

How to Start a Microbrewery Business

By the BizMove.com Team

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1. Determining the Feasibility of Your New Business

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 advice 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, scarce 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 than 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 decide 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		<hr/> 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	<hr/>	-26.33
Net operating profit		8.75
Other income		1.65
Net profit before income taxes		<hr/> 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:

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

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?

$$\text{BE point} = \frac{\$9,000}{1 - \frac{700}{1,000}} = \frac{\$9,000}{1 - 0.70} = \frac{\$9,000}{0.30} = \$30,000$$

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.

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3. Complete Microbrewery Business Plan Template

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Executive Summary

[BUSINESS NAME] was created to provide a place for customers to come for a home away from home and enjoy great food and drink amongst friends. Initially the business will provide just beer and wine as drinks due to current licensing conditions and will then expand at a later time to having spirits. It will compete in an area where there is one other restaurant and one bar in the immediate vicinity.

Vision

The business will provide an atmosphere that will give customers a sense of home and belonging and for friends to get together for a night out. It will provide craft style beers with a taste of the southwest style in food which is unique to other brewery business. The increased demand for craft style beers amongst consumers will help with the success of the business.

Mission

Through the production of craft beers that will have a unique taste with fresh ingredients as well as in the kitchen will give the business an edge on the competition and will keep the customers coming back more than once. The brew process with the ingredients will ensure consistent quality of craft beers that will be available to the customer. Through the training of the staff they will be provided exceptional customer service experience that will make customers want to come back to experience legendary customer service of the establishment.

Business Expectations

The business will be expected to initially have approximately 60 customers per day which will give an estimated sales projection \$1,200 a day. This will give an estimated Net Income of the business of approximately \$94,000 in the first year of business extending from October to October in the fiscal year. The structure of the pricing of the business products will make the business more appealing to potential customers than that of the competitors that are in the area of the business.

Marketing Plan

The business will primarily sell craft style beers ranging from Pale Ale to Stout and will also sell Southwestern style barbecue ranging from appetizers to entrée meals to guests of the business. The primary customers will be people that live in the area of where the business is located. The way to get the attention of potential customers will be to promote with flyers at local businesses in the area to get the word out as well as signage on the major roadway intersection at the location of the business. The business potential is great for a micro brewery due to craft beers sales rising by 13% last year, especially since beer sales shrunk by 1.3% (According to the article from Appendix A).

Product/Service Description

The business is a microbrewery which the primary point for sale to customers will be the craft beers that are made on site. The difference between the business and its primary competitors is the craft beer flavors that will set the beer apart using specific types of grain for each style of beer giving the beverage its own uniqueness. The recipes that will be used for the different craft beers will be recipes that were created by the owner of the business, which will add to the uniqueness of the types of beer that will be available to the customer. Other types of beer from other companies will also be available for purchase by the customer.

Further, the business will be selling food as a restaurant which will consist primarily of Southwestern style barbecue, as well as the food being different from any kind of microbrewery in the area giving the Southwestern style barbecue. This will give the customer a taste of the kind of food in the southwest instead of the standard type of brewery food that is found in most microbreweries.

The customer service aspect will be accomplished by having a hostess to take guests name and seat them and further accomplished by at the completion of their stay instead of a black book with the check it will be in a thank you card that the server will bring to their table, as well as finding out what the customers name is and addressing them by their name which will in a sense help to give them a sense of belonging.

Target Market

[BUSINESS NAME]'s target market consists mainly of adults between the ages of 21 years of age to 45 years of age, which is mainly due to the age requirement to consume alcohol which is the primary means of the business. This will be primarily in the area of Chandler. The economic level of customers in my area will be middle class and according to the data (Appendix B) the average household income in Chandler is approximately \$71,000. With the main time for customers to be in the afternoon on their way home between the hours of 5 p.m. and 10 p.m. and mainly weekend afternoon and evenings on Friday and Saturday nights when people want to go out after a long day or week at work.

