improvement in 2010, according to the National Restaurant Association's 2010 Restaurant Industry Forecast released today. Industry sales are projected to reach $580 billion this year, a 2.5 percent increase in current dollars over 2009 sales. When adjusted for inflation, 2010 sales will be essentially flat, which is an improvement over the 1.2 percent and 2.9 percent negative growth in real sales that the industry experienced in 2008 and 2009, respectively. Restaurants will continue to be strong contributors to the recovery of the nation's economy, with industry sales representing 4 percent of the U.S. gross domestic product and employees comprising 9 percent of the U.S. workforce. Despite job losses in 2009, the restaurant industry still outperformed the national economy. Job growth is expected to resume in 2010, and the industry is projected to add 1.3 million career and employment opportunities by 2020.

Continuing the trend from last year, the quick service restaurant segment is expected to fare slightly better than the full-service segment as diners focus on value and specials. Quick service restaurants are projected to post sales of $164.8 billion in 2010, a gain of 3.0 percent over 2009. Sales at full-service restaurants are projected to reach $184.2 billion in 2010, an increase of 1.2 percent in current dollars over 2009. The eating-and-drinking place segment expected to show the strongest growth in 2010 is social caterers, whose sales are expected to increase by 4.5 percent. Among all commercial industry segments, the strongest growth is expected in retail-host restaurants (including those located in gas/service stations and drug and grocery stores) with a 4.9 percent sales increase.

The U.S. restaurant industry, which consists of fast food, casual dining and upscale chains, is facing its toughest stretch in three decades. This is due to declining guest traffic as well as a decline in sales. To survive, restaurant operators will need to balance incentives and discounts with added value and brand enhancement.

[COMPANY NAME] provides a much needed family oriented restaurant with quality food, beverages and entertainment at reasonable prices. As simple as it may be, [COMPANY NAME]'s method of serving delicious food while executing exceptional customer service has an important effect on the bottom line: People want to give their business to those who appreciate it. Skillful use of advertising, quality meals and strong communication will bring the business the Company desires.

4.3.1 Competition and Buying Patterns

According to the National Restaurant Association's 2010 Restaurant Industry Forecast, consumers will continue to seek value, convenience and expanded menu options in 2010 – and restaurants will deliver. Consumers forced to cut back on spending say they aren't dining out as often as they would like, and this pent-up demand will turn into restaurant traffic as economic recovery continues. The Association predicts that growth opportunities can be found in delivery and other off-premise options, cooking classes and other interactive guest activities, and using new media to reach new and returning guests.

Social media will become more critical to restaurant marketing this year. A good plan and solid understanding of those tools – including Facebook, Twitter, Yelp, and YouTube – can help operators mitigate the economic environment. "Word of mouth" has moved online, and more consumers use the Web to browse menus, make reservations, and get recommendations from other diners. Restaurants' use of e-mail, Internet and cell phone text messages in marketing efforts is also a growing trend.

Restaurant operators continue to step up their efforts to go green, investing in energy-efficient equipment and fixtures, using recyclable materials and reducing their water use. Green initiatives not only help manage costs, they can also drive traffic. Four of 10 full-service and 31 percent of quick service operators plan to devote more resources to green initiatives in 2010 than they did in 2009, and 4 in 10 consumers say they choose restaurants based on their conservation practices.

Locally sourced food, sustainability, and health and nutrition will be the top trends on restaurant menus this year. Seventy percent of consumers say they are more likely to visit restaurants that offer locally produced food, and nearly three out of four say they are trying to eat healthier in restaurants now than they did two years ago.   The top 10 menu trends in the Association's "What's Hot in 2010" survey of more than 1,800 professional chefs (American Culinary Federation members) are: locally grown produce, locally sourced meat/seafood, sustainability as a culinary theme, bite-size desserts, locally produced beer/wine, healthy kids' meals, half-potions, farm/estate-branded ingredients, gluten-free/allergy-conscious items, and sustainable seafood. Ethnic cuisines and flavors are also a hot menu trend this year, including regional ethnic cuisine and fusion cuisine. Consumers are interested in trying French, Spanish, Japanese (other than sushi), Thai, Cajun/Creole, soul food and sushi.

[COMPANY NAME]'s primary local competitors are Captains table, Diamond Point, JT's, Greenwald Pub, Golf courses (seasonal), Palmer House, Resorts (seasonal). Most competitors gain their customers by word of mouth from their long standing reputations within the community. Diamond Point while providing improved ambiance, is located approximately 10 miles north of town and for this reason has a distinct disadvantage of patron and guest safety in travel, difficulty location to find, as well as not having immediate access to lodging facilities. From a general perspective, [COMPANY NAME]'s competitive advantage is its visibility, accessibility and location.

Despite their shortcomings, these restaurants are very successful within the area; thus, [COMPANY NAME] strives to gain and maintain customers by fulfilling their needs. Furthermore, the Company seeks to establish strong communication with clients to ensure that they are satisfied with their services. If customers are happy, they will recommend the restaurant to others in the area. Oftentimes word of mouth marketing provides more business than advertising; thus the Company utilizes word of mouth to generate business along with local newspaper ads, online social networking, direct marketing, monthly newsletters, birthday coupons, and community involvement.

5.0 Web Plan Summary

[COMPANY NAME]'s website [WEBSITE] is an opportunity to offer current information on special events, menu offerings, coupons and specials.

5.1 Website Marketing Strategy

[COMPANY NAME] website will be promoted on all of its marketing materials. The Company advertises the site on its business cards and newsletters as well as in other industry related publications. The website is optimized for online searches to drive people to the website. The Company would also like to bottle and market its barbeque sauce which could turn into a great marketing strategy by placing the website on the label.

5.2 Development Requirements

Future development of the website will include a shopping cart for retail products, and uploaded pictures. In addition to its facebook page the Company would like to ad social networking on Twitter and videos of events on U-tube that would drive people to the website.

