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# Executive Summary

## Introduction

Fresin Fries is a locally owned fast food outlet that will be positioned as an international franchise through our creative approach to the company's image and detail presentation. Fresin Fries will provide a combination of excellent food at value pricing, with fun packaging and atmosphere. Fresin Fries is the answer to an increasing demand for snack-type fast food, to be consumed while window shopping and walking around inside a shopping mall.

In today's highly competitive environment, it is becoming increasingly difficult to differentiate one fast food outlet from another. Singapore, a city state, is now becoming the model metropolis for Asia's new economic boom. With more than 11 million visitors yearly, mainly from neighboring countries (Malaysia, Indonesia, Thailand and the Philippines), Singapore's retail sector is the strongest in the region.

Our main priority is to establish one outlet in a crowded mall, preferably in one of prominent shopping malls in Singapore. Later, our effort will be a further development of more retail outlets in the surrounding area.

This plan is prepared to obtain a location for the initial launch of this concept. Additional financing will need to be secured for the two subsequent outlets, anticipated in month 13 and early in year three. The financing, in addition to the capital contributions from shareholders, will allow Fresin Fries to successfully open and expand through year two. The initial capital investment will allow Fresin Fries to provide its customers with a value-driven, entertaining experience through the creativity of its founders.

Fresin Fries will entice youngsters to bring their friends and family with our innovative environment, fresh-cut Belgian fries, and selection of unique signature dipping sauces.

Please note that all tables are in Singaporean Dollars (1 USD= S$1.60)

### Chart: Highlights



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## Objectives

* To establish a presence as a successful local fast food outlets and gain a market share in Singapore's fast food industry.
* To make Fresin Fries a destination spot for mall-goers.
* To expand into a number of outlets by year three, and sell the franchise to neighboring metropolitan cities, such as Jakarta, Kuala Lumpur, Bangkok and Manila.

## Mission

Our main goal is to be one of the most successful fast food outlets in Singapore, starting with one retail outlet located inside a major shopping mall as a "market tester."

Fresin Fries will strive to be a premier local fast food brand in the local marketplace. We want our customers to have the total experience when visiting our outlet(s) and website as they will learn about this fascinating new "pop culture." We will sell merchandise from pre-packaged sauces and t-shirts, to potato cutters, all with our official brand attached to them.

Our main focus will be serving high-quality food at a great value.

## Keys to Success

To succeed in this business we must:

* Create a unique, innovative, entertaining menu that will differentiate us from the rest of the competition.
* Control costs at all times, in all areas and implement a conservative approach to growth policy. Although, we provide more than enough fund to open more than one outlet, we want to be on the safe side of the business.
* Sell the products that are of the highest quality, as well as keeping the customers happy with all of our product categories from food to store merchandising.
* Provide 100% satisfaction to our customers and maintaining the level of excellent services among other competitors.
* Encourage the two most important values in fast food business: brand and image, as these two ingredients are a couple of main drivers in marketing communications.
* Get access to high-traffic shopping malls near the target market.
* Promote good values of company culture and business philosophy.

# Company Summary

**What is Fresin Fries?**

Fresin Fries sells gourmet fries in a cone with a choice of sauce. We use the concept of Belgian Fries, where the fries are all made from fresh potatoes and fried twice. Our outlet also provides excellent and friendly customer service to support the ambience of fun, energetic and youthful lifestyle.

**Youthful and fresh surroundings**

We will imitate successful establishments, such as Jamba Juice and Starbucks, which represent the majority of our core target market, between 18 to 35 years of age. Our store will feature display cooking of our featured Belgian Fries from cutting to frying. Our customers will also be able to read our in-house brochures in regards to all knowledge about Belgian Fries and our featured sauces. Our store will be decorated with fast food setting, such as a bright counter and display menu on the wall.

**Quality food**

Each store will offer nothing but freshly fried Belgian fries, sandwiches and variety of unique blend sauces, all served with old-fashioned home-style care.

**Open everyday**

Our store is open everyday from 10 am to 9 pm.

**Variety, variety, variety**

A different selection of sauces will be featured every three months and we will also change our Italian soda flavors to accompany our fries.

## Company Ownership

Fresin Fries is a privately held company. It will be registered as a Limited company, with ownership 25% - Guy Fry, 25% - Sam Sauce, 25% - Carl Cone, 25% - Harry Hip.

Guy Fry and Sam Sauce have more than 10 years of experience in the food industry. Both are currently employed as Corporate Staff of Company A.

Sam Sauce holds an MBA degree from University V. A true entrepreneur by heart, his latest entrepreneurial project is a diamond store in the heart of Singapore.

Guy Fry holds a BA degree in Graphic Design from the Academy of Arts. His projects are widely varied from product design to brand development of several reputable companies.

Harry Hip holds a MS degree from Institute Y. He completed several projects and served as project manager for multi-national companies in Singapore.

Carl Cone holds a BS degree from University Z, majoring in Management and Information Technology. Prior to his return to Singapore, he has held several management positions in a U.S.-based IT company.

## Start-up Summary

The retail outlet will be rented at one of the target location shopping malls. Our preference is Space A, for the main reason of reaching larger traffic.

Startup requirements will be financed through owner investments.

### Chart: Start-up



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### Table: Start-up

|  |  |
| --- | --- |
| *Start-up* |  |
|  |  |
| Requirements |  |
|  |  |
| Start-up Expenses |  |
| Kitchen and Fixtures | $21,600  |
| Furniture and Interior | $16,500  |
| Legal | $3,000  |
| Rent | $15,000  |
| Packaging and Stationary | $8,500  |
| Contingencies | $4,200  |
| Total Start-up Expenses | $68,800  |
|  |  |
| Start-up Assets |  |
| Cash Required | $50,000  |
| Other Current Assets | $0  |
| Long-term Assets | $0  |
| Total Assets | $50,000  |
|  |  |
| **Total Requirements** | $118,800  |

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## Company Locations and Facilities

Fresin Fries locations will range in size from 50 – 70 meter square and will seat from 15 – 25 guests. Our first location will be on the larger end of this range. The location will feature its own originality in merchandise display and other brand building attributes. We will equip the outlet with modern furniture and aim for cleanliness and an open feeling. We are currently looking at several possible sites in shopping malls along Orchard Road.

