“Home Meal replacement means total meal solutions, the kind of wholesome, nutritious food people would cook for themselves – if only they had the time.”

-Restaurant Business, August 1, 1997-

This business plan is intended solely for informational purposes to assist you in determining if you wish to proceed with a due diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but are not guaranteed. The contents of this plan are confidential and are not to be reproduced without written consent.
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EXECUTIVE SUMMARY

Sweet Basil will be a new entrant into the Home Meal Replacement industry. We will specialize in preparing hand-made, fresh Italian take-home meals including: entrees, pastas, sauces, breads, soups and salads. Our store will focus on providing high quality items that require minimal cooking time. We will be located in The Meadows Shopping Center in Boulder, Colorado. We anticipate opening in June 1998.

Boulder is an excellent location because of its attractive demographics. Sweet Basil will be targeting three main segments: DINKS (double-income no kids), harried families, and college students. These groups account for 63% of Boulder’s population and all have a need for convenient, nutritious, high quality meals they can enjoy in their homes.

In order to promote our business, we will undertake active marketing programs prior to opening. This strategy will be implemented through newspaper advertisements, coupon and flyer distribution, as well as free samples to local businesses and college students. Once open, we will gain customer support through word-of-mouth. In addition, we will invest in the community through involvement with local schools and charities.

Sweet Basil will compete with other Home Meal Replacement specialty stores, supermarkets, restaurants, and fast food chains, primarily based on quality and timeliness. We will ensure quality by preparing each item on a daily basis with the highest quality ingredients. The location and the lay-out of our store will provide customers with convenient and quick service. Furthermore, due to our low costs in overhead and ingredients, we will be able to be price competitive.

Sweet Basil will be established as a Sub Chapter S-Corporation. This will allow for limited liability on behalf of the owners. It will also give Sweet Basil a tax break because the company will be taxed as a partnership rather than a corporation.

The management team believes that the Sweet Basil concept provides an outstanding opportunity. Due to high industry growth and our personal commitments to the business, there is potential for success. All funds required to develop Sweet Basil will be raised from the four owners. We anticipate that pre-opening expenses will be roughly $50,000. We will also contribute an additional $20,000 as a cash cushion for early losses or unexpected expenses, for a total investment of $70,000.
Sweet Basil will be incorporated in the State of Colorado as a Sub Chapter S-Corporation. Our store will focus on providing high quality food and convenience for our customers. We will not be a restaurant, but rather a store that focuses on take-out meals only. We will accomplish this by entering into the Home Meal Replacement industry.

Sweet Basil will be run by four owner-managers who each have an equal stake in the business. Financially, our mission will be to create a business which will be sustainable and provide steady growth for many years to come. The four owner-managers will each be paid a weekly base salary of $500, and the two assistant managers will each earn $300 per week. The two assistants each have a profit-sharing stake in the business, each receiving 5% of Operating Earnings every month. The four owner-managers will each receive 22.5% of Net Income, leaving 10% to be reinvested in the business every month.

Expansion plans for Sweet Basil include entering into the delivery and catering services, and opening up a second location. Catering and delivery are two areas that can be entered into easily by Sweet Basil. Both of these additional services will increase sales and profitability. Delivery will provide customers with added convenience, while catering will provide an opportunity to expand our customer base. The possibility of opening a second location exists, but this is at least four years down the road. Sweet Basil wants to first solidify its position in the Boulder market before venturing into new markets. To insure continuity the same management team will head the expansion to the second location.
Sweet Basil will specialize in preparing hand-made, fresh Italian take-home meals including: entrees, pastas, sauces, breads, soups, and salads (See Appendix A for menu). All food will be prepared on-site on a daily basis. Quality will be ensured through fresh ingredients and a one or two day shelf life. Quality will also be emphasized by the superior level of service by Sweet Basil’s staff.

Sweet Basil will be a small, walk-in and take-out service for the harried customer who does not have time to prepare meals at home. Our store will have fresh foods prepared daily and arranged in numerous display cases. The customer can buy packaged food to take home, or he or she can customize an order to be packaged and taken home. The packaging will come in two forms: plastic containers used for items that will not be cooked within their container, and disposal aluminum baking trays for items that will be cooked within their container. The items that are packaged in aluminum trays will be the entrées and appetizers, while all other items will be served in different sized plastic containers.

Sweet Basil will be laid out so that the customer will have ease of entry and exit; we plan to have the customer in and out in less than five minutes. Sweet Basil will be a replacement for the home meal, and it will be more than the customer expects. Sweet Basil will be located in the Meadows Shopping Center, which will provide the customer with ease and accessibility. This added convenience will bring repeat customers, and they will be the base of our business. Our staff will be trained in every area to create meals and serve the customers in the best way possible.
The management team will share all of the main duties, such as cooking, cleaning, accounting, marketing, and customer relations. Since each manager will invest $17,500, each will have equal ownership in the corporation and equal voting rights. However, if a controversial issue arises, Sweet Basil’s CEO, David Wein, will have the swing vote. Compensation will also be equal for the management team. Each manager earns $500 per week as a base salary, and receives a 22.5% dividend. The above conditions have all been included in the Sweet Basil partnership agreement.

Managers (See Appendix B for resumes)

CEO- David Wein is a candidate for a Bachelor of Science in Business Administration with an emphasis in Information Systems at the University of Colorado at Boulder in December, 1998. David has experience as a project leader and systems developer. He has been an avid amateur chef since early childhood.