6.0 Strategy and Implementation Summary

[COMPANY NAME] has clearly defined the target market and has differentiated the Company by offering a solid solution to fulfilling its customers' needs. Reasonable sales targets have been established with an implementation plan designed to ensure the goals set forth below are achieved.

6.1 SWOT Analysis

The SWOT analysis aids in displaying the internal strengths and weaknesses that [COMPANY NAME] must address. It allows us to examine the opportunities presented to the Company as well as potential threats. The Company's strengths will help it to succeed. These strengths include: the owner's experience in the industry, a well established business highly recognized throughout the local community, a highly visible location and its unique ambiance. Strengths are valuable, but it is also important to realize the weaknesses the Company must address. These weaknesses include: curb appeal needs improvement, quality and service are lacking in consistency, internal systems need improvement and price point is not as affordable as competitors.

The Company's strengths will help it capitalize on emerging opportunities. These opportunities include, but are not limited to, community awareness through hosting fund raisers, youth events, and concerts. Threats that [COMPANY NAME] should be aware of include, negative online press, police force deterring customers, local customers are below average pay scale, poor crops threaten the spending power of farming community.

6.1.1 Strengths

[COMPANY NAME]'s most important strengths include:

- The owner's extensive experience in the food and banquet industry
- An outstanding location where average daily traffic counts are in excess of 50,000 vehicles
- An upscale and professionally designed environment that creates ambiance unique to the area
- Wide-ranging business, customer and industry contacts
- An established reputation through the [NAME] Rhode's Hub Supper Club for delivering a quality product and service.
- 6.1.2 Weaknesses
- The curb appeal of the restaurant is in need of improvement.

- The food quality and customer service is lacking in consistency.
- The internal systems in place are in need of improvement including checklists, customer service training, employee manual, new hire training and Company standards.
- The price point is not as affordable as other competitors in the area.

6.1.3 Opportunities

There is a huge opportunity for [COMPANY NAME] to create business by becoming involved with the community in such arenas as hosting fund raisers, youth events, and concerts.

6.1.4 Threats

- Negative press from online social networking
- Alcohol DUI laws have increased Police force in area and may deter customers
- The local market area is in a below average pay scale
- Poor crops within the farming community threaten the spending power of customers

6.2 Competitive Edge

[COMPANY NAME]'s competitive advantage is its visibility, accessibility and location. Equally important is the unique environment, food quality, and extensive experience in the food and banquet industry. More specifically [COMPANY NAME] has a competitive advantage in the following areas:

1. Ease of access and parking

2. Capacity to service larger functions

3. Price Point for family dining is competitive

4. Well trained and friendly staff

5. Salad Bar that is popular in the area

6. Spacious facility

6.3 Marketing Strategy

The marketing strategy of [COMPANY NAME] includes promotional efforts through the following means:

- Online presence with the website at [WEBSITE]
- Marketing and direct contact with conference, wedding and event planners that will help to position the facility in spectrum of facilities available. These include but are not limited to Wedding Dress Stores, Bridal Shows, Tuxedo Rentals, Photographers, Bakeries, and Churches.
- Coordinating with local/ area hotels/ motels to offer booking packages, To-Go Menus in rooms where room service does not exist and referral incentives
- Work with City, Chamber of Commerce, local/ area Clubs and Organizations to identify client opportunities and coordinate community participation
- [NAME]'s experience with the Hub Supper Club has provided extensive contacts with area residents, cities and businesses that will continue to provide excellent word of mouth advertising and promotion
- The location: visibility and accessibility of the building in of itself serves as a billboard to tens of thousands of vehicles that travel on Interstate 94 and U.S. Highway 71 on a daily basis.
- Satisfied customers, those attending events and vendors also serve to promote and market the facilities via word of mouth when the experience provided meets or exceeds their expectations. With a successful event or meeting the word of mouth promotion potential is to reach over 1,000 people per week. These people will be business owners, engaged couples and club members that can all take the experience back to their contacts and plant the seed for future events.

6.4 Sales Strategy

The owner of [COMPANY NAME] has excellent customer relation skills, work ethics as well as an in-depth understanding of the dining industry; these skills are useful in making customers comfortable in trusting our Company to satisfy their dining and banquet needs. Keeping customers satisfied is an implicit part of building a relationship that will encourage high customer referrals and repeat business.

6.4.1 Sales Forecast

The Monthly Sales Forecasted for the current year average $67,500 in Food & Beverage Sales, $20,000 in Banquet Sales and $37,500 in Alcohol Sales. Forecasted

Sales in 2010 is a total of $1,500,000 with a 7% growth rate for 2011 and a 9% growth rate for 2012.

Table: Sales Forecast

Sales Forecast			
	2010	2011	2012
Sales			
Food & Beverage	$810,000	$864,000	$945,000
Banquet	$240,000	$256,000	$280,000
Alcohol	$450,000	$480,000	$525,000
Total Sales	$1,500,000	$1,600,000	$1,750,000
Direct Cost of Sales	2010	2011	2012
Food	$374,400	$336,960	$368,550
Beverage	$175,500	$99,840	$109,200
Other	$35,100	$187,200	$204,750
Subtotal Direct Cost of Sales	$585,000	$624,000	$682,500