The space selection will be chosen based upon the following criteria:

* Community size: minimum of 800,000 people within a radius of 8 kilometers.
* Tourist destination.
* Easy access.
* Large percentage of teenagers in the community.

All of these qualities are consistent with Fresin Fries' goal of providing a top quality fast food experience. We want "word-of-mouth" to be our best form of marketing, where our customers value our brand as something exciting and cannot wait to tell their friends and neighbors.

Fresin Fries will directly compete with several fast food joints inside the chosen shopping mall, including Tori-Q (yakitori specialist), Bee Che Hiang (chinese sausages), Bread Talk (one of the most successful bakery franchises), and Pizza Walker (locally owned pizza chain).

# Products

We want to focus only on selling fries. Alcoholic drinks will not be sold in our outlet, as Fresin Fries promotes a healthy and positive Singaporean lifestyle. Instead, we will offer Italian Soda to complement the fries.

In promoting the Fresin Fries lifestyle, we will offer various merchandise with our logo and colors, from hats to t-shirts to potato cutters to our signature sauces, so that our customers can enjoy Fresin Fries at home. Our signature sauce is exclusively manufactured by Company Q. They can be also purchased at selected retailers.

## Product Description

Fresin Fries primarily sells fries and our unique dipping sauces. Main products sold are: Belgian fries, Italian sodas and corporate merchandise.

Belgian-style fries are available in large (choose 2 dips), small (choose 1 dip), with addition of garlic Fresin (add S$0.25).

The dips for Belgian style fries can also be served with sandwiches; they are available in more than 20 flavors:

* Pesto Mayo
* Satay Sauce
* Teriyaki Sauce
* Thai Chili Ketchup
* Creamy Wasabi Mayo
* Roasted Pepper Mayo
* Lava Cheese
* Black Pepper Sauce
* Curry Ketchup
* Barbecue
* Jalapeno Ketchup
* Caribbean Islands
* Traditional Sambal
* Korean BBQ
* Hot Chili Sauce
* Garlic Dip

## Competitive Comparison

Fresin Fries has several advantages over its leading competitors:

* Unique "fusion" concept of dipping sauce.
* We expect a high degree of enthusiasm and offer a fun store with friendly staff, that reflects the company's youthful and energetic culture.
* Supporting merchandise items that support the company's brand building.
* Our fried potato is made 100% fresh, compared to most fast food outlets that use frozen fries.
* Our dipping sauce is also made fresh without preservatives.
* Our innovative packaging will be more entertaining than our competitors; a single cone with a cup reserved for dipping sauce.

### Table: Comparison of Competitors

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Company* | *Clean* | *Value* | *Merchandising* | *Hang Out* | *Simple* | *Fresh* | *Cool* | *Pop Culture* |
| Fresin | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| McDonald's | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| KFC | Yes | Yes | No | Yes | No | No | Yes | No |
| Tori-Q | Yes | Yes | No | No | Yes | Yes | No | No |
| Roti Boy | Yes | Yes | No | No | Yes | Yes | No | No |
| Bread Talk | Yes | Yes | Yes | No | Yes | Yes | Yes | No |
| Bee Che Hiang | Yes | Yes | Yes | No | Yes | Yes | No | No |
| Pizza Walker | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes |
|  |  |  |  |  |  |  |  |  |

## Sales Literature

Fresin Fries will use advertising and sales programs to get the word out to customers.

* 2,000 color brochures to be distributed throughout destination shopping mall and facilities: in-store, cinemas, area eateries, information during the grand opening in January 2005.
* Half page magazine reviews in Singapore's lifestyle magazines that advertise the presence of the outlet.

## Sourcing

Fresh potatoes will be delivered weekly by our distributor directly from the U.S. We also have an agreement with Company Q to exclusively manufacture our signature sauces, and all of our merchandise will be printed and produced by our partner's office in China.

## Sales Programs

Each opening of Fresin Fries will have, more or less, the same marketing mix as the others. Below are the programs that we will develop to open each location.

### Grand Opening

Each new outlet will have outdoor signage as soon as possible. We want the signage to be supported by banners before the opening.

### Point of Purchase

We will use "tray toppers" to explain the concept and philosophy of Fresin Fries. We will also sell gift certificates, announce future job openings, and possibly mention franchise opportunities.

### Direct Mail Piece

A stand-alone piece, folded, will be produced in full color on heavy weight paper. Inside will be all the important details of Fresin Fries, explanation of our menu, prices, house of operation and a locator map.

## Future Products

For now, we will focus on selling fries and signature sauces. However, as we grow further, we will add new categories to our menu, such as Belgian Sandwiches and Buffalo Wings.

In the future, our growth strategy will be offering the franchise of our brand to food entrepreneurs in the region. The success of Bread Talk franchising in Indonesia is the best example on growing globally.

### Value Meal

Sales of Fresin Fries will not only generated from the selling of its famous Belgian Fries, but also will be generated by the conception of an innovative package menu called the "value meal." It primarily consists of a combination of our featured Belgian Fries, sandwiches and Italian soda at greater value than selling at individual items. Further customization could be done by selling a bigger size of fries called "Uber Fresin" to attract price sensitive customers.

### Private Parties

Brochures and handouts will explain that we can handle banquets and private parties, in addition to our brochure that will list our daily entrees.

# Market Analysis Summary

Consumer expenditures for fast food in Singapore rose during the end of the year 2000, followed by the recovery of Singapore's economy. The increasing number of new establishments such as fast food franchises, fancy restaurants and gourmet bakeries around Singapore has shown a significant growth in this sector. Food spending is around 56% of total consumer expenditures in Singapore, and consumer spending on leisure and recreation made up of 13% of total consumer spending.

A much broader appeal exists for weekend slots because those are the days when most of our core target market enjoys the mall going activities.

* Age - Youngsters, single, currently enrolled in college and high school.
* Family unit - We will also appeal to families (young families) with children.
* Gender - We will target both sexes, with a slight skew for males due to their lower attention to dietary concerns.
* Income - We will appeal to the medium income individuals and to all in the lower medium income bracket.

