

Strategic Financial Plan

Earth Grown Eatery



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Executive Summary

Services

The Earth Grown Eatery is classified as a part of the restaurant and foodservice industry and will specialize in healthy, fresh cuisine that is available for pick-up, dine in, or delivery. The Earth Grown Eatery has the purpose of serving various customers with the best niche cuisine in the local area. The strategies implemented to maximize profit will be regarding numerous aspects of the customer base's preferences which are dependent on the client's needs and can range from cuisine all the way to delivery.

Clientele

The clients for Earth Grown Eatery will be varied due to the variety of age groups and cultures that are present in the area of business. The Earth Grown Eatery does have a specific client base that they are targeting, however, they appeal to all different age groups and palates due to their modern, healthy cuisine.

Competitors

The Earth Grown Eatery will be facing a highly competitive market due to the sheer number of restaurants available for customers to choose from, however, the Earth Grown Eatery will be able to maintain many clients due to a large number of consumers that buy ready made food as opposed to home cooked. Nonetheless, in order for the Earth Grown Eatery to be able to gain clients, the owners will be required to market strategically and create a large client base prior to opening in order to ensure a good starting influx which will mellow out into regular customers or establish itself as a niche restaurant.

Growth

The restaurant industry has a large amount of revenue nationwide, however, in order to scale the business up, the Earth Grown Eatery plans on introducing a Financial Business Model that will display the method of investing the profit back into the business to maximize its efficiency, scale up its venue, and increase its employee base which will all, in turn, result in an increased client base and inevitably an increased revenue.

Company Description

Objective

The objective of the Earth Grown Eatery is to provide a comfortable, upbeat atmosphere for their customers and offer the best services, ambiance, and healthy cuisine available to ensure their customers come back regularly. The service, food quality, and efficiency of Earth Grown Eatery will never waver in order to maintain their image as a consistent eatery that the customers can go to at any time to purchase a healthy meal. The vision of Earth Grown Eatery is to maintain a profitable business for at least ten years with a steady yearly profit that will eventually lead to a scaled up venue, increased staff, and more efficient operations with re-investment.

Strategy

The Earth Grown Eatery's biggest strategy to maximize profit will be social media marketing due to its free utility and its potential to reach all aspects of their market. However, in order to maximize the strategy's efficiency, Earth Grown Eatery will create an online presence with a website that has a menu and story along with frequent updates about new additions or interesting news on their social media to create a buzz in the area which will, in turn, attract many customers. Aspects of successful businesses in the area have proven that social media buzz that creates hype for a restaurant before it even opens, is key to establishing a strong consumer base and a quick way to establish a good name in the community. Similarly, promotional offers will be key to enticing customers even if some overhead is required to be invested because it will help create a steady income for Earth Grown Eatery in the long run. Furthermore, to establish themselves as an affordable, healthy cuisine option, they would need to portray that their prices are reasonable but not cheap. Data has shown that the average American will spend ten dollars on a meal if they are returning customers. However, the Earth Grown Eatery will begin its operations with one signature cuisine that will be priced at six dollars

which will appeal to the affordable aspect of the customer. This lower price is functional for the Earth Grown Eatery due to calculated finances that will be detailed in the Financial Business Model (Page 10)

Legal Structure

The Earth Grown Eatery is classified as a limited liability company (LLC) which is beneficial to the business due to the fact that an LLC entails the owner to submit their profit and loss individually on their tax returns which avoids a corporate double tax, which is also known as pass-through taxation. Also, as an LLC, the company is not required to hold consistent meetings with any directors or potential shareholders of the company. Furthermore, functioning as an LLC offers the option to distribute profits flexibly with no strict proportional distribution which saves time and allows the Earth Grown Eatery to grow faster because they can allocate funds to specific aspects that will boost the company's growth instead of being required to proportionally allocate profits.

Market Analysis

Overview

Earth Grown Eatery is a part of the restaurant and food service industry which is a slowly declining industry with decreasing demand for restaurants and instead almost half of all consumers preferring to not eat out. These consumers are more inclined to purchase a takeout/pick up order and eat at their own residence. However, there is a growing desire for healthier, higher quality food options with a tendency toward vegetarian cuisine in suburbs. Despite the declining interest in sit-in dining, the restaurant industry had almost 800 million dollars in sales during 2018 which highlights how there is still an immense market for the restaurant industry. Furthermore, the Earth Grown Eatery specifically markets towards individuals ages seventeen to twenty-six due to research conducted that proved that the majority of people in this age group prefer healthy food options and only cook food at home forty-three percent of the time. Along with that, over ninety percent of individuals in this age group use social media and the internet which is the Earth Grown Eatery's primary marketing platform. This is very beneficial to ensuring a large client base that will be maintained for this business because this age group statistically has the majority of them working and living independently, but are still not settled down which entices them to attempt new cuisines and are makes them more likely to purchase ready-made restaurant food.