Chart: Sales Monthly

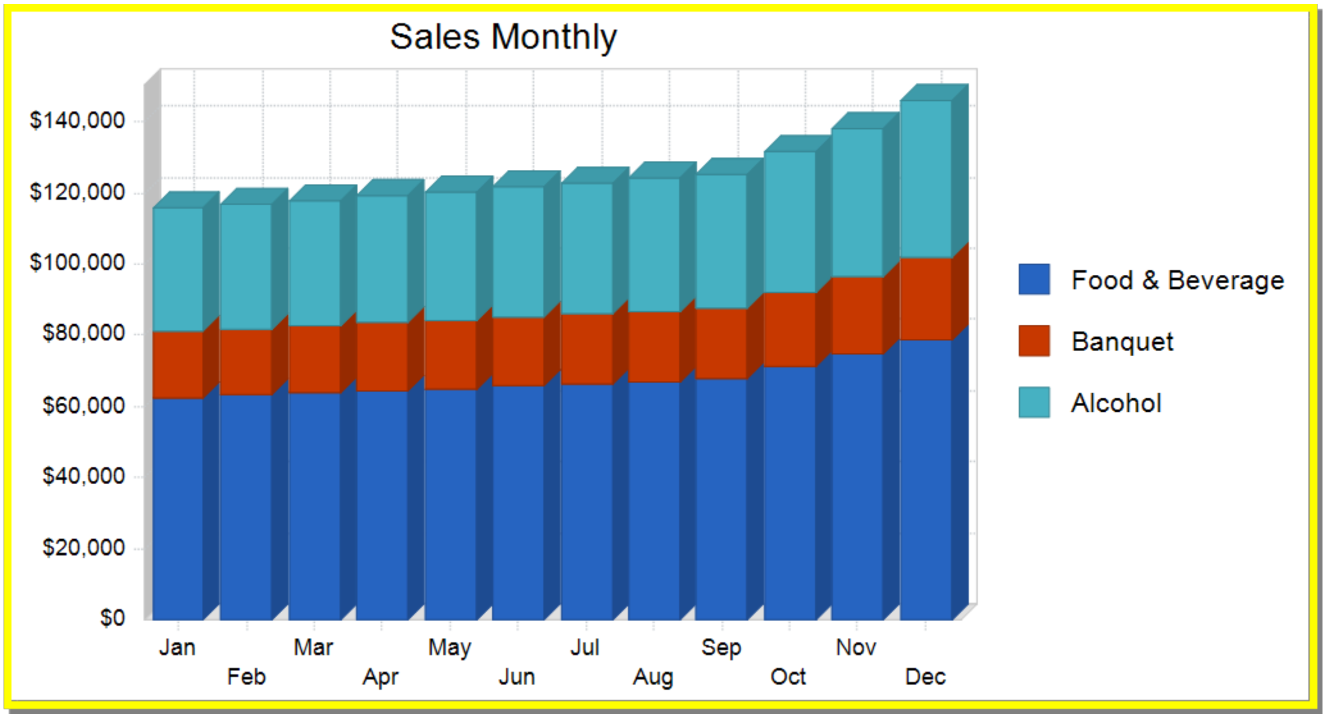
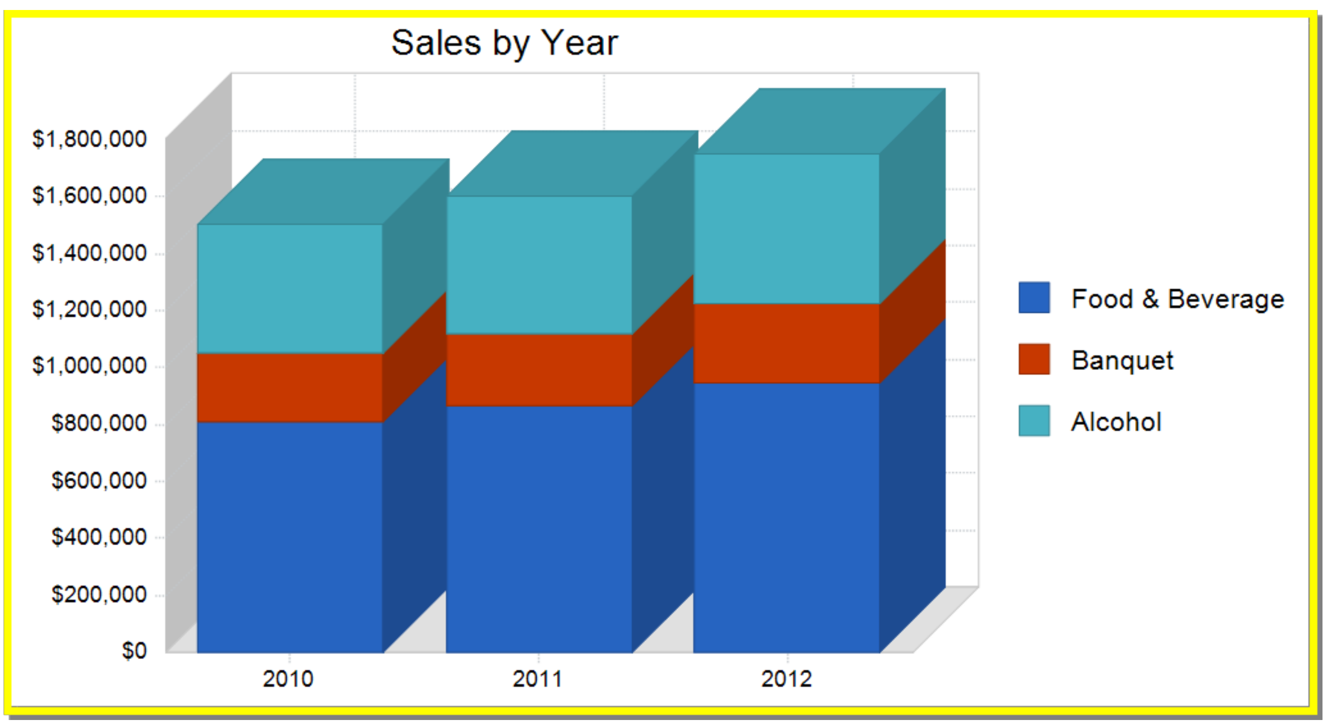