Our concept will have very broad appeal. It is our goal to be the hip destination for fast food cravings.

According to a recent public survey of people 15 - 45 years old, 80% of those interviewed like fast food. 90% of them like fast food on a regular basis, and 10% of them claimed that they like fast food "very much," or "love" fast food. The survey also provided the following particular reasons for the increasing popularity of fast food:

* People have 52 weekends and three long holidays a year. Most of Singaporeans love to window shop, and when they do strolling around the shopping district, they need a quick bite to accommodate their activities.
* White-collar workers in offices have stopped bring lunch, and enjoy chicken, hamburger, pizza or other fast food joints in the vicinity.
* Parents give more money to kids and students to buy lunch. Fast food is naturally their first choice, because of the brand building effort that heavily targets their age group.
* Eating out still remains as Singaporeans' common habit of life. They do not perceive fast food is a luxury, and they enjoy it by bringing their family, especially if they have smaller kids, in the environment of the western-style fast food outlets.

## Market Segmentation

We are targeting young Singaporeans as our primary market. Orchard Road is the place to meet and hang out after school. Due to heavy extra-curricular activities among Singapore's youth, it is common for high schoolers to have lunch inside shopping malls, and not at home. They tend to flock to fast food joints inside shopping malls across Orchard Road.

Our secondary market segment is the "Working Singaporeans." With so many shopping malls in the vicinity, Orchard Road is the haven for shoppers and job seekers alike. In the new Paragon Shopping Centre, there are more than 8,000 workers currently working as sales persons and boutique staff. There are more than 10 major shopping malls across Orchard Road, including Ngee Ann City, the biggest shopping mall in the nation, employing more than 50,000 workers.

Lastly, Orchard Road is also the destination for tourists staying in the area. The Meritus Mandarin, Crown Prince Hotel, the Hilton, and Popular Hotel are a few of the biggest accommodations in Singapore. Tourists will stroll Orchard Road, hunting for the latest trend in fashion and have no time to stop for a full meal during shopping. Fresin Fries is the alternative for a quick bite while shopping the fancy boutiques in the area.

## Market Analysis

The table and chart below outline the total market potential of the above described customer segments.

### Table: Market Analysis

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Market Analysis* |  |  |  |  |  |  |  |
|  |  |  Year 1 |  Year 2 |  Year 3 |  Year 4 |  Year 5 |  |
| Potential Customers | Growth |  |  |  |  |  | CAGR |
| Young Singaporeans | 15%  | 5,000,000  | 5,750,000  | 6,612,500  | 7,604,375  | 8,745,031  | 15.00%  |
| Working Singaporeans | 10%  | 3,000,000  | 3,300,000  | 3,630,000  | 3,993,000  | 4,392,300  | 10.00%  |
| Tourists | 20%  | 3,800,000  | 4,560,000  | 5,472,000  | 6,566,400  | 7,879,680  | 20.00%  |
| **Total** | 15.52%  | 11,800,000  | 13,610,000  | 15,714,500  | 18,163,775  | 21,017,011  | 15.52%  |

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### Chart: Market Analysis (Pie)



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## Target Market Segment Strategy

Fresin Fries intends to cater to the bulk of teenagers and youngsters in Singapore. We have chosen this group for several important reasons. It is our goal to be "the extraordinary fast food place" and we believe that the age group from 15 to 25 is the primary age where brand building efforts could take place. They are on limited or fixed incomes and seek a value/price relationship that will not stretch their budgets.

Our secondary target is between the ages of 25 and 37, which are a heavy lounge/restaurant user group. They are more flexible in budgets and seek more than a value/price relationship.

Our lunch strategy is dual purposed. First, we are featuring fresh fries to fill Singapore's craving for fast food as most ideas of lunch is a quick bite not a heavy meal.

Second, we want to keep the price point at lunch as fair as possible to keep us in competition with other fast food outlets. At S$4.00 for a medium size fries, we are only slightly above the segment, but we offer much more excitement than the rest of the competition.

## Market Needs

Fresin Fries sees our targeted market group as having many "makan" (eating) Singaporean Dollar needs. A recent Consumer Trend and Analysis by Euromonitor identified the following needs among our target markets. Our core group:

* Wants variety and flavor in its food, preferably something fried
* Looks for speed of service
* Wants an entertaining and fun experience
* Insists upon a clean, friendly, and attractive environment
* Adopts a global lifestyle
* Is computer literate
* Enjoys eating out
* Has an active lifestyle
* Comes from various ethnic backgrounds

According to a GAIN Report published in 2000, potatoes are the second largest commodity of US exports to Singapore after fresh fruit, valuing almost USD $13 million per annum. This is caused by the increasingly younger demographic and rising incomes throughout Singapore that have led to lifestyle changes that are influencing consumer purchases, food, and entertainment choices. Some changes taking place include a larger professional class with more working women, which means greater disposable incomes.

## Market Trends

In the past, Singaporeans preferred Western chain restaurants. This was the time when KFC, McDonald's, Long John Silver's and Pizza Hut were dominating most of the chains. But the trend seems to have shifted in the last decade, with the success of the locally grown brands, such as Bread Talk and Bee Che Hiang. Many of these local brands grew to become giant franchises that dominate the Southeast Asia region. For instance, Bread Talk controls 55% of Indonesia's bakery market.

The key to success for these foreign chains was mainly due to the popularity of Singapore as tourist destination for these countries. Tourists are the strongest "buzzer." Usually after they went back from vacationing in Singapore, they told friends and families about new things in Singapore, including new shopping malls, new boutiques, new restaurants, and new fast food joints. The fascination of Asian tourists coming to Singapore has positioned the city itself as an aspiration to modern life in the region.

Many local entrepreneurs camouflaged their retail stores as an international brand in accordance to what they sell. For instance, there is a local entrepreneur who created a Japanese name to sell yakitori (Japanese BBQ meat skewers), and there is a fashion boutique named after an old Italian movie.

## Industry Analysis

Despite the prolonged effects of the Asian Economic Crisis followed by political turmoil up to mid 2001, Singapore's food service industry witnessed growth over 2000/2001 at 4 - 5% in terms of units and transaction (Euromonitor). Much of this growth was contributed by the cafes/bars, fast food, and food retail sectors, whose wide appeal amongst a young population, for whom time is of a premium, led to high levels of growth. This growth is underpinned by market demand and lifestyle changes, such as seeing eating out as part of trendy lifestyle.