The average customer when coming into the location for food and drink will spend \$20 to \$30 per visit and most will come to the establishment once a week to every other

week. Large brewing companies in the area average 4000 customer a week and 20% of their current market will give me 800 customers per week and approximately 3200 customers per month. The main activities of my target customer is enjoying to go to a local bar to watch sporting events.

Competitive Analysis

The closest primary competition, BJ's Brewery, is located within 4.5 miles of the location of the business with other primary competition locations increasing in distance. The immediate area of the business has secondary competition. One of which is a small bar named Tearwoods Tavern and then Native New Yorker in the immediate vicinity that provides food and drinks. Tearwoods Tavern has the bar style atmosphere that people would want to enjoy when they just want to get a cold drink after work. Where Native New Yorker is a bar restaurant setting selling what is found in most microbreweries. These locations provide a similar product and service to what is provided at the business and are in close proximity, but will be a basis of pulling in a new customer base.

There is also a a Fresh and Easy market in the same complex as well as a block away a Fry's grocery store where customers can go as a secondary means of getting food and craft beers. These businesses provide a secondary way for customers to get food and drinks at a discounted price compared to eating out at an establishment.

The business's advantage is the craft style beers that are available. Most secondary business, excluding grocery stores, carry few craft style beers. Only one of the businesses have a full menu with entrees. It will be set apart due the superior craft style beers and southwestern style barbecue that will be served.

Location Analysis

The location for [BUSINESS NAME] is located within in 2 miles of Interstate 10 which is a major road traveled by potential customers that commute from their homes to Phoenix for work. It is on the Southeast corner of Kyrene Road and Ray Road on the right side of the road from those potential customers who are on their way home from work making the business location easy access during the peak hours when people will visit the location, after working or business hours (See Appendix C). The area around the location of the business is primarily residential area with the exception of the business plaza and the two other bar/restaurant locations in the plaza. See appendix C locations drawing showing the high flow traffic areas near the business.

The main customer needs are a good atmosphere to relax after a hard day of work and have a refreshing beverage as well as good food. This will be also accomplished with great customer service that would be provided by the employees of the business. The atmosphere will be accomplished by having the inside of the business set up as a relaxing atmosphere which is the setting of the kind of furniture that you would find in the backyard of home.

The business location was a prior restaurant with most of the kitchen appliances still in place and on location for use which will help with the start up costs for required

equipment in the kitchen. The amount of space available, up to 5,000 square feet, will be essential for having a separate area for brewing the craft beers that will be for sale in the restaurant/bar area.

Having another bar and restaurant in the area will help to gain new customers from their target market, with any luck with the different food, atmosphere, dining, and drink the business will be able to retain 20% of the customers who will stop in from the other businesses to see the new restaurant. For the adjacent 3 neighborhoods the closest grocery store is located near the business which will help to attract new potential customers from the surrounding neighborhood which I believe 80% of the business will come from individuals who live in the immediate area.

Price Determination

The common cost of a craft beer from one of the competitors is \$5.50 to \$5.85 a beer and place the pricing level for the craft beers to the top of this pricing level of \$5.85 due to the uniqueness that will distinguish the taste of the businesses craft beer and those of the competitor. This is also not a significant difference in price so not to overprice the items and scare away potential customers. The food prices of the establishment will be lower than that of the competitors making the choice to eat at this establishment a more attractive choice over the competitions.

Further, there will be advertised specials that will have to do with happy hour, reversed happy hour, and the possibility of a ladies night once to twice a month in an attempt to bring in new potential customers to the business. If the business can draw in females they will in turn draw in the males which are the significant amount of the market.

Marketing Approach

The best way to put the word out of the new restaurant microbrewery in the area is going to be from the word of mouth aspect. By using the below mentioned marketing to get customers initially in the door and running a promotion to giving discount cards off next purchases for guests who refer a friend the business can use word of mouth to market to other potential customer.

Initial marketing would be to make sure fliers are handed out in the immediate area of the business. This can be done by having fliers dropped at the doors of the residential locations around the immediate area, or handing out fliers to customers leaving local businesses or leaving them on the vehicles in the parking lots of the surrounding areas. Further, the advertising can be done in the local papers or food magazines that are found in the area. There can be coupons that will give 10% discount on a food purchases of \$20 or more on there next visit to the establishment.