Chart: Sales by Year



6.5 Milestones

In order to achieve the growth and marketing goals that have been outline in this business plan, [COMPANY NAME] has deadlines to meet and ideas to implement.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Grant Funding	6/1/2010	11/1/2010	$6,400	[NAME]	Management
Debt Reduction	10/1/2010	11/1/2010	$400,000	[NAME]	Management
Increase Advertising	10/01/2010	12/31/2012	$50,000	[NAME]	Management
Building Facelift	10/1/2010	12/31/2010	$100,000	[NAME]	Management
Update Parking Lot & Landscape	10/1/2010	12/31/2010	$35,000	[NAME]	Management
TV's & Sound System	10/1/2010	12/31/2010	$10,000	[NAME]	Management
Hire Managers & Staff	10/1/2010	12/31/2012	$180,000	[NAME]	Management
Totals			$781,400		

7.0 Management Summary

[NAME] has extensive restaurant experience since growing up in a restaurant his parents owned and took over in 1993. With his hands on experience he purchased the Hub Supper Club in 1996 and took the Company from $125,000 in annual sales to over $1,000,000 in annual sales in which he managed numerous additions/ remodels. Rohde has attended several educational and training seminars related to restaurants, marketing, and finance at a business college.

[NAME] acts as the General Manager and provides general oversight for the operations of [COMPANY NAME] business as well as a well known restaurant Hub Supper Club, including day to day management of the facilities, Head Cook and Floor Manager for both businesses for an estimated 60 hours per week each which would consist mostly of evening and weekend hours. Rohde will also provide direct oversight of the landscaping efforts with the assistance of the restaurant design firm selected.

The restaurant currently employs 40 personnel, including Managers and Cooks who are encouraged to pursue additional training for management and supervision. An employee handbook has been developed to assist managers and cooks and establish a universal understanding of employee responsibilities, processes and requirements, but most importantly Customer Service. By having the handbook the same for both [NAME]'s locations, the employees are allowed to float between the two facilities with little conflict.

7.1 Personnel Plan

[COMPANY NAME] is a full service Restaurant that currently employs about 40 personnel. Additional staff needs for the Company includes a minimum of two managers, two cooks, two bartenders and two waitresses over the next three years.

Table: Personnel

Personnel Plan			
	2010	2011	2012
Waiter/ Waitress	$45,023	$56,279	$79,279
Host/ Hostess	$2,253	$2,276	$2,298
Bartender	$40,584	$61,485	$81,000

Dishwasher	$27,902	$28,181	$28,462
Manager	$19,117	$19,308	$40,000
Shift Leader	$2,537	$2,562	$2,587
Utility	$27,902	$28,181	$28,462
Cook	$82,690	$124,035	$160,000
Banquet	$10,019	$10,119	$10,221
Total People	41	44	48
Total Payroll	$258,026	$332,425	$432,310

8.0 Financial Plan

The current financial plan for [COMPANY NAME] is to obtain grant funding in the amount of $800,000. The grant will be used to expand the business by improving the exterior landscaping, repairing the parking lot, improving the building cosmetically, increase advertising/ promotions, purchase TV's and Sound System, and hire additional staff.

8.1 Important Assumptions

The assumptions used in [COMPANY NAME] plan are that the Average Percent Variable Cost is 39%. The Estimated Monthly Fixed Cost is expected to be $44,916.

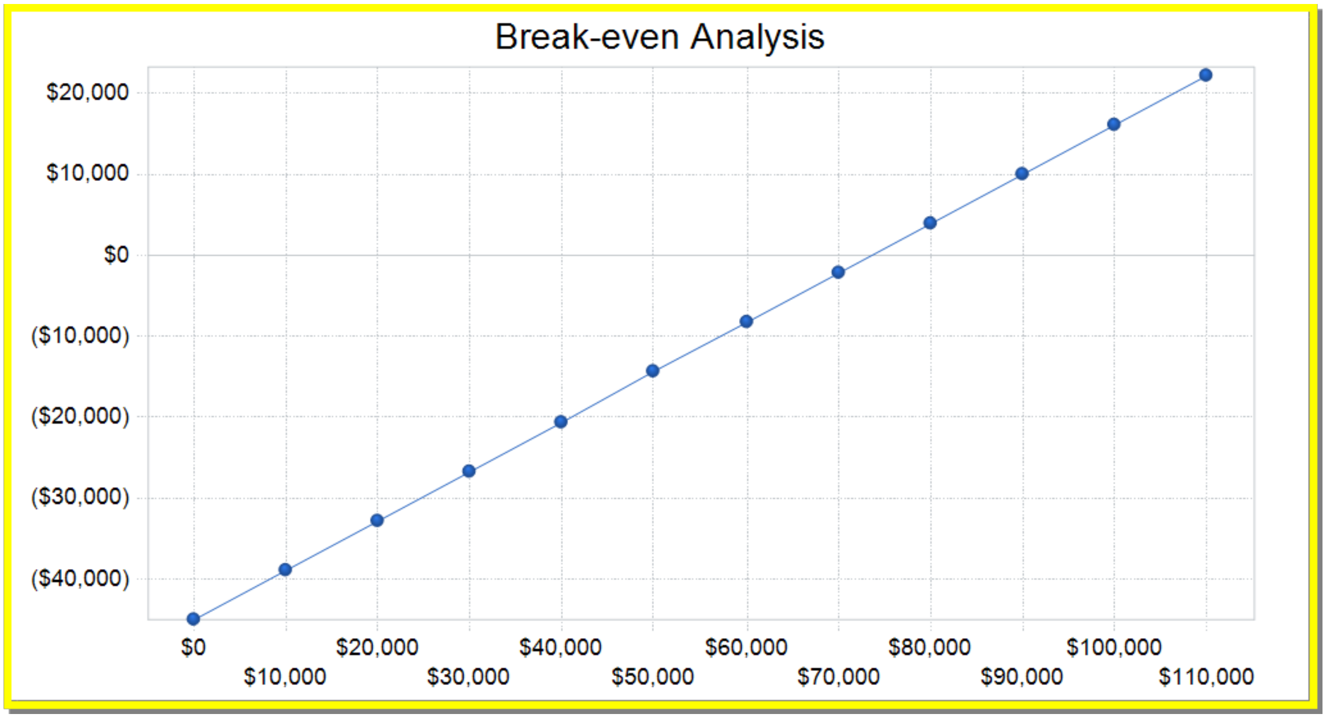
8.2 Break-even Analysis

The Monthly Revenue needed to Break-even is $73,632.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	$73,632
Assumptions:	
Average Percent Variable Cost	39%
Estimated Monthly Fixed Cost	$44,916