Entry of major multi-national food service operators into major shopping destination in the late 1980s until the 1990s led to growth in competition in the marketplace, mainly from fast food chains. This stimulated the rise in the number of fast food units, both of international and local chains, that started in the early 1990s. Although there was a slowdown during the economic crisis in 1998, the food service industry recovered faster than others, particularly during 2000 and 2001. Recent bombing tragedies have also proven that negative effects on this sector are moderately short-term.

Franchising became popular in the food service industry through the introduction and entry of multi-national food service brands, primarily U.S.-owned enterprises, such as KFC, Pizza Hut and McDonald's. Currently, there are many local chains that have also experienced growth by applying this system to their operations.

## Trends in Food Service Retail

According to government surveys, Singapore's spending on "eating out" is continuing to increase. Spending on cooked food as a percentage of total average food-spend reached 55% in 1998. The growth in spending in the food service sector arises from a number of factors:

* Increased affluence amongst Singaporeans, especially those under the age of 40 years.
* Increases in the number of expatriate residents, which has more than doubled since 1988.
* Increased convenience-seeking amongst younger Singaporeans who live in a hectic city today compared to the much slower pace of life that existed 20 years ago.

When they want convenient cooked food, Singaporeans have long turned to the local hawker stalls, rather than prepared ready-to-cook or ready-to-eat processed convenience foods. As the numbers and variety of food service outlets has increased in Singapore, locals have adopted the convenient products of other food service outlets, especially the fast food outlets, as alternative sources of convenient cooked food. Younger middle and upper income group families and individuals are also frequent users of the full service restaurants, modern-style coffee shops and cafés that now exist all across Singapore.

Over the past 5 years, there has been a general upgrading in the food service sector which has seen the establishment of more air conditioned food centers (food courts) that are considerably cleaner than the traditional hawker markets. At the same time, increased investment from foreign and local businesses in the sector has also produced an increase in the numbers of:

* Foreign chains, including chains such as Outback Steakhouse.
* Modern retail bakery/café outlets such as Bread Talk.
* Modern coffee shops such as Starbucks.

## Competition and Buying Patterns

The competition in this arena is the fiercest in all other metropolitan areas in SE Asia. Singapore is a compact city, but has a lot to offer. Usually there are a minimum of two of the same outlets within a radius of less than 300 meters. For instance, Bread Talk opens one outlet inside the Ngee Ann City Shopping Centre and another just across the street inside the Far East Plaza Shopping Centre. It is quite common for retailers to implement this kind of strategy, due to the high volume of people strolling around the main area of Orchard Road.

Another reason is because many retailers do not want to lose sales opportunity, as the competitors are offering substitutions and similar product categories. This phenomenon has made Singapore the best place to shop. If you just missed Häagen Dazs waffle at CK Tang Shopping Mall, there is another Häagen Dazs across the street at the new Paragon Shopping Centre.

## Main Competitors

Our main competitors in this segment are any food outlets within the 300 meter radius along the Orchard Road. In our location, there are Tori-Q, Pizza Walker, Starbucks, Bread Talk, and Rotiboy.

### Tori-Q

Tori-Q is locally owned franchise who sells Japanese BBQ skewers. Established in 1998, Tori-Q had expanded its operation into neighboring countries, Indonesia, Malaysia, and Thailand. Tori-Q is popular among local teenagers as it offers fast service to its customers. Commonly, Tori-Q outlets are rather small, and can only serve a maximum of 6 guests. It is a choice for those who are in a hurry and would like to grab a quick lunch on the way.

### Pizza Walker

Pizza Walker is a joint venture positioned as gourmet pizza joint in Singapore. Most of its retail outlets are decorated with welcoming ambience, such as flowers and see-through kitchens. Pizza Walker is a good place to hang out, and the place is always full during lunch hour. It has more than enough tables to serve a maximum of 55 guests. Its specialty is all-you-can-eat pizza!

### Starbucks

Starbucks' strategy entering the lunch market had made some impact in Singapore. Usually, a lunch menu in Singapore consists of "fried and BBQ stuff" such as roast pork with rice or the Big Mac. Starbucks is one of the first food retailers that popularized "light and healthy" alternatives such as salad or lean sandwich as an options for Singapore's lunch accommodations.

### Bread Talk

As the most successful franchiser in Singapore, Bread Talk is surely becoming a threat for most food retailers. Bread Talk not only rented most of the retail space along Orchard Road, but now they are doing delivery to offices and apartments nearby. Bread Talk outlets usually consist of a huge see-through kitchen, and bread trays ready for pick-up by customers, with three or four cashiers at front, to speed up the queue. Rumor has it that Bread Talk sold more than 35,000 breads each day in just one of their retail outlets.

### Rotiboy

A Malaysian franchise. Rotiboy is quite popular in the region as it is now expanding into several cities in Indonesia, Vietnam, Thailand, and the Philippines. Rotiboy offers simplicity for quick lunch franchiser, and often considered alternatives for its long queueing rivals.

## Foreign Vs. Local Franchising

Around 40% of the franchises operating in Singapore are foreign. Home grown franchises are still in their maturing stages as they start to expand globally. Franchises from the U.S. account for 65% of foreign brands, with big players such as KFC, Starbucks, Pizza Hut, etc. Due to high capital investment, Singapore conglomerates tend to dominate the industry.

Home grown franchises are more often sought more by young entrepreneurs than are their Western counterparts, as they offer greater flexibility and lower franchise fees to operate. Unlike Western license holders, home grown franchises are more efficient in the overall supply chain management as the basic raw ingredients are commonly found anywhere in the region.

# Strategy and Implementation Summary

At first, we will open one outlet inside the New Paragon Shopping Centre. This will become our "market testing area," and as we go further, Fresin Fries is planning to open another in nearby shopping malls. In attracting customers to try our fries, we will provide a see-through kitchen, so that people will see how we are committed to freshness in our products.

The kitchen will also let out an aroma of our freshly fried fries into the surroundings area, so that people will come and try our products.