CFO- Jillian Doman is a candidate for a Bachelor of Science in Business Administration with an emphasis in Entrepreneurship at the University of Colorado at Boulder in December, 1997. Jillian has worked in the food service industry for over two years. She has experience in many areas of the restaurant business, including: office manager, server, bartender, hostess, expediter, and prep cook.

COO- Lindsay Strodl is a candidate for a Bachelor of Science in Business Administration with an emphasis in Entrepreneurship at the University of Colorado at Boulder in December, 1997. Lindsay has experience in planning and administration as her current position requires this.

Vice President of Marketing- Amber Long is a candidate for a Bachelor of Science in Business Administration with a double-major in Marketing and Entrepreneurship at the University of Colorado at Boulder in May, 1998. Amber has two years experience as a supervisor in the food service industry. She has also performed multiple marketing and accounting functions for a local publishing company.
Home Meal Replacement Industry

Due to the changing needs of consumers, the foodservice industry is seeing a new convenience-driven trend known as Home Meal Replacement (HMR). This trend has emerged because consumers are demanding "...complete homestyle meal solutions that are quick, varied, wholesome, convenient, preparation-free, and cost effective enough to eat everyday" (Food Channel, 1997). In other words, the HMR industry has found a new way to provide home-style meals that people would cook for themselves if only they had the time, skill, or motivation.

Industry Outlook

The National Restaurant Association (NRA) predicts that HMR may become an $80-100 billion industry by the end of 1997 (Meatami, 1997). Clinton Associates, a consulting firm, believes that HMR has the potential to become the third largest segment in the food service industry, following the quick-service and the full-service segments. Ron Paul, president of the Chicago-based consulting firm Technomic says, "There's no question HMR is the fastest growing component of the food industry today, and this will continue to take share away from both supermarket grocery sales and traditional on-premise restaurant business" (Casper, 1997). As consumer trends of time poverty, lack of cooking skills, and the demand for convenient, quick, quality meal solutions continue to accelerate, the HMR category will explode.

Consumer Trends Driving Growth

Industry analysts have identified the increase in time poverty, a term used to describe the lack of time or energy to cook home meals, as a key factor in the growth of HMR. "People used to say they didn't have time to cook, so they'd go to a restaurant. Now, they say they don't have time to eat in a restaurant" (Food Channel, 1997). The rise of dual incomes in families has also created an opportunity for this industry. Focus groups have found that parents desire the nostalgic dinner table conversation they remember from their childhood, but they do not have time to prepare the necessary quality and nutritious meals (Casper, 1997). Now, however, HMR gives families the opportunity to enjoy good homestyle meals in the comfort of their own home.

Sweet Basil’s Position

Sweet Basil will be a new entrant into the HMR industry. Sweet Basil will specialize in preparing hand-made, fresh Italian meals, including: entrees, pastas, sauces, breads, soups, and salads. Sweet Basil's store will focus on providing high quality items that require minimal cooking time. Quality will be ensured through fresh ingredients, a well trained staff, and a one or two day shelf life. Customers will be able to customize meals from numerous display cases, or have the option of choosing already prepared packaged meals. If desired, customers can make special requests by calling ahead to modify an item we already offer.
Target Market

Sweet Basil's Market

The following are Sweet Basil’s target markets. These segments have a common characteristic: the need for convenient, nutritious, high quality meals that they can enjoy in their homes.

- DINK (double-income no kids) households in which both people have the disposable incomes to eat out.
- Families in which parents want nutritious meals for their kids, but don't have time to cook.
- Single, young people (particularly Generation X and college students) who have grown up on fast food and don't know how or want to cook, nor want to eat out every day.

Boulder Demographics

In Boulder, there are 95,442 people within the ages of our three target markets accounting for 63% of the population. There are 22,173 people in families, which is 23.3% of the population. There are 18,644 college students not living in dorms, which accounts for 19.5% of the population. Finally there are 17,720 DINKS, an additional 18.1%.
Competition
Currently, there are many players in the HMR. The basic segments include:

- Specialty stores
- Supermarkets
- Convenience stores
- Restaurants
- Fast Food Restaurants

Sweet Basil’s Competition

Supermarkets
Sweet Basil’s main competition will come from major supermarkets in Boulder. Consumers are used to shopping at grocery stores, and since 94% of them offer ready-to-cook entrees, supermarkets already have their potential HMR customers in their store. The major supermarkets in Boulder include:

- Safeway: Meadows Shopping Center; 28th and Arapahoe
- King Sooper’s: 30th and Arapahoe; Broadway and Table Mesa
- Albertson’s: 30th and Iris
- Alfalfa’s: Broadway and Arapahoe
- Wild Oats: Broadway and Baseline; 19th and Pearl
- Leever’s: 30th and Walnut

Although supermarkets are major competitors, Sweet Basil still has an advantage as a specialty store. Supermarket HMR sales only account for $8.5 billion of the total industry sales (approximately 10%), while specialty stores (particularly Boston Market), account for almost 50% of the total industry sales (Restaurant Business). Also, supermarkets do not provide the high quality meals Sweet Basil will, nor do they have quick service since there are usually long lines at the check-outs.