Chart: Break-even Analysis



8.3 Projected Profit and Loss

[COMPANY NAME]'s expected net profit for 2010, 2011, and 2012 is $239,290, $223,396 and $205,132, respectively. Sales are expected to be $1,500,000, $1,600,000 and $1,750,000 , for 2010, 2011, and 2012, respectively. The net profit as a percentage of sales is 15.95%, 13.96% and 11.72%, for 2010, 2011, and 2012, respectively. Items that fall under "Other" expenses are Bank Service Charges, Contributions, Dues and Subscriptions, Machine Lease, Licenses and Permits, Music and Entertainment, Printing and Reproduction, Professional Fees, Repairs, Maintenance, Legal, Travel and Auto/ Truck Expenses.

Table: Profit and Loss

Pro Forma Profit and Loss			
	2010	2011	2012
Sales	$1,500,000	$1,600,000	$1,750,000
Direct Cost of Sales	$585,000	$624,000	$682,500
Other Costs of Sales	$30,000	$32,000	$35,000
Total Cost of Sales	$615,000	$656,000	$717,500
Gross Margin	$885,001	$944,000	$1,032,500
Gross Margin %	59.00%	59.00%	59.00%
Expenses			
Payroll	$258,026	$332,425	$432,310
Marketing/Promotion	$26,556	$35,555	$35,555
Depreciation	$14,700	$14,700	$14,700
Rent	$50,000	$50,000	$50,000
Utilities	$60,000	$61,800	$63,654
Insurance	$13,008	$0	$0
Payroll Taxes	$30,963	$39,891	$51,877
Other	$85,734	$86,591	$87,457
Total Operating Expenses	$538,986	$620,962	$735,553
Profit Before Interest and Taxes	$346,014	$323,038	$296,947
EBITDA	$360,714	$337,738	$311,647

Interest Expense	$4,171	$3,901	$3,901
Taxes Incurred	$102,553	$95,741	$87,914
Net Profit	$239,290	$223,396	$205,132
Net Profit/Sales	15.95%	13.96%	11.72%

