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# Ethnic Food Restaurant Business Plan

## Zara Restaurant & Lounge

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## Executive Summary

### 1.0 Executive Summary

Our initial statement to Investors and Financial Lenders is a candid disclosure of the Zara Restaurant & Lounge business proposal - our intent is to set realistic business expectations, and eliminate any questions about the profitability of this business venture.

Entrepreneurs have a tendency to paint the business plan with a very optimistic brush, highlighting strengths and camouflaging the risks. We, as business owners, have a vested stake and financial commitment in the success of this restaurant. Our intent is to have a definitive business, financial, and marketing plan that not only serves our need for capital financing, but is utilized as our daily business roadmap. We have taken all precautions to validate our business and financial models, focusing on realistic projections. We have accomplished this as follows:

1. Our financial model is rooted in industry facts, not optimism. We have based costs on our vast industry and practical experience with similar ventures, validation against National Restaurant industry cost averages, and analysis against local Atlanta market averages. We have taken a collective look at all figures to make solid business estimates.
2. Our business concept was derived from detailed Market Analyses. Instead of building a business around a preconceived concept, we analysed the market findings and built a concept around our consumers. In other words, our business is built to service an unmet consumer 'want'.
3. A buffered financial plan that ensures adequate capitalization. A contingency buffer is included in the start-up cost to ensure the business is not under financed, as well as giving the business adequate funding to sustain it in the first six months of start-up. Our industry experience confirms a longer ramp-up stage for restaurants over other retail/

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service businesses. A common mistake for new entrepreneurs, but fully addressed in this business plan.

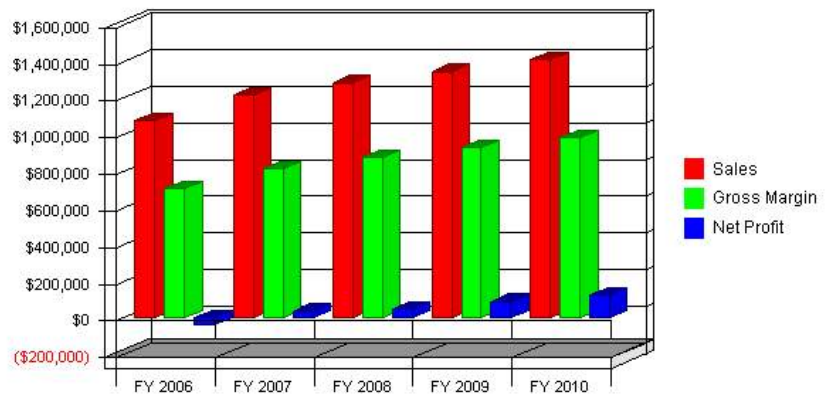
4. A solid Risk Mitigation Plan. We have evaluated traditional and non-traditional risks associated with Restaurant failure and accounted for them directly in the business plan. Instead of dismissing the risks, we have identified valid mitigation strategies for each.
5. Deep Management Experience. Our management team has 20 years combined experience, involved with over 86 restaurant openings, and deep involvement with the Atlanta restaurant industry.

The total capital requirement to launch Zara Restaurant & Lounge is \$740,000, of which \$643,000 is allocated to start-up capital, and \$97,000 as business operations cash reserve.

This Plan is being submitted in order to secure a Business loan for \$430,000. The loan will be used towards Equipment purchase, Design, Construction, and Operational Start-Up expenses. Owners, Mr. Alex Hunte and Mr. Peter Smith are investing \$110,000 in personal capital. Private Investors, who will be part owners with a non-managerial interest in the business, will contribute the remaining \$200,000.

As owners, our commitment is to take personal accountability for all financial debt. We have taken the necessary precautions to ensure the business is fully capitalized, and have addressed all financial shortfalls to ensure a successful business start-up. Under a realistic scenario, the company should have over \$84,000 in cash balance the third year. Even with the worst-case sales scenario, we reach a Net Worth break even at the end of Year 5. On a linear projection, the entire financial debt will be retired by Year 7.

## Highlights



### 1.1 Objectives

Zara Restaurant & Lounge's objectives for the first three years of operation include:

- Keeping food costs at less than 35% of revenue.
- Improving our Gross Margin from 65.41% in Year 1 to 67.10 in Year 2.

These are attainable targets; our 'stretch' is to attain 70.73% by Year 3.

- Keeping employee labor cost between 37-39% of total sales.
- Remaining a small, unique restaurant with eclectic food and service.
- Averaging sales between \$1,200,000 - 1,500,000 per year.
- Promoting and expanding the Zara restaurant concept as a unique Midtown destination restaurant.
- Expanding our marketing and advertising in Atlanta and in the neighboring suburbs to increase our customer base.
- Achieving a profitable investment return for investors for Years 2 - 6.

### 1.2 Mission

- Zara will be an inspiring restaurant, combining an eclectic atmosphere with excellent and interesting food. The mission is to have not only a great food selection, but also efficient and superior service - customer satisfaction is our paramount objective. Zara will be the restaurant of choice for a mature and adult crowd, couples and singles, young and old, male or female.
- Employee welfare, participation, and training are equally important to our success. Everyone is treated fairly and with the utmost respect. Our employees will feel a part of the success of Zara Restaurant & Lounge.
- Our concept combines variety, ambiance, entertainment and a superior staff to create a sense of 'place' in order to reach our goal of overall value in the dining/entertainment experience. We offer fair profits for the owners and investors, and a rewarding place to work for the employees.

### 1.3 Keys to Success


1. Unique, Innovative & Contemporary: The creation of a unique and innovative fine dining atmosphere will differentiate us from the competition. The restaurant will stand out from the other restaurants in the area because of the unique design and decor. We will offer a fine dining experience in an electric atmosphere.
2. Product quality: great food, great service and atmosphere.
3. 'Spice of Life' Menu: The menu will appeal to a wide and varied clientele. Our eclectic menu features regional specialties around the globe, from Spanish ceviche, to Thai and Indian curries, to local crabcakes.
4. Employee Retention Focus: Employee retention and development programs will be a primary focus and success platform for this business. Through these programs, we will be able to draw seasoned and elite professionals and build a committed work force. We have budgeted for a stock option program for Chef and Management positions to subsidize a lower salary base. This lowers our immediate overhead and attracts quality staff.

5. Cost Control Focus: We will control costs at all times, without exception. Cost Control will be an integrated function of the restaurant from the onset. Cost control is about managing the numbers - interpreting and comparing the numbers that impact the bottom line. 80 percent of the success of a restaurant is determined before it opens. Our focus is to reduce the cost of goods sold to meet our profit margin goals by managing the following crucial elements of cost: Purchasing, Receiving, Storage, Issuing Inventory, Rough Preparation, Service Preparation, Portioning, Order Taking, Cash Receipts, Bank Deposits and Accounts Payable.

Due to intense competition, restaurateurs must look for ways to differentiate their business to achieve and maintain a competitive advantage. Midtown/ Downtown Atlanta's redevelopment requires a place that will fit into the 'new look' of the community, one that is contemporary and entertaining. Zara will fill that niche.

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