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Specialty Stores
In Boulder, there is only one Italian specialty store serving HMR meals, The Pasta Market. Sweet Basil has an advantage for the following reasons:

- The Pasta Market’s menu is limited in comparison with Sweet Basil’s. For example, they do not serve a variety of pre-packaged dinners such as Chicken Marsala or Beef Manicotti.
- The Pasta Market is not in a convenient location. Their store is located in North Boulder on a side street with limited exposure to the majority of traffic.
- Sweet Basil is focusing on the strength of HMR, quick take-out service, while The Pasta Market has a sit-down section.

Restaurants
In Boulder, there are hundreds of restaurants where take-out is available, and as consumer trends for convenience and time-deprivation grow, more restaurants may adopt a take-out service. However, because Sweet Basil is focusing exclusively on take-out, we will have a competitive advantage in this area. This advantage is
due to the fact that Sweet Basil emphasizes quick service through prepackaged meals, store layout, and a convenient location.

*Fast Food Restaurants*

Although these quick service restaurants focus on take-out and stress convenience, they do not serve high quality nor nutritious meals. Also, they are not usually "family style" meals like consumers are demanding. As a result, they are not major competition for Sweet Basil.

**Competitive Advantages**

Building and maintaining competitive advantages is essential to the success of Sweet Basil. In order to do this, we will compete on the basis of convenience as well as high quality food and service. According to the Food Channel (1997), "the convenience factor is crucial for the success of an HMR host, and basic to the nature of what HMR is supposed to offer." Sweet Basil's convenience will be emphasized in the layout of the store. By offering multiple registers, full-service and self-service display cases, we will ensure that customers complete their shopping in less than five minutes. Parking and location will be another factor of convenience for the customer. Sweet Basil's anticipated location in the Meadows Shopping Center is a highly accessible area with ample parking spaces.

Sweet Basil defines the quality of our food as homestyle meals made from the freshest available ingredients. A Just-In-Time system will be implemented to ensure freshness of meats, poultry, vegetables, and dairy. Also, our products will have short shelf-lives of only one or two days. We will provide high quality service by having a well educated and trained staff so that we may offer advice and make suggestions to customers. The staff will be able to answer any questions the customers may have about recipes or cooking instructions.

**Risks**

The success of Sweet Basil is dependent on our ability to overcome several risks:

- Low barriers to entry into the HMR industry
- Loyalty of customers at existing restaurants and supermarkets that offer take-out in Boulder
- Suppliers not delivering products on time
- Lack of flexibility of customization

**Ways To Combat Risks**

Sweet Basil will combat these potential risks in the following ways:

- Differentiate ourselves through our menu, the quality of our food and service, our atmosphere, and our convenient location.
- Gain name recognition so consumers will identify Sweet Basil as an HMR provider rather than a restaurant.
- Maintain contracts with our suppliers and develop strong relationships to ensure proper delivery.
- Offer the chance to call ahead to customize orders.

**Promotion and Advertising**

Sweet Basil will promote and advertise its concept and products through a plethora of mediums (See financials for costs).
Test Marketing

During the development stage, Sweet Basil will need to test market its menu and concept in the Boulder area (See Appendix C for survey). These tests will determine which of our target markets buy HMR meals, how often, and from which sources. On November 2, 5, and 7, the owners surveyed 50 potential customers at four local grocery stores. The results are summarized below.

- 75% said that they would shop at a store like Sweet Basil if it were open in Boulder
- 40% said that they bring home take-out at least once a week
- On average, respondents spend about $20 a week on take-out

Samples

Sweet Basil will test its concept and products through sampling in the local community. Sampling will provide us with input on existing products and help identify areas for improvement. The sampling will be directed towards Sweet Basil’s target markets:

- Local Businesses
- Boulder Valley Schools
- The University of Colorado at Boulder
- Local Events (e.g. Farmer’s Market, Boulder Creek Festival)

Newspapers

Advertising will be on a large scale in the beginning, and will stabilize after our first four months of operation. Sweet Basil will advertise in the following newspapers:

- Daily Camera- daily ads
- Colorado Daily- Monday, Wednesday, and Weekends
- Boulder Planet- once a week
- Boulder Weekly- once a week
- The Onion- once a week
Donations
Sweet Basil desires to develop a strong relationship with the local community. In order to do so, we will make donations on a regular basis to the following:

- The Boulder Shelter for the Homeless
- Boulder Community Food Share
- Boulder Valley Public Schools
- Youth Organizations (e.g. Boy Scouts of America)

Flyers
Sweet Basil will distribute numerous flyers monthly around the Boulder community. The primary locations for distribution are:

- Meadows Shopping Center
- Office Buildings
- The University of Colorado Campus
- “The Hill”
DEVELOPMENT PLAN
Overview

Sweet Basil will require five months of development prior to opening. Sweet Basil will be locating in Boulder, Colorado in the Meadows Shopping Center at Foothills and Baseline. This is an ideal location because there is ample parking, and it is at the corner of two major streets. Also, Blockbuster Video, Safeway, 1st Bank, and other businesses are located there, which creates high foot traffic near our store.

Schedule

The following phases break our development into five distinct parts: Current Development, Preparation, Finalizing, Opening and Growth, and Expansion.