Chart: Profit Monthly

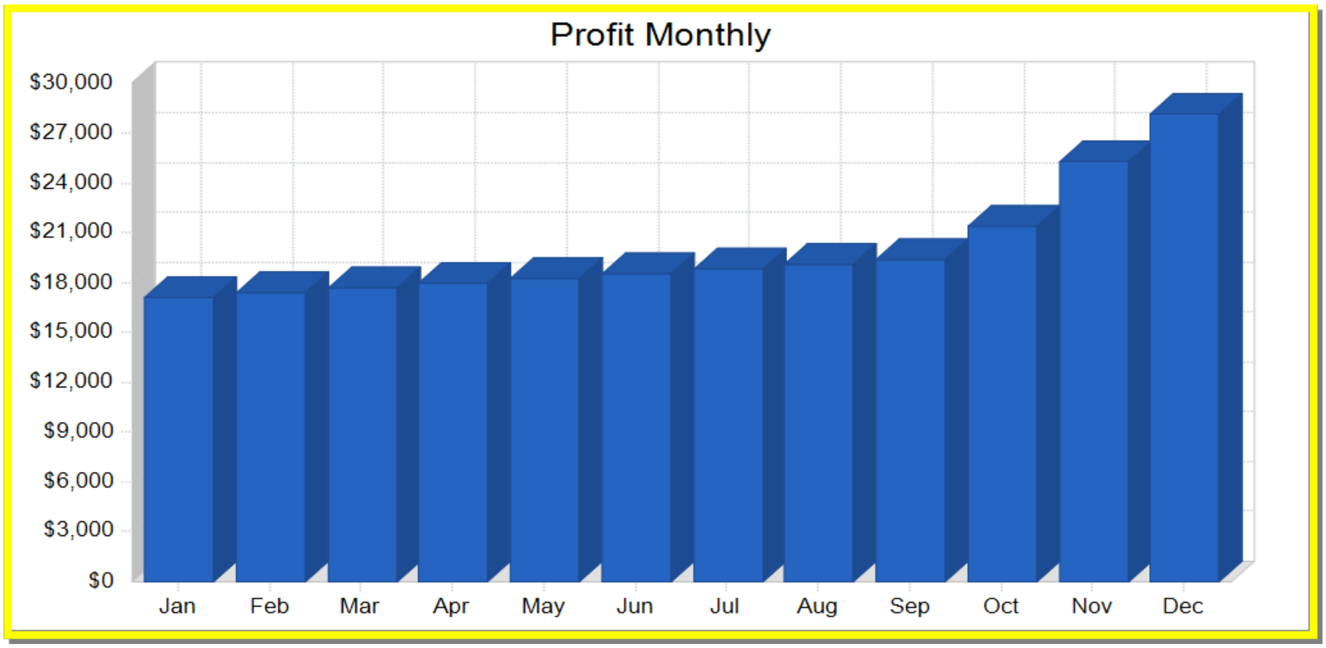


Chart: Profit Yearly

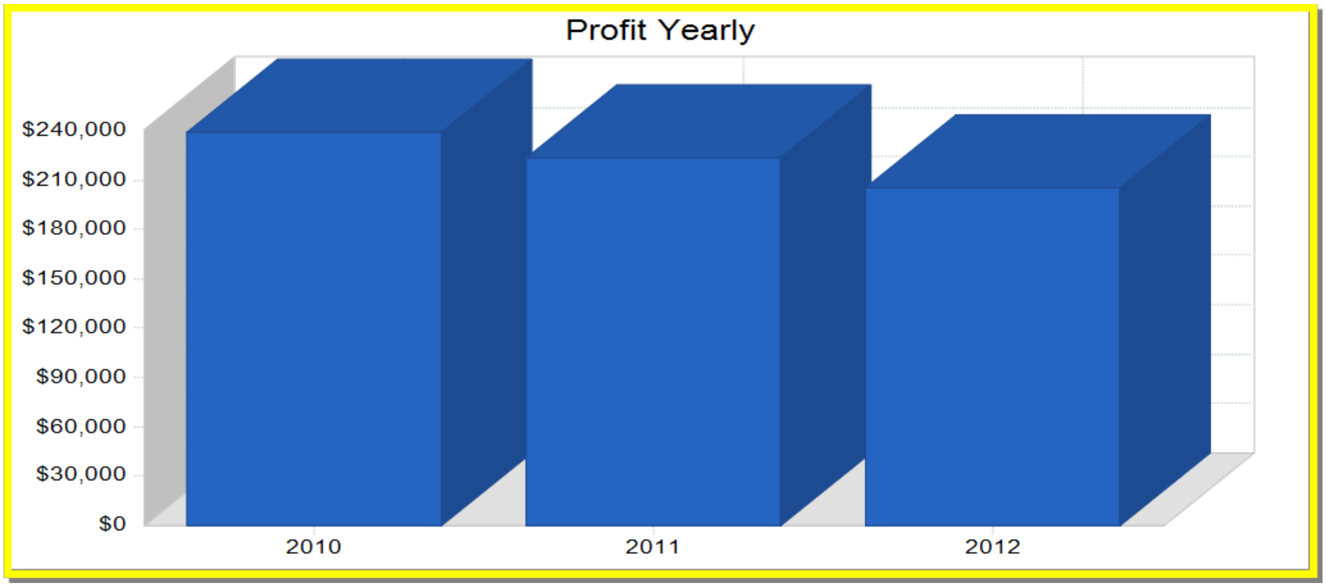


Chart: Gross Margin Monthly

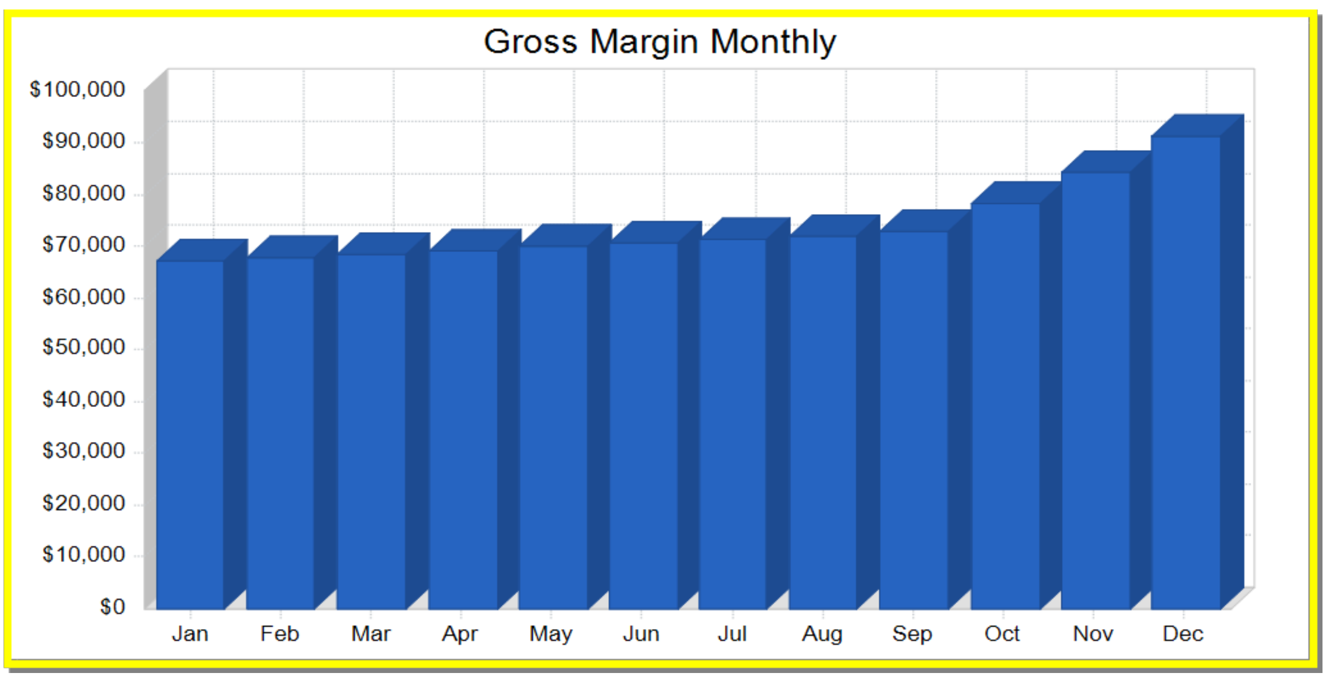
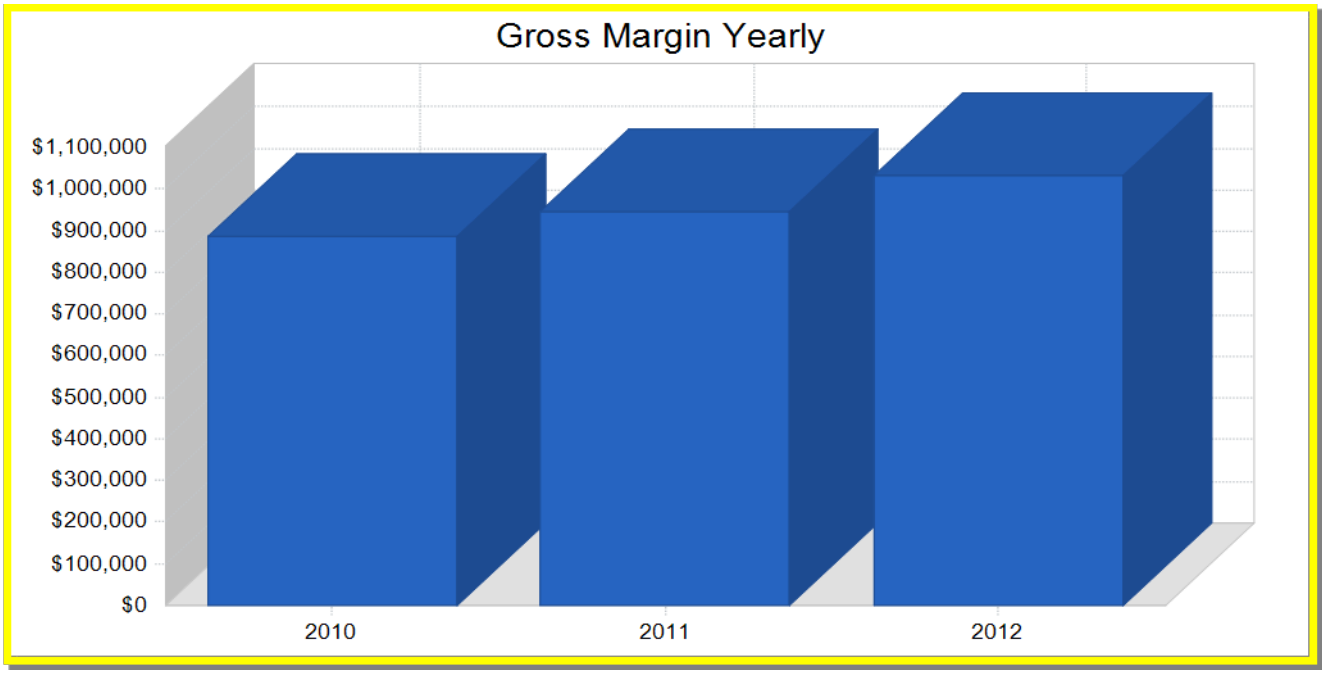