## Competitive Edge

* Our unique dipping sauces blend local taste and international into one fusion recipe for the signature sauce.
* Enthusiastic and friendly staff
* Supporting merchandise items that support company's brand building.
* Our fries are made of 100% fresh potatoes, unlike the frozen fries used by competitors.
* Innovative packaging will position us at the same level with foreign fast food franchises.

## Pricing Strategy

Our pricing strategy is positioned as "generic", meaning that S$4.00 is the average consumer spending for a snack or light lunch in Singapore. Leveraging the volume of fries, Italian Soda, and signature style sauces to be sold, we are serving the majority of Singaporeans.

## Brand Challenges

Fresin Fries must establish a distinct brand to stand out from the other Western-style fast food competitors.

* Our logo is distinct as fresh, energetic and playful with color elements that are eye catching.
* Product names are geared toward the target market (teens), with items such as "Frenzy Fresin" and "Uber Fresin" which are fun and easy to remember.

## Marketing Programs

We will deploy three different marketing tactics to increase customer awareness of Fresin Fries. Our most important tactic will be "word-of-mouth" and in-store marketing. This will be by far the cheapest and most effective of our marketing programs because of the high traffic in targeted shopping locations.

The second tactic will be local store marketing. These will be low-budget plans that will provide community support and awareness of our facility. The last marketing effort will be utilizing local media. Although, this will be the most costly, this tactic will be used sparingly as a supplement where necessary.

### In-Store Marketing

* In-store brochures containing our concept and philosophy.
* Wall posters.
* Design concept.
* In-store viewing of making fries process from cutting to frying.
* Standing signage inside malls’ lobby/aisle.
* Outdoor signage (if possible).
* Grand opening promotion.
* Party catering.
* Merchandising items.

### Local Store Marketing

* Brochures.
* Free occasional t-shirts at local stores events.

### Local Media

* Direct mail piece – containing brochures sent to surrounding addresses.
* Web page – containing company philosophy, history and news.
* Local magazines that target our core customers, such as Free! Magazine.
* Newspaper campaign – placing several large ads throughout the month to explain

## Positioning Statement

Our main focus in marketing will be to increase customer awareness in the surrounding community. We will direct all of our tactics and programs toward the goal of explaining who we are and what we are all about. We will price our products fairly, keep our standards high, and execute the concept so that “word-of-mouth” will be our main marketing force.

## Sales Strategy

The sales strategy is to build and open new locations in order to increase revenue. However, this plan will be implemented when the one "market tester" outlet showed potential growth. As each individual location will continue to build its local customer base over the first three years of operation, the goal of each store is S$104,250 in annual sales, with the original flagship store expected to earn almost S$200,000 per year.

## Sales Forecast

We anticipate the highest peak on the months of November and December in our sales forecast, due to the holiday seasons. In November, there is Ramadan, and for non-muslim Malaysians and Indonesians, it means vacation time. Approximately 1.5 million Indonesians visit Singapore each year, mostly for shopping and dining. Then in December, we anticipate more tourists coming into Singapore; this explains the jumped of sales in these last two months of the year.

### Chart: Sales Monthly



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### Chart: Sales by Year



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### Table: Sales Forecast

|  |  |  |  |
| --- | --- | --- | --- |
| *Sales Forecast* |  |  |  |
|  |  Year 1 |  Year 2 |  Year 3 |
| Unit Sales |  |  |  |
| Belgian Fries | 49,464  | 98,928  | 197,856  |
| Italian Soda | 27,692  | 55,384  | 110,768  |
| Merchandising | 3,889  | 7,778  | 15,556  |
| Signature Packaged Sauces | 3,356  | 6,712  | 13,425  |
| Total Unit Sales | 84,401  | 168,802  | 337,605  |
|  |  |  |  |
| Unit Prices |  Year 1 |  Year 2 |  Year 3 |
| Belgian Fries | $4.00  | $4.00  | $4.00  |
| Italian Soda | $1.50  | $1.50  | $1.50  |
| Merchandising | $8.50  | $8.50  | $8.50  |
| Signature Packaged Sauces | $2.00  | $2.00  | $2.00  |
|  |  |  |  |
| Sales |  |  |  |
| Belgian Fries | $197,856  | $395,712  | $791,424  |
| Italian Soda | $41,538  | $83,076  | $166,152  |
| Merchandising | $33,057  | $66,114  | $132,228  |
| Signature Packaged Sauces | $6,712  | $13,425  | $26,849  |
| Total Sales | $279,163  | $558,327  | $1,116,654  |
|  |  |  |  |
| Direct Unit Costs |  Year 1 |  Year 2 |  Year 3 |
| Belgian Fries | $0.80  | $0.80  | $0.80  |
| Italian Soda | $0.15  | $0.15  | $0.15  |
| Merchandising | $3.83  | $3.83  | $3.83  |
| Signature Packaged Sauces | $1.00  | $1.00  | $1.00  |
|  |  |  |  |
| Direct Cost of Sales |  |  |  |
| Belgian Fries | $39,571  | $79,142  | $158,285  |
| Italian Soda | $4,154  | $8,308  | $16,615  |
| Merchandising | $14,876  | $29,751  | $59,503  |
| Signature Packaged Sauces | $3,356  | $6,712  | $13,425  |
| **Subtotal Direct Cost of Sales** | $61,957  | $123,914  | $247,827  |

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## Strategic Alliances

Our business requires a long relationship with raw suppliers as well as partner vendors. In Chinese, this relationship is called "guanxi," meaning business bonding. We already have a long and good standing relationship with Company V in our previous ventures. For Company Y, Mr. Joe Shmo, the managing director, is a prominent figure in the society and we hope to strengthen further our business relationship with him and the company.

## Milestones

During the initial set up of the company, the 4 founders (Guy Fry, Harry Hip, Sam Sauce, and Carl Cone) will conduct the planning and implementation in building the brand and the construction of our first outlet. The planning and construction will take approximately 8 months, in addition to the revision and refinement process that will take the rest of the 12 month period before our opening in early 2005.