Phase One: Current Development (1 month)

- Secure location and lease
- Obtain Boulder demographics
- Survey potential customers
- Develop marketing plan
- Identify costs to open
- Hire attorney and architect
- Menu development
- File Articles of Incorporation

Phase Two: Preparation (3 months)

- Store remodeling and renovation
- Identify and purchase equipment
- Implement marketing plan
- Identify and contract with suppliers

Phase Three: Finalizing (1 month)

- Obtain permits and licenses
- Finalize menu design
- Install and test equipment
- Building inspection
- Private opening
- Public opening

Phase Four: Opening and Growth

- Build customer base
- Track and understand customer buying habits
- Establish Sweet Basil as the HMR alternative

Phase Five: Expansion

- Delivery
- Catering
- Second location
**Critical Costs of Development**

The numerous costs that are incurred during development are outlined in the following sections.

**Facility and Lease**

The following costs are associated with obtaining a lease in the Meadows Shopping Center. These costs are based on a 2,187 square foot area that will fit our store, kitchen, and office. Sweet Basil will be 100 x 22 feet (See Appendix D for store layout). This is a triple net lease with an annual $17 per square foot base rent and a common area cost of $4.09 per square foot.

- **Lease** $3,844
- **Gas and Utilities** $388
- **Telephone (3 lines)**
  - one time installation cost $210
  - long distance $30
  - monthly charge $170

**Total Facility/Lease Costs** $4,642

**Permits and Licenses**

These costs are incurred only once at the inception of Sweet Basil.

- Boulder City Sales Tax License $25
- County Sales Tax License $16
- Food Service Fee $100
- Health Department Fee $75

**Total Permits/Licenses Costs** $216

**Menu Development**

Developing Sweet Basil’s menu will be a critical milestone for numerous reasons. The founders will need to spend large amounts of time perfecting recipes, testing packaging, and sampling each item ourselves and with potential customers. This process will help determine which items are on the final menu. The costs for this are our time, food supplies, printing menus and creating internal signage.

**Total Menu Preparation Costs** $2,000

**Remodeling and Renovation**

Due to the fact that our site was previously occupied by a food service establishment, our costs will be small. The management team will remodel the store with the help of one of the founder’s brother, Jason Strodl, an architect.

- **Architect Fee** $100
- **Renovation Supplies** $3,000

**Total Renovation Costs** $4,100
**Equipment**

In order to open and operate our business, we will purchase equipment and supplies (See Appendix E for a detailed list).

- **Kitchen Equipment** $6,800
- **Office Equipment** $10,400
- **Front-of-House Equipment** $10,000

**Total Equipment Costs** $27,200

**Attorney Services**

We will hire an attorney for the purpose for incorporation and legal advice. We will hire David Spurlock, a family friend of the management team.

- **Attorney Fee** $100
- **Incorporation Fee** $100
- **Other** $100

**Total Attorney Costs** $300

**Insurance**

Sweet Basil will be insured by State Farm Insurance Company, based on their “General Fast Food Insurance Plan.” The total cost is $1825 annually. The plan includes the following coverages:

- **General Contents** $100,000
- **Inventory** $10,000
- **Liability** $1,000,000
- **On Premise Cash** $4,000
- **Off Premise Cash** $2,000
- **Sign Coverage** $3,000
- **Temperature Change** $5,000
- **Deductible** $1,000

**Marketing**

Pre-opening marketing will take many forms. The following outlines the costs associated with each marketing activity (See Marketing and Sales Plan and marketing costs for more details).

- **Newspaper Advertisements** $1,339
- **Samples** $600
- **Flyers** $96
- **Pre-Opening Party** $500

**Total Marketing Costs** $2,535

**Total Development Costs (January – May 1998)**

- **Facility and Lease** $9,074
- **Permits and Licenses** $216
- **Menu Development** $2,000
- **Remolding and Renovation** $3,100
- **Equipment** $27,200
- **Attorney Services** $300
- **Insurance** $1,825
- **Marketing** $2,535

**Total Development Costs** $46,250

**Expansion**

Three possible areas of expansion exist for Sweet Basil depending on demand.

**Delivery**

Delivery increases the convenience of Sweet Basil’s products to its customers. Also, delivery generates profits from those customers.
who do not have transportation or who are too busy to drive to Sweet Basil. On days with inclement weather, delivery provides an added benefit to customers. We plan on hiring two delivery drivers in January 1999 and two in January 2000.

Catering
Based on the experiences of other business catering increases profit margins. Sweet Basil could cater to local businesses and homeowners who are currently in our customer base. Also, catering could bring new customers like the university, (including fraternities and sororities) and others who plan major events (wedding coordinators and conference planners).

Second Location
Sweet Basil could open a second store outside the Boulder area. This other location will expand our customer base and increase overall business profits. Our original management team will develop this second location as we did the first. This continuity will ensure the same quality level.
Operations Plan
The Sweet Basil Experience

From the moment a customer walks into Sweet Basil, it will be obvious that we are a different kind of establishment. The store is filled with the aroma of freshly sautéing vegetables, sauces, and homemade soup, the kind of smell that makes you hungry even if you have just eaten. Customers are welcome to browse, looking at the various sauces, soups, and pastas that are on our shelves and in our refrigerators. The walls are lined with story boards which explain to the customer the menu, where their food came from, and what Sweet Basil is about. They may also try several of the samples we have prepared. Once they decide on a sauce, dish, or complete dinner, which we will be happy to help them with, we will assist them with a speedy check out process and provide them with any instruction they may need or want in preparing their food. All customers are welcomed and encouraged to fill out a comment and suggestion card if their time permits.