Chart: Gross Margin Yearly



8.4 Projected Cash Flow

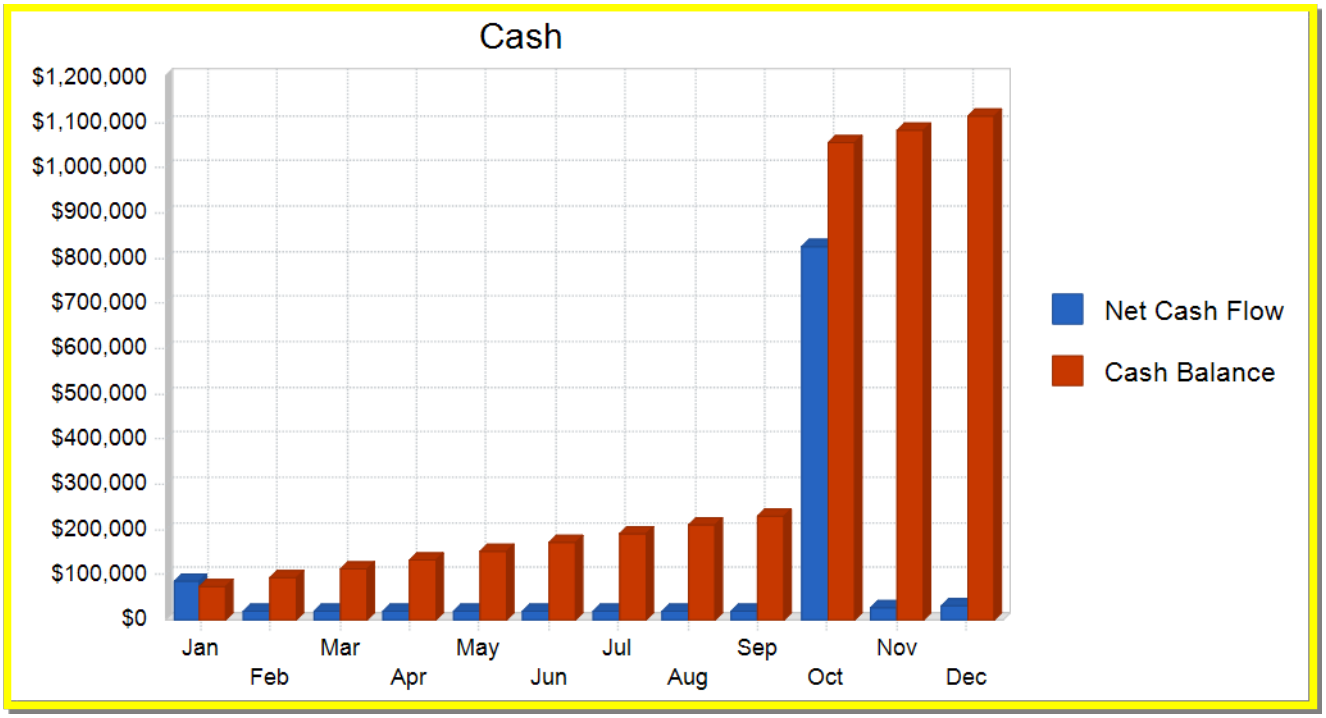
As portrayed in the Monthly Cash Flow chart, [COMPANY NAME]'s net cash flow for 2010, 2011, and 2012 is forecast to be $1,125,102, $233,497 and $224,001, respectively. The Cash Balance is projected at $1,115,671, $1,349,168 and $1,573,168 for 2010, 2011, and 2012, respectively.