Most people now a days depend on the internet to help them to locate new businesses in their area to try. By making sure that a current website and advertising is used on the internet the business can make sure that the name of the business is showing up in local searches for businesses to each or for entertainment. Advertising the big sporting events will be available to watch on the big screen TVs in the business with no cover charge for the events will set the business ahead of the competition.

To sponsor a local sport team and on weekend nights of big games have a food cart that can serve some of the businesses food to promote and advertise the food that is there as well as the support that the business gives in the local community.

Management Plan

The business will be run by the owner where all major business decisions will need to have the approval of the owner in all cases. The day-to-day running of the business will be done by the management of the business with the help of the owner in required areas, this includes the scheduling of employees as well as all the ordering of any kind of products that will be needed in the operations of the business. The manager will take care of all issues and problems that affect guests that have to do with customer relations and unsatisfied guests in regards to food and drinks.

Management Team

The owner will manage the business as a whole through their experience in leadership roles and planning for the overall image of the business and how it will be marketed to the target audience (See appendix D for business leadership breakdown).

There will be floor managers that will hand the day to day operations of the restaurant and kitchen area to make sure all guests are taken care of ensuring that all issues will be taken care of. The front business manager will be in charge of inventory for the bar and kitchen and complete the ordering of any supplies or inventory products that are needed. They will during business hours take care of any customer service issues that may arise during the business hours. There will be an Assistant Manager to assist the Front Manager with the duties and to run the front line staff on the Managers days off from work.

The lead chef of the kitchen will be responsible for creating southwestern style recipes that will be on the menu and over site of the cooks in the kitchen. He will advise the front manager of the needs of the kitchen for ordering purposes.

There will be an outside use for an accountant for the business and when the business gets up and running will hire an individual for the marketing aspect for the business and its image. An attorney will also be hired from outside the company during the startup of the business for legal advice and be retained due to any kind of legal action that could come from liabilities with customers on the property.

The key to the success of the business will be the background, experience, and business knowledge of those in key positions in business. The owners leadership abilities and knowledge in brewing craft beers with knowledge of pricing will help the business to succeed. This will ensure the right staffing with the right knowledge and understanding will be hired to best fit the needs of the business.

Employee Relations

The hiring process for the employees of the business will be done by the management staff along with the owner. The management staff will have firsthand knowledge of the

skills that will be needed for the employee in the position that is being filled, and due to the lack of restaurant knowledge by the owner will be relied upon highly. The training of the new hired employees will fall on the immediate supervisor, with assistance from the owner as needed, and once the restaurant is up and running will follow onto the senior staff with guidance from the immediate supervisor.

For staffing for the restaurant there will be a need for prior server experience with a highly motivated attitude and customer service skills, this includes bar tenders. There will be a need of experienced restaurant staff that has the ability to succeed in a fast paced environment.

The business will provide an employee manual for newly hired staff explaining the use of personal time off, employee drug and alcohol policies, raises, etc. (See appendix E for more information). There will be uniforms provided by the business to keep all the employees professional as well as uniform.

Operational Controls

The kitchen staff will consist of a head chef and 4 cooks with 4 dishwashers/bussers. This staffing will be on the weekend and busy nights that include the weekends for maximum output of the kitchen.

The size of the business will be approximately 80 in the dining area and 20 for the bar area with two bartenders with two checkout areas at the bar having six servers during peak hours to be able to handle the larger customer traffic with two to three Point-of-sale stations. The dining area will consist of 12 tables per server with each table seating four customers. Possible turnout of 800 to 1000 heads per week.

Operating efficiencies that will benefit the company over the competition will be the location of the POS units providing quicker service and input from servers. The business design will have a centrally located food pick up window for shorter food runner times, and lastly the brewing facility attached to the bar helping to make beer service quicker.