### Chart: Milestones



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### Table: Milestones

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *Milestones* |  |  |  |  |  |
|  |  |  |  |  |  |
| Milestone | Start Date | End Date | Budget | Manager | Department |
| Presentation materials for all stakeholders | 1/12/2004 | 3/12/2004 | TBD | Carl Cone | Biz Dev |
| Follow up with suppliers | 1/21/2004 | 3/22/2004 | $100  | Sam Sauce | Biz Dev |
| Follow up with developers | 1/21/2004 | 9/8/2004 | $50  | Sam Sauce | Biz Dev  |
| Printing materials | 2/13/2004 | 4/10/2004 | $8,000  | Guy Fry | Marketing |
| Marketing communication program | 2/21/2004 | 6/23/2004 | TBD | Sam Sauce | Marketing |
| Constructions | 5/22/2004 | 12/3/2004 | TBD | Harry Hip | Biz Dev |
| In store signage, POP | 5/23/2004 | 10/11/2004 | TBD | Guy Fry | Marketing |
| Grand opening materials | 6/2/2004 | 10/13/2004 | TBD | Guy Fry | Marketing |
| Hiring staff | 7/14/2004 | 8/12/2004 | $900  | Harry Hip | HR |
| Open second location | 7/1/2005 | 7/1/2005 | $10,000  | Carl Cone | Biz Dev |
| Open 3rd and 4th locations | 1/1/2006 | 6/1/2006 | $15,000  | Carl Cone | Biz Dev |
| Open 5th, 6th, and 7th locations | 1/1/2007 | 12/31/2007 | $20,000  | Carl Cone | Biz Dev |
| Training staff | 9/12/2004 | 12/10/2004 | $1,000  | Harry Hip | HR |
| **Totals** |  |  | $55,050  |  |  |

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# Web Plan Summary

The website will, of course, show visitors everything about Belgian food culture, including the history of french fries over time. To make the website interactive, Fresin Fries will offer gift cards and promotions via the Internet, so our visitors can print the promotional coupon in PDF format and bring it when they visit Fresin Fries. Visitors can also download Fresin Fries' theme song as ring tones, or order potato cutters for delivery.

Besides the traditional formats of customer service hotline and in-store form, customers can now write their comments and suggestions on our website, which will be directed to one of our staff.

So, the website itself will act as the medium between our company and our audience.

In the future, our website will show information on franchising/licensing our brand name.

## Website Marketing Strategy

We will leverage the visibility of our shopping mall's website by getting them to include a link to ours. We will also post banners on an official Singapore tourism website.

## Development Requirements

To adequately serve our audience, the front end strategy of our website should be parallel with our corporate color. The front end design of our website will be entirely trusted to Mr. Guy Fry.

The diversity of founders' background in our company has enabled a cost efficient development in our venture. As Mr. Harry Hip and Mr. Carl Cone are experts in Information Technology, the back end of our website will be developed by these gentlemen.

# Management Summary

The initial management team depends on the founders themselves, with little back-up. As we grow, we will take on additional help in certain key areas. Part of our basic philosophy will be able to run our executive management as a "knowledge sharing" fellowship. We will not add additional overhead until absolutely necessary. This will mean that the initial staff support team will have to work extra. By doing this, we will keep our overhead as low as possible, allowing us to adequately staff our outlets. This will also allow us and future business partners to recoup investments as quickly as possible and enjoy a higher return.

At present time, Fresin Fries is being owned by its 4 founders. Others that have helped on the development of this business venture will be offered an opportunity to grow together with the company at the appropriate time, and when the time comes, the 4 founders’ share will be consolidated as one entity.

## Management Team

Fresin Fries is currently the creative idea of its four founders. As the company is small in nature, it only requires a simple organizational structure. Implementation of this organization form calls for all four individuals to make all major management decisions in addition to monitoring all other business activities.

As we expand into multiple locations, each location will have a primary site manager.

## Organizational Structure

Future organizational structure will include a director of store operations when the store locations exceed four units. We hope that this individual will come out of the ranks of our stores’ management. This will provide a supervisory level between the executive level and the store management level.

Current plan is to have our accounting and payroll functions done by an in-house bookkeeping. Mr. David Lu will be responsible for accounting and business development of Fresin Fries, helped by Mr. Harry Hip, acting Head of Human Resources Division. Possible positions might be added at a later date include marketing manager, purchasing manager, controller, human resources, R&D and administrative support team.

## Personnel Plan

Our initial employees will include two cashiers, two cooks and two bus boys per location, with one of each on the premises during open hours. This is considered an ideal personnel number for a food outlet the size of our own. Each employee will work for 38-40 hours per week.

In the long run, as we expand our product category and retail outlets, we will employ more people in the middle management to ensure the focus of our work, including site managers.

### Table: Personnel

|  |  |  |  |
| --- | --- | --- | --- |
| *Personnel Plan* |  |  |  |
|  |  Year 1 |  Year 2 |  Year 3 |
| Site Managers | $0  | $60,000  | $96,000  |
| Cashiers | $36,000  | $80,000  | $144,400  |
| Cook | $28,800  | $66,000  | $115,200  |
| Busboy | $23,400  | $56,000  | $94,000  |
| Total People | 12 | 26  | 40  |
| **Total Payroll** | $88,200  | $262,000  | $449,600  |

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# Financial Plan

The company is now privately held by Harry Hip, Guy Fry, Carl Cone, and Sam Sauce. Future shares will be offered after two consecutive years of operating in Singapore.

## Start-up Funding

Currently, the company is owned by the original 4 founders, who each will contribute $200,000 for the same amount of share, 25%. This will more than cover start-up requirements, and provide the business with a cash cushion to use for expansion over the first three years.