Table: Cash Flow

Pro Forma Cash Flow			
	2010	2011	2012
Cash Received			
Cash from Operations			
Cash Sales	$1,500,000	$1,600,000	$1,750,000
Subtotal Cash from Operations	$1,500,000	$1,600,000	$1,750,000
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$0	$0	$0
New Current Borrowing	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0
New Long-term Liabilities	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$800,000	$0	$0
Subtotal Cash Received	$2,300,000	$1,600,000	$1,750,000
Expenditures	2010	2011	2012
Expenditures from Operations			

Cash Spending	$258,026	$332,425	$432,310
Bill Payments	$908,473	$1,034,078	$1,093,689
Subtotal Spent on Operations	$1,166,498	$1,366,503	$1,525,999
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$8,400	$0	$0
Purchase Other Current Assets	$0	$0	$0
Purchase Long-term Assets	$0	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$1,174,898	$1,366,503	$1,525,999
Net Cash Flow	$1,125,102	$233,497	$224,001
Cash Balance	$1,115,671	$1,349,168	$1,573,168

Chart: Cash


Cash
$1,200,000
$1,100,000
$1,000,000
$900,000
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Net Cash Flow
Cash Balance

8.5 Projected Balance Sheet

[COMPANY NAME]'s Net Worth for 2010, 2011, and 2012 is forecasted to be $1,046,016, $1,269,412 and $1,474,544, respectively. The net worth results are based upon receipt of $800,000 in grant funds.

Table: Balance Sheet

Pro Forma Balance Sheet			
	2010	2011	2012
Assets			
Current Assets			
Cash	$1,115,671	$1,349,168	$1,573,168
Inventory	$10,500	$11,947	$13,398
Other Current Assets	$6,407	$6,407	$6,407
Total Current Assets	$1,132,578	$1,367,521	$1,592,974
Long-term Assets			
Long-term Assets	$128,677	$128,677	$128,677
Accumulated Depreciation	$71,618	$86,318	$101,018
Total Long-term Assets	$57,059	$42,359	$27,659
Total Assets	$1,189,637	$1,409,880	$1,620,633
Liabilities and Capital	2010	2011	2012
Current Liabilities			
Accounts Payable	$87,886	$84,734	$90,354
Current Borrowing	$0	$0	$0

Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$87,886	$84,734	$90,354
Long-term Liabilities	$55,735	$55,735	$55,735
Total Liabilities	$143,621	$140,469	$146,089
Paid-in Capital	$832,161	$832,161	$832,161
Retained Earnings	($25,435)	$213,855	$437,251
Earnings	$239,290	$223,396	$205,132
Total Capital	$1,046,016	$1,269,412	$1,474,544
Total Liabilities and Capital	$1,189,637	$1,409,880	$1,620,633
Net Worth	$1,046,016	$1,269,412	$1,474,544

8.6 Business Ratios

The industry used for comparison to [COMPANY NAME] is "Full-Service Restaurants". The 7% sales growth in the second year from the first year shown is due to the rapid expected growth of referrals from the word of mouth of the improved exterior curb appeal and increased business due to advertising/ promotional efforts. Third year growth is still expected to be high and is forecast at 9%.

Table: Ratios

Ratio Analysis				
	2010	2011	2012	Industry Profile
Sales Growth	42.30%	6.67%	9.38%	1.49%
Percent of Total Assets				
Inventory	0.88%	0.85%	0.83%	2.91%
Other Current Assets	0.54%	0.45%	0.40%	42.36%
Total Current Assets	95.20%	97.00%	98.29%	50.54%
Long-term Assets	4.80%	3.00%	1.71%	49.46%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	7.39%	6.01%	5.58%	24.20%
Long-term Liabilities	4.69%	3.95%	3.44%	52.11%
Total Liabilities	12.07%	9.96%	9.01%	76.31%
Net Worth	87.93%	90.04%	90.99%	23.69%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	59.00%	59.00%	59.00%	59.90%
Selling, General &	43.05%	45.04%	47.28%	24.02%

Administrative Expenses				
Advertising Expenses	1.77%	2.22%	2.03%	3.24%
Profit Before Interest and Taxes	23.07%	20.19%	16.97%	7.73%
Main Ratios				
Current	12.89	16.14	17.63	1.10
Quick	12.77	16.00	17.48	0.98
Total Debt to Total Assets	12.07%	9.96%	9.01%	76.31%
Pre-tax Return on Net Worth	32.68%	25.14%	19.87%	76.32%
Pre-tax Return on Assets	28.74%	22.64%	18.08%	18.08%

Table: Ratios (continued)

Additional Ratios	***2010***	***2011***	***2012***	
Net Profit Margin	15.95%	13.96%	11.72%	n.a
Return on Equity	22.88%	17.60%	13.91%	n.a
Activity Ratios				
Inventory Turnover	55.71	55.60	53.86	n.a
Accounts Payable Turnover	11.24	12.17	12.17	n.a
Payment Days	27	31	29	n.a
Total Asset Turnover	1.26	1.13	1.08	n.a
Debt Ratios				
Debt to Net Worth	0.14	0.11	0.10	n.a
Current Liab. to Liab.	0.61	0.60	0.62	n.a
Liquidity Ratios				
Net Working Capital	$1,044,692	$1,282,788	$1,502,620	n.a
Interest Coverage	82.96	82.80	76.11	n.a
Additional Ratios				
Assets to Sales	0.79	0.88	0.93	n.a
Current Debt/Total Assets	7%	6%	6%	n.a
Acid Test	12.77	16.00	17.48	n.a
Sales/Net Worth	1.43	1.26	1.19	n.a
Dividend Payout	0.00	0.00	0.00	n.a

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