Behind the Scenes

In the first year of operation, Sweet Basil will have a staff of six; however, only four will work in the store at a time. The nature of our business requires almost no waste of time or resources. As each area of operations is defined, efficiency and effectiveness are stressed without sacrificing the ultimate goals of Sweet Basil. The following sections outline the main areas of operations.

Purchasing & Raw Materials Inventory

Although we will be producing almost all of our finished goods in-house, we still need suppliers for our ingredients and packaging. Our ingredients break down into four basic categories: meats and poultry, vegetables, dairy, and non-perishables. The frequency of deliveries, quantities purchased, and shelf-lives will vary greatly from product to product. However, we plan on implementing a Just-In-Time system for the majority of our inventory.

- Meats and Poultry: Four times per week
- Vegetables: Four times per week
- Dairy: Three times per week
- Non-perishables: Once per month (or as needed)
- Packaging: Twice per month (or as needed)

Cooking

Most of the time involved in cooking is doing the prep work. Since many of our dishes will require the same prep work, we will take an assembly line approach in our food preparation. For example, Manicotti and Stuffed Shells are identical in recipe, except for the type of pasta used. The filling for both can be made at one time. All of the pastas will come from the same base, which is flour and egg, so large portions of that can be made at once and then broken into small amounts for individual types of pasta. Items such as Fried Chicken Breast, Chicken Parmesan, and Eggplant Parmesan all use the same mixture for the batters. Making large portions of these mixtures will reduce the time involved in making any single one of them.

In the morning before we open, the majority of the prep work will be done. The morning is a good time to chop vegetables and do some of the cooking for the coming day of business. The owners will also spend time after we close to do additional prep work, such as making batter or dough for pasta.
Finished Food Inventory

Since Sweet Basil will focus on freshness and quality, we will have to have short shelf-lives on our products. Reducing shelf-lives will result in an increase because of our JIT system. The maximum shelf life for entrees, pastas, breads, and salads will be one day. Sauces and soups that are jarred will remain on the shelf for two days. Any food left after its shelf-life will be donated to charity. This will ideally be a very small amount, but waste will be a major problem until we can more closely predict our customers’ buying habits.

Personnel

In the first year of operation, Sweet Basil will have a staff of six people, including the four owner-managers. The two additional employees will be Assistant Managers who both have a profit-sharing stake in the business; each receiving 5% of Operating Income. This structure is important because of Sweet Basil’s dedication to high quality service. It will give each Assistant Manager an incentive to contribute to the prosperity of the business.

In order to provide the highest quality service, Sweet Basil will need to have four employees in the store at all times. Each one of the owner-managers will be equally trained to perform any task that is required at Sweet Basil. These duties include: cooking, cleaning, operations management, and customer relations. The two Assistant Managers will be trained to handle mostly cooking, cleaning, and customers, but they will also possess some knowledge of operations management. Sweet Basil intends to hire two cashiers and two delivery drivers in the second year, and more employees if necessary. As the staff grows, it will be necessary to develop a formal training program which will be designed by the four owner-managers.

Point-of-Sale System

In order to aid our efficiency, Sweet Basil will use a completely integrated point-of-sale (POS) system.

Software

The software component will be custom designed during our early development phases by the principals, and will assist us in the following ways.

- Maintain information regarding our suppliers, including their performance
- Track all sales at the registers, including items purchased, price, method of payment, and which items were purchased together
- Track inventory and alert us to any problems
- Print purchase orders when necessary
- Track cost of goods sold
- Pinpoint busy times and customer buying habits: this will aid in knowing how much of which items to produce, and is critical in reducing waste
- Act as a time clock
- Print financial reports
Hardware

The hardware component of the system consists of the following items:

- Two check-out systems, each consisting of: a terminal, a display, a cash draw, a credit card reader and barcode scanner, and a receipt printer
- A system in the kitchen to track production
- A server in the office which is connected to the check-out and kitchen systems
SUMMARY OF FINANCIALS

Capital Requirements:
The owners of Sweet Basil have each committed to invest $17,500 for a total investment of $70,000. This initial investment will cover the pre-opening expenses of $49,340, and allow for a cash cushion for early losses or unexpected expenses.

Key Financial Assumptions:
- Assets are expensed when purchased
- Sales double by August 1998
- Sales grow 7% September to December 1998
- Sales grow 10% quarterly for 1999 and 2000
- Sales grow 10% annually for 2001 and 2002
- COGS is 34.4% of sales
- Profit-sharing is 10% of Operating Income
- Dividends are 90% of Net Income

Financial Statements:
- Pre-Opening Expenses
- Monthly Expenses
- Expected Sales Month One
- Year One Marketing Costs (1998)
- Year One Income Statement (1998)
- Year One Balance Sheet (1998)
- Profit-Sharing and Dividend Payouts (1998-2002)
- Monthly Breakeven Analysis

Financial Charts:
- Year One Income Statement (1998)
- Year One Profit-Sharing and Dividend Payouts (1998)
- Five Year Profit-Sharing and Dividend Payouts (1998-2002)
- Monthly Breakeven Analysis
### Pre-Opening Expenses