Competition

The restaurant industry has a large amount of competition with over one million restaurant locations in the United States alone, however, Earth Grown Eatery has zeroed in on one of the fastest growing trends in the food industry that is predicted to stay for a long amount of time. By specifically catering to customers that want healthy food, Earth Grown Eatery has made themselves a rare commodity in suburban areas by offering cuisine options that are specifically clean, healthy and

fresh. However, in the area there are many restaurants and other food services that specialize in healthy, green food and offer delivery with their food. The specific restaurants in the area that are a threat to the establishment of Earth Grown Eatery include Vitality Bowls, Salata, and Pure Plates due to their similar consumer base, marketing model, and niche market lock. To combat this competition, Earth Grown Eatery will attempt to create the biggest social media presence out of all these competitors to have access to a larger client base and in turn seem more enticing and popular to customers of the competitors.

Financial Business Model

Profitability

The Earth Grown Eatery will be able to generate consistent profit after breaking even with accommodation, personnel, and start-up costs which will take approximately three business years if the clientele maintains the same occurrence and pricing which will then allow room for growth. The Earth Grown Eatery will begin its operations with only one menu item which will add to the unique aspect of the business along with an affordable price of six dollars per meal. The initial investment will be about \$340,206.00 of expenses in the first year which is the sum of the Rental Space, Appliances, Food, Cutlery, Plates, Chairs, Tables, and Employee expenses that would present in the first year. These are simply the bare necessities that Earth Grown Eatery would need to invest in to create a functioning business that appeals to the aforementioned client base. The rental space would cost approximately \$25,000.00 per year for a 1300 square foot venue in a high traffic area that has a large influx of prime clientele. The appliances would not be a recurring expense and require only an initial investment of \$25,000.00 similar to the chairs which would be a \$1,500.00 investment, tables which would be a \$2350.00 investment and permanent cutlery and plates which would require an initial investment of \$190.00. In the second and consecutive years, the expense figure would be reduced to \$316,366.00 because the Earth Grown Eatery would only be required to pay for the running costs of Rental Space, Food, Employees, and disposable cutlery and plates. The disposable cutlery and plates would have a running cost of \$2,080.00 and \$14,570.00 per year respectively, with the Employee cost being the highest at \$208,000.00 due to 4 employees for \$8.25 an hour and 3 chefs for \$11 an hour. However, the most important figure is the Food cost which has a direct relationship to the revenue amount. The Earth Grown Eatery's goal is to sell about 150 meals a day which would cost \$61,516.00 annually to create due to the cost of the required items, however, each meal is sold at six dollars which calculates to \$324,480.00 of annual revenue which is the only income that the business receives. With this revenue, the business has a debt of \$15,726.00 after

their first year of business, but in the second year their net income is \$8,114.00 due to the lessened expenses which translate to the business's break-even point being available at the end of the third year and a pure profit being brought in during the consecutive years.

Growth

The Earth Grown Eatery has a small profit margin that is nonetheless a good revenue and a decent Return on investment, however, the Earth Grown Eatery must save its revenue for 5 years after breaking even to scale up. This time would be necessary to accumulate over \$40,000.00 of cash in hand which could then be used to be invested in a larger venue, increased employee base, and most importantly food costs which would result in increased meals which are directly responsible for the increased profit of the business.

Risk Management

Risks and Solutions

The Earth Grown Eatery is well aware of the various risks that are present and inevitable when maintaining a restaurant, however, they have narrowed it down to the two biggest threats that could bankrupt the business which is debt accumulation and competition. Debt accumulation is very detrimental to a restaurant but hard to avoid due to a large amount of money needed to start the business and then the high running cost to keep it functioning. As detailed in the Financial Business Model (Page 10) the Earth Grown Eatery has created a balance sheet that formulated a way to break even as soon as possible and then begin earning a profit if the client base stays consistent. The strengths of Earth Grown Eatery that will assist with the profitability are their options for delivery and pickup, modern clean cuisine and a prime location for clients. These strengths ensure that the Earth Grown Eatery will have a consistent client base that will enjoy the cuisine. However, the restaurant industry also has its weaknesses which are high running costs and odd working hours which translate towards a small employee base that will leave the restaurant possibly shorthanded during busy or irregular hours. To combat this, the Earth Grown Eatery will require its employees to place their availability one week in advance to ensure that all the required times are covered and there is no loss in efficiency.

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