With the forecast of 800 customers a week, the business will need to turn approximately 115 head a day. This would mean during the slower hours there would need to be at least 9 customers every hour, and the business will try to compensate for the slower times by running happy hours. During the slow times staff will be rolling silverware and cleaning the dining area while the kitchen staff will clean and up keep in the kitchen area. Any kind of prep work in the kitchen will be taken care of during the slow hours of the day-today operations of the business.

Financial Plan

Current Funding

The initial funding that will be needed to start the business will be approximately \$200,000. These funds will be obtained through the use of the owners Veterans Affairs benefits for starting a small business. There are VA grants that can be obtained for

disabled veterans to start their business and as a last resort the business would obtain a loan through the veterans affairs small business loan.

Use Of Funds

These funds will cover the initial inventory of the business as well as needed brewing equipment and any needed kitchen equipment that would be needed although the location already has kitchen equipment. The brewing equipment is lifeblood of the business and essential for the success of the business. Approximately \$85,000 will be used to cover the cost of the equipment needed for initial start up of the business. This will cover the costs of initial marketing to get the name of the business in the public eye to initially start bringing in the target market in the area. Lastly, this will help to cover at least six months of salary, rent, and utilities of the business.

These funds will be used to initially start the marketing plan of the business to draw in the customers from the competitors. Initially door-to-door marketing in the immediate area will be used for the residential area surrounding the business due to this being where a majority of the customers will come from. Initial marketing will include marketing on the Internet for search engines such as Google. This will put the business at the top of the list when a search is used for local bars or restaurants. As the business becomes more profitable the business will expand its marketing to include advertisements on television and mailed marketing. The available funding that would be used initially is approximately \$15,000 for the marketing aspect of the business.

For the inventory the business will utilize approximately \$8,000 dollars for the initial ingredients of the beer brewing and for food costs for the first month that the business will open and running to open the doors.

Long-range Financial Strategies

If there is no availability of taking out the VA small business grants then the financing will be obtained through the VA for a small business loan. The time frame the business would want to repay the amount of money borrowed would be 20 years. Using the VA and due to the disabled status of the owner there would be no money down through the VA and is backed by the VA. Due to the initial attempt of receiving a grant from the VA and the availability of \$400,000 grants there is no estimated repayment of funds.

Strategic Plan

The business will grow from a local restaurant that serves people in the immediate area to a craft beer that will be available for purchase in shopping centers. The business will grow to a popular establishment for people to enjoy their time off and will be done by creating a better customer service environment than that of our competitors. Focusing on delivering quality products at a better price that will assist the business in getting referrals will also do this.

The strengths of the business that will help the business be a success are; is the marketing the concept and the idea of the establishment, Food and Beverage that sets the business apart from the competition, the close proximity of frequented restaurants in

the area which will help the restaurant get noticed, lower pricing of the food and beverage than that of the competition, and the different promoted happy hours and events compared to the competition.

The weaknesses of the business that will affect how it will be able to compete against the competition such as financing for the marketing of the business. This will make it difficult to get the business name in the market. The large competitors in the area that have liquor licenses with their larger dining and kitchen areas providing more room and the availability of more seating.

One of the biggest opportunity that will be an advantage to the business is the increase in consumption of craft beers by consumers and the lack of a brewery in the immediate area of the business. Customers will be looking to find new craft beers and atmosphere to enjoy it in.

With the rising cost of a night out it threatens the success of the business due to consumers trying to find cheap alternatives to eating and drinking out. The business is also threatened by the local sporting events with the close proximity of sporting arenas it can draw customers to the events instead of the businesses events for sporting events.

The business will need to make sure it is not undercutting the larger establishments in the area by so much the capacity of the restaurant would not be able to handle the volume of customers. Further, a larger establishment would be able to win in a price war due to their larger size and being in business longer will have more capital during a price war.

Initially the size of the business and the money available for marketing and hiring key staff will affect the business in comparison to the competition. This is why the close proximity of comparable business will help in the marketing aspect of the business. The availability of the owner for VA small business loan/grants will alleviate some financial stress of the business when it first starts up.

The business will look to cheap opportunities in the beginning to market the business such as Internet search engines, which is how most people find local business to visit. Lower food and drink prices over the competition will assist in bringing in customers over the competition.

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