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<th>Mar</th>
<th>Apr</th>
<th>May</th>
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<td>Store lease ($1.75/sq ft.)</td>
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<td>3,844</td>
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<td>Store remodeling</td>
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<td>1,000</td>
<td>216</td>
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<td>3,100</td>
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<tr>
<td>Various Licenses (tax, food service,..)</td>
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<td></td>
<td>798</td>
<td>588</td>
<td>1,386</td>
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<tr>
<td>Utilities (including installation)</td>
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<td></td>
<td>400</td>
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<td>400</td>
</tr>
<tr>
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<td><strong>TOTAL</strong></td>
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<td><strong>$ 700</strong></td>
<td><strong>$ 500</strong></td>
<td><strong>$ 21,683</strong></td>
<td><strong>$ 22,865</strong></td>
<td><strong>$ 49,348</strong></td>
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**Assumptions:** Retail space previously occupied by a food service establishment. Remodeling work will be done by the four owners.
## Monthly Expenses

<table>
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<th>Expense</th>
<th>Monthly</th>
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<tr>
<td>Assistants (2 @ $300 / wk)</td>
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<tr>
<td>Store lease ($1.75/mo/sq ft)</td>
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<tr>
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<tr>
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<td>Repairs and Maintenance</td>
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<td><strong>Total Fixed Operating Expenses</strong></td>
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<td>Item</td>
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<td>Fresh Sauces (quarts)</td>
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<td>Soup (quarts)</td>
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<td>Pasta Salads (lbs)</td>
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<td>Regular Salads (lbs)</td>
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<td>Entrees (avg per serving)</td>
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<td>Drinks (avg)</td>
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<td><strong>Total</strong></td>
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**Assumptions:**
- $12 average ticket price
- 40 customers per day
## Year One Marketing Cost Projection (1998)

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<th>Feb</th>
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<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
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<td>1,799</td>
<td>1,799</td>
<td>18,768</td>
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</table>

**Assumptions:**
- Daily advertisements in Daily Camera
- Monday, Wednesday, and Weekend advertisements in Colorado Daily
- Weekly advertisements in Boulder Planet, Boulder Weekly, and The Onion
- Coupon redemption rate is 15% for June & July; 20% for August & September; 10% for the remainder of 1998
## Year One Income Statement Projection (1998)

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
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<tr>
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<td>2,099</td>
<td>1,799</td>
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<td>1,799</td>
<td>16,233</td>
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<tr>
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<td>(3,600)</td>
<td>(700)</td>
<td>(500)</td>
<td>(21,683)</td>
<td>(22,865)</td>
<td>(10,788)</td>
<td>(4,977)</td>
<td>(2,394)</td>
<td>(4,006)</td>
<td>(5,870)</td>
<td>(7,544)</td>
<td>(9,334)</td>
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<tr>
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<td>(500)</td>
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<td>(4,977)</td>
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<td>2,856</td>
<td>(13,219)</td>
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</table>

**Assumptions:**
- 34.0% tax rate
- 34.4% weighted average cost of goods sold
- 50.0% sales growth July and August
- 7.0% sales growth September to December
- 10.0% of operating earnings paid as profit sharing

<table>
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<th>Year</th>
<th>Q1</th>
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<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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Assumptions:
- 34.0% tax rate
- 34.4% weighted average cost of goods sold
- 10.0% quarterly sales growth years 2 and 3
- 10.0% annual sales growth years 4 and 5
- 10.0% of operating earnings paid as profit sharing

Hire two cashiers ($10/hr/ea) and two delivery drivers ($8/hr/ea) Q1, 1999
Hire two cashiers ($10/hr/ea) Q3, 1999
Hire two delivery drivers ($8/hr/ea) Q1, 2000
## Year One Balance Sheet Projection (1998)

<table>
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<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
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<th>Nov</th>
<th>Dec</th>
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**Assumptions:**
- 60% Sales on Credit Card / Check
- 7 Days to receive cash from Cash / Check Sales
- Supplier are paid net 30
# Five Year Balance Sheet Projection (1998 - 2002)

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<td>93,610</td>
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<td>93,610</td>
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### Assumptions:
- 60% Sales on Credit Card / Check
- 7 Days to receive cash from Cash / Check Sales
- Suppliers are paid net 30
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<th>May</th>
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**FINANCIALS**

33
## Monthly Breakeven Analysis (1998)

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**Assumptions:**
- Breakeven point is $28,287
- Monthly costs are an average of June - December
Year One Profit Sharing and Dividend Payout Projection (1998)
Five Year Profit Sharing and Dividend Payout Projection (1998 - 2002)
Monthly Breakeven Analysis (1998)

Breakeven Point

Average Customers per Day

$10 Ticket Price
$12 Ticket Price
$14 Ticket Price
$16 Ticket Price
APENDICES
APPENDIX A – SAMPLE MENU

A p p e t i z e s

Artichoke Dip $4.00
Bruschetta (4) $3.00
Stuffed Mushrooms (6) $3.00
Stuffed Peppers (2) $4.50
Stuffed Tomatoes (2) $4.00

S a l a d s

Pasta $3.50/lb.
Salad Bar $3.00/lb.