### Table: Start-up Funding

|  |  |
| --- | --- |
| *Start-up Funding* |  |
| Start-up Expenses to Fund | $68,800  |
| Start-up Assets to Fund | $50,000  |
| Total Funding Required | $118,800  |
|  |  |
| Assets  |  |
| Non-cash Assets from Start-up | $0  |
| Cash Requirements from Start-up | $50,000  |
| Additional Cash Raised | $681,200  |
| Cash Balance on Starting Date | $731,200  |
| Total Assets | $731,200  |
|  |  |
|  |  |
| Liabilities and Capital |  |
|  |  |
| Liabilities |  |
| Current Borrowing | $0  |
| Long-term Liabilities | $0  |
| Accounts Payable (Outstanding Bills) | $0  |
| Other Current Liabilities (interest-free) | $0  |
| Total Liabilities | $0  |
|  |  |
| Capital |  |
|  |  |
| Planned Investment |  |
| Eric Yam | $200,000  |
| Martin Ng | $200,000  |
| David Lu | $200,000  |
| Sagita Suwandi | $200,000  |
| Additional Investment Requirement | $0  |
| Total Planned Investment | $800,000  |
|  |  |
| Loss at Start-up (Start-up Expenses) | ($68,800) |
| Total Capital | $731,200  |
|  |  |
|  |  |
| Total Capital and Liabilities | $731,200  |
|  |  |
| **Total Funding**  | $800,000  |

## Break-even Analysis

Our break-even analysis shows that we need unit sales over 9,700 per month to break even. We do not expect to begin turning a profit until year three.

### Chart: Break-even Analysis



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### Table: Break-even Analysis

|  |  |
| --- | --- |
| *Break-even Analysis* |  |
| Monthly Units Break-even | 9,706  |
| Monthly Revenue Break-even | $32,104  |
|  |  |
| Assumptions: |  |
| Average Per-Unit Revenue | $3.31  |
| Average Per-Unit Variable Cost | $0.73  |
| **Estimated Monthly Fixed Cost** | $24,979  |

## Projected Profit and Loss

As the Profit and Loss shows, Fresin Fries will run at a loss for the first two years, using up some of the cash reserves initially invested by the founders. As sales increase, we will expand into new locations to aggressively spread brand recognition. This increase in visibility will allow us to take up less expensive locations off of Orchard Road, while maintaining our flagship operation, the first store, in a prime spot.

### Chart: Profit Monthly



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### Chart: Profit Yearly



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### Chart: Gross Margin Monthly



### Chart: Gross Margin Yearly



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### Table: Profit and Loss

|  |  |  |  |
| --- | --- | --- | --- |
| *Pro Forma Profit and Loss* |  |  |  |
|  |  Year 1 |  Year 2 |  Year 3 |
| Sales | $279,163  | $558,327  | $1,116,654  |
| Direct Cost of Sales | $61,957  | $123,914  | $247,827  |
| Other Costs of Sales | $0  | $0  | $0  |
| Total Cost of Sales | $61,957  | $123,914  | $247,827  |
|  |  |  |  |
| Gross Margin | $217,207  | $434,413  | $868,826  |
| Gross Margin % | 77.81%  | 77.81%  | 77.81%  |
|  |  |  |  |
|  |  |  |  |
| Expenses |  |  |  |
| Payroll | $88,200  | $262,000  | $449,600  |
| Marketing/Promotion | $10,000  | $10,000  | $10,000  |
| Depreciation | $0  | $0  | $0  |
| Rent | $174,000  | $248,000  | $298,000  |
| Utilities | $2,550  | $5,000  | $8,000  |
| New location setup | $25,000  | $50,000  | $50,000  |
|  |  |  |  |
| Total Operating Expenses | $299,750  | $575,000  | $815,600  |
|  |  |  |  |
| Profit Before Interest and Taxes | ($82,543) | ($140,587) | $53,226  |
| EBITDA | ($82,543) | ($140,587) | $53,226  |
|  Interest Expense | $0  | $0  | $0  |
|  Taxes Incurred | $0  | $0  | $0  |
|  |  |  |  |
| Net Profit | ($82,543) | ($140,587) | $53,226  |
| **Net Profit/Sales** | -29.57%  | -25.18%  | 4.77%  |

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## Projected Cash Flow

The following chart and table show the Projected Cash Flow for Fresin Fries.

### Chart: Cash



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### Table: Cash Flow

|  |  |  |  |
| --- | --- | --- | --- |
| *Pro Forma Cash Flow* |  |  |  |
|  |  Year 1 |  Year 2 |  Year 3 |
| Cash Received |  |  |  |
|  |  |  |  |
| Cash from Operations |  |  |  |
| Cash Sales | $279,163  | $558,327  | $1,116,654  |
| Subtotal Cash from Operations | $279,163  | $558,327  | $1,116,654  |
|  |  |  |  |
| Additional Cash Received |  |  |  |
| Sales Tax, VAT, HST/GST Received | $0  | $0  | $0  |
| New Current Borrowing | $0  | $0  | $0  |
| New Other Liabilities (interest-free) | $0  | $0  | $0  |
| New Long-term Liabilities | $0  | $0  | $0  |
| Sales of Other Current Assets | $0  | $0  | $0  |
| Sales of Long-term Assets | $0  | $0  | $0  |
| New Investment Received | $0  | $0  | $0  |
| Subtotal Cash Received | $279,163  | $558,327  | $1,116,654  |
|  |  |  |  |
| Expenditures |  Year 1 |  Year 2 |  Year 3 |
|  |  |  |  |
| Expenditures from Operations |  |  |  |
| Cash Spending | $88,200  | $262,000  | $449,600  |
| Bill Payments | $244,265  | $430,245  | $599,286  |
| Subtotal Spent on Operations | $332,465  | $692,245  | $1,048,886  |
|  |  |  |  |
| Additional Cash Spent |  |  |  |
| Sales Tax, VAT, HST/GST Paid Out | $0  | $0  | $0  |
| Principal Repayment of Current Borrowing | $0  | $0  | $0  |
| Other Liabilities Principal Repayment | $0  | $0  | $0  |
| Long-term Liabilities Principal Repayment | $0  | $0  | $0  |
| Purchase Other Current Assets | $0  | $0  | $0  |
| Purchase Long-term Assets | $0  | $0  | $0  |
| Dividends | $0  | $0  | $0  |
| Subtotal Cash Spent | $332,465  | $692,245  | $1,048,886  |
|  |  |  |  |
| Net Cash Flow | ($53,301) | ($133,918) | $67,767  |
| **Cash Balance** | $677,899  | $543,981  | $611,748  |

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## Balance Sheet

Fresin's projected company balance sheet follows. We expect to run at a loss for the first two years, decreasing our net worth slightly. As the operation becomes more profitable in the third year, our net worth rises again.