S o u p

$6.00/qt $2.00/bowl
Chicken Tortellini
Minestrone
Tomato

E n t r e e s

Serving Tray
Chicken Parmesan $5.25 $19.00
Eggplant Parmesan $4.50 $16.00
Chicken Marsala $5.00 $18.00
Lasagna $4.75 $17.00
Stuffed Shells $4.50 $16.00
Manicotti $4.75 $17.00
Basil Chicken $4.50 $16.00
Chicken Alfredo $5.00 $18.00
Baked Ziti $4.50 $16.00
Ziti with Diced Chicken $5.50 $21.00

K i d s S t u f f:

Macaroni and Cheese $3.50
Spaghetti and Meatballs $3.50

P a t a

$2.75/lb.
Spaghetti Angel Hair
Fettuccini Linguine
Radiatore Ziti

S p e c i a l t y P a t a

$3.50/lb.
Tomato Basil
Spinach
Tortellini (Cheese or Beef)
Ravioli (Cheese or Beef)

S a u c e s

Marinara $3.50/qt
Bolognese $4.00/qt
Fra Diavolo (Spicy) $3.50/qt
Alfredo $3.75/qt
Pesto $3.00/8 oz.

B r e a d s

French $1.00
Garlic Bread $2.00
Bread Sticks (8) $2.00
Panepiasano $2.00
Foccacia $5.00

D r i n k s

Coke, Diet Coke, Sprite
Cans $0.60
Two Liter Bottles $1.50
Snapple $1.00
David Wein

EDUCATION: University of Colorado at Boulder
Candidate for Bachelor of Science; December 1998
Business Administration with an emphasis in Information Systems
Overall GPA 3.03

EXPERIENCE: Computer City, Westminster, CO 1996
• Handled sales of CPU’s, Monitors, Peripherals, Software, and Accessories
• Led a pre-sale equipment inspection and a post-sale customer satisfaction program
• Weekly sales consistently among the top of the sales staff, ranging from $25,000 to $55,000
• Occasionally performed equipment upgrades such as RAM installations

NYU Medical Center, New York, NY 1995
• Designed and developed an application and database which tracked a large number of patient samples using a bar code system
• Designed PowerPoint presentations which were used to solicit grants
• Consulted on the purchase of computer related office equipment
• Installed desktop systems and software for OB/GYN staff

Banklink, Inc., New York, NY 1995
• Tested a windows based financial software package prior to release
• Worked closely with product managers in finalizing the GUI aspects of the application
• Led company in bugs found over the seven week test period
Jillian Doman

EDUCATION: University of Colorado at Boulder
Candidate for Bachelor of Science; December 1997
Business Administration with an emphasis in Entrepreneurship
Overall GPA 3.2

EXPERIENCE: Applebee’s Grill and Bar, Boulder, CO October 1995-Present
- Office Manager- duties include: doing payroll, making server and hostess schedule, analyzing daily paperwork
- Trainer- duties include: training new employees in all positions I hold, updating employee files
- Bartender- duties include: opening/closing the bar, making drinks, customer relations
- Server- duties include: opening/closing the restaurant, customer relations
- Hostess- duties include: greeting/seating customers
- Expediter/Prep Cook - duties include: knowledge of how the Back-of-the-House runs

Lerner New York, Boulder, CO September 1994-December 1995
- Sales Associate- duties include: providing customer service by helping each customer with any questions, problems, or purchase decisions

Jimmy’s Sports Bar, Hong Kong, June 1994-August 1994
- Server- duties include: opening/closing the restaurant, customer relations
- Bartender- duties include: opening/closing the bar, making drinks, customer relations

TRAVEL EXPERIENCE:
Countries visited include:
- Europe- Austria, Belgium, Chezch Republic, England, France, Germany, Greece, Hungary, Italy, Netherlands, Switzerland
- Asia- Bhutan, Hong Kong, India, Nepal, Thailand, Singapore
- Other- Australia, Mexico, New Zealand, Tahiti
Lindsay Strodl

EDUCATION:  
University of Colorado at Boulder  
Candidate for Bachelor of Science; December 1997  
Business Administration with an emphasis in Entrepreneurship  
Overall GPA 3.1

University of Colorado at Boulder  
Candidate for Elementary Education Teaching Certificate, December 1998  
Education GPA 4.0

EXPERIENCE:  
State Farm Insurance, Las Vegas, Nevada  
May 1992-August 1995  
• Administrative Assistant  
• Aided in selling insurance to customers

Boulder Valley Public Schools, Boulder, Colorado  
August 1995-August 1997  
• School aged child care assistant  
• Cared for 50+ children on a daily basis  
• Planned and facilitated activities and excursions

Collage Children’s Museum, Boulder, Colorado  
September 1996-December 1996  
• Volunteer experience  
• Supervised set-up and coordination of exhibits  
• Planned Piper Jaffray Auction Night

Campus Crusade for Christ, Boulder, Colorado  
September 1995-Present  
Leadership Team  
Servant Team  
Night Life Coordinator  
• Planned several study groups  
• Coordinator for weekly meeting, Night Life  
• Planning, budgeting, personnel consultant, and other administrative duties
Amber Long

EDUCATION: University of Colorado at Boulder
Candidate for Bachelor of Science, May 1998
Business Administration: Marketing with an emphasis in Entrepreneurship
Overall GPA 3.3

EXPERIENCE: Gloria Jean’s Coffee Bean, Littleton, CO  October 1991-August 1994
• Shift Supervisor responsible for all closing activities and basic bookkeeping
• Assisted with Monthly Inventory
• Prepared and served coffee, espresso drinks as well as pastries

Collegiate Calendar Company Internship, Boulder, CO  Spring 1997-Present
• Responsible for sales on 30 of the largest university campuses in the nation
• Managed the creation and production of each individual advertisement.
• Helped to create and implement a payroll and bookkeeping system.

Enterprise Rent-a-Car Internship, Littleton, CO  Summer 1996
• Responsible for underwriting rental contracts
• Trained in direct selling techniques
• Participated in direct marketing to Enterprise accounts

ACTIVITIES: Alpha Phi Omega
Elected Pledge Chair Spring 1997
Elected Chapter President Fall 1996
Appointed Chancellor of Merit Badge University Fall 1996
Elected Treasurer Spring 1996
Fundraising Co-Chair Spring 1996
Elected Secretary Spring 1995
Pledge Class Vice President Fall 1994
• Created, monitored and implemented a $1200 semester budget
• Managed three financial accounts
• Aided in the writing of a grant for a community outreach Program for Suicide Prevention.
• Received Explorer Leadership Award for work as Merit Badge University Chancellor
APPENDIX C – SURVEY

1. What is your gender?  
   ___ Male  ___ Female

2. Which age group do you fall into? (circle one)  
   18-24  25-35  36-44  45-60  60+

3. How many children do you have? __________

4. What are their ages? __________

5. How frequently do you purchase take-out food for home consumption?  
   ___ once a week  ___ twice a week  ___ three times a week  
   ___ four times a week  ___ five times a week  ___ six times a week  
   ___ seven times a week  ___ more than seven times a week  
   ___ once a month  ___ twice a month  ___ three times a month  
   ___ never  ___ other (specify)

6. Where do you purchase take-out food from? (Check all that apply)  
   ___ grocery store ___ specialty store  
   ___ fast food restaurants ___ restaurants

7. How many times a week do you purchase take-out from the following sources?  
   ___ grocery store ___ specialty store  
   ___ fast food restaurants ___ restaurants

8. About how much money do you spend weekly on each of the following sources?  
   ___ grocery store ___ specialty store  
   ___ fast food restaurants ___ restaurants

9. Which of the above do you prefer as a source of home meal replacement? __________

10. What expectations do you have for a home meal replacement specialty store?  
    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Quality

    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Convenience

    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Speed of Service

11. What expectations do you have for a grocery store in terms of home meal replacement?  
    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Quality

    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Convenience

    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Price

12. What expectations do you have for a fast food restaurant in terms of home meal replacement?  
    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Quality

    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Convenience

    1  2  3  4  5  6  7  8  9  10  
    Low  High
    Price

13. Would you take out home meal replacement solutions that offered a variety of homemade Italian entrees, pastas, sauces, breads, soups and salads?  
    ___ Yes  ___ No
### APPENDIX E – EQUIPMENT LIST

#### Kitchen Equipment

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<th>Item</th>
<th>Cost</th>
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<td>Pasta Cooker (2)</td>
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<td>Range and Stove (2)</td>
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<tr>
<td>Microwave</td>
<td>$370</td>
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<td>Dishwasher</td>
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<td>Cutlery</td>
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<td>Miscellaneous Cooking Equipment</td>
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#### Office Equipment

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<td>Laser Printer</td>
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#### Front-of-House Equipment

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<td>Refrigerator</td>
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<td>Dry Shelves</td>
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<td>Salad Bar</td>
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<td>Miscellaneous Equipment</td>
<td>$1,000</td>
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<tr>
<td>Outdoor Signage</td>
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</table>
APPENDIX F - SOURCES

Articles and Business Plans

Internet
www.bcn.com - Boulder Community Network
www.directpos.com - Direct POS
www.fgminteractive.com - Home Meal Replacement: The Evolution of Food Service
www.foodchannel.com - Home Meal Replacement: A Foodservice Evolution
www.foodchannel.com - The Evolution of Home-Meal Replacement
www.fruitnet.com - US Shoppers Want Convenience
www.meatami.org - Backgrounder: New Trends In Food Preparation and Eating
www.meatami.org - Fact Sheet: Home-Meal Replacement Revolutionizes the Meat Case
www.rmc.com/foodservice - Reynolds Packaging
www.venus.census.gov - US Census Home Page
www.talbot.com - Fancy Food

Newspapers
Boulder Planet (303) 444 5761
Boulder Weekly (303) 494 5511
Colorado Daily (303) 442 1202
The Onion (303) 449 9785

Utilities
Public Service (303) 623 1234
US West (800) 603 6000
Western Disposal (303) 444 2037

Suppliers
Ameriserve (303) 296 7678
Coca Cola (303) 752 8220
Denver Cutlery (303) 433 6010
Office Depot (800) 685 8800
Robinson Dairy (303) 825 2990
Smith St. John (800) 477 1414
United Glassware and China (303) 296 1684
Yancey’s Food Service (303) 629 7149

Permits and Licenses
Boulder Chamber of Commerce (303) 442 1044
Boulder County Department of Environmental Health Food Service Licensing (303) 441 1150
Professionals

Moran and Associates.  *Las Vegas, Nevada*
Spurlock, David. Attorney. (702) 384 8424

Pacific Equity Partners LLC, Spectrum/RPS.
Bill Flagg. Leasing Agent. (303) 449 4888

Strodl, John. Agent. (702) 837 1309