### Table: Balance Sheet

|  |  |  |  |
| --- | --- | --- | --- |
| *Pro Forma Balance Sheet* |  |  |  |
|  |  Year 1 |  Year 2 |  Year 3 |
| Assets |  |  |  |
|  |  |  |  |
| Current Assets |  |  |  |
| Cash | $677,899  | $543,981  | $611,748  |
| Other Current Assets | $0  | $0  | $0  |
| Total Current Assets | $677,899  | $543,981  | $611,748  |
|  |  |  |  |
| Long-term Assets |  |  |  |
| Long-term Assets | $0  | $0  | $0  |
| Accumulated Depreciation | $0  | $0  | $0  |
| Total Long-term Assets | $0  | $0  | $0  |
| Total Assets | $677,899  | $543,981  | $611,748  |
|  |  |  |  |
| Liabilities and Capital |  Year 1 |  Year 2 |  Year 3 |
|  |  |  |  |
| Current Liabilities |  |  |  |
| Accounts Payable | $29,242  | $35,911  | $50,452  |
| Current Borrowing | $0  | $0  | $0  |
| Other Current Liabilities | $0  | $0  | $0  |
| Subtotal Current Liabilities | $29,242  | $35,911  | $50,452  |
|  |  |  |  |
| Long-term Liabilities | $0  | $0  | $0  |
| Total Liabilities | $29,242  | $35,911  | $50,452  |
|  |  |  |  |
| Paid-in Capital | $800,000  | $800,000  | $800,000  |
| Retained Earnings | ($68,800) | ($151,343) | ($291,930) |
| Earnings | ($82,543) | ($140,587) | $53,226  |
| Total Capital | $648,657  | $508,070  | $561,296  |
| Total Liabilities and Capital | $677,899  | $543,981  | $611,748  |
|  |  |  |  |
| **Net Worth** | $648,657  | $508,070  | $561,296  |

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## Business Ratios

The following table outlines some of the more important ratios from the Fast Food Restaurants and Stands industry. The final column, Industry Profile, details specific ratios based on the industry as it is classified by the Standard Industry Classification (SIC) code 5812.

### Table: Ratios

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Ratio Analysis* |  |  |  |  |
|  |  Year 1 |  Year 2 |  Year 3 | Industry Profile |
| Sales Growth | n.a. | 100.00%  | 100.00%  | 8.67%  |
|  |  |  |  |  |
| Percent of Total Assets |  |  |  |  |
| Other Current Assets | 0.00%  | 0.00%  | 0.00%  | 37.31%  |
| Total Current Assets | 100.00%  | 100.00%  | 100.00%  | 45.97%  |
| Long-term Assets | 0.00%  | 0.00%  | 0.00%  | 54.03%  |
| Total Assets | 100.00%  | 100.00%  | 100.00%  | 100.00%  |
|  |  |  |  |  |
| Current Liabilities | 4.31%  | 6.60%  | 8.25%  | 17.94%  |
| Long-term Liabilities | 0.00%  | 0.00%  | 0.00%  | 22.26%  |
| Total Liabilities | 4.31%  | 6.60%  | 8.25%  | 40.20%  |
| Net Worth | 95.69%  | 93.40%  | 91.75%  | 59.80%  |
|  |  |  |  |  |
| Percent of Sales |  |  |  |  |
| Sales | 100.00%  | 100.00%  | 100.00%  | 100.00%  |
| Gross Margin | 77.81%  | 77.81%  | 77.81%  | 59.05%  |
| Selling, General & Administrative Expenses | 107.37%  | 102.99%  | 73.04%  | 39.24%  |
| Advertising Expenses | 0.00%  | 0.00%  | 0.00%  | 1.96%  |
| Profit Before Interest and Taxes | -29.57%  | -25.18%  | 4.77%  | 1.92%  |
|  |  |  |  |  |
| Main Ratios |  |  |  |  |
| Current | 23.18  | 15.15  | 12.13  | 1.04  |
| Quick | 23.18  | 15.15  | 12.13  | 0.66  |
| Total Debt to Total Assets | 4.31%  | 6.60%  | 8.25%  | 50.22%  |
| Pre-tax Return on Net Worth | -12.73%  | -27.67%  | 9.48%  | 6.90%  |
| Pre-tax Return on Assets | -12.18%  | -25.84%  | 8.70%  | 13.87%  |
|  |  |  |  |  |
| Additional Ratios |  Year 1 |  Year 2 |  Year 3 |  |
| Net Profit Margin | -29.57%  | -25.18%  | 4.77%  | n.a |
| Return on Equity | -12.73%  | -27.67%  | 9.48%  | n.a |
|  |  |  |  |  |
| Activity Ratios |  |  |  |  |
| Accounts Payable Turnover | 9.35  | 12.17  | 12.17  | n.a |
| Payment Days | 27  | 27  | 26  | n.a |
| Total Asset Turnover | 0.41  | 1.03  | 1.83  | n.a |
|  |  |  |  |  |
| Debt Ratios |  |  |  |  |
| Debt to Net Worth | 0.05  | 0.07  | 0.09  | n.a |
| Current Liab. to Liab. | 1.00  | 1.00  | 1.00  | n.a |
|  |  |  |  |  |
| Liquidity Ratios |  |  |  |  |
| Net Working Capital | $648,657  | $508,070  | $561,296  | n.a |
| Interest Coverage | 0.00  | 0.00  | 0.00  | n.a |
|  |  |  |  |  |
| Additional Ratios |  |  |  |  |
| Assets to Sales | 2.43  | 0.97  | 0.55  | n.a |
| Current Debt/Total Assets | 4%  | 7%  | 8%  | n.a |
| Acid Test  | 23.18  | 15.15  | 12.13  | n.a |
| Sales/Net Worth | 0.43  | 1.10  | 1.99  | n.a |
| **Dividend Payout** |  0.00  | 0.00  | 0.00  | n.a |

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# Appendix

## Sales Forecast (With Monthly Detail)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Sales Forecast* |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unit Sales |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Belgian Fries | 2% | 1,000  | 1,200  | 1,440  | 1,728  | 2,074  | 2,488  | 3,981  | 4,778  | 5,733  | 6,880  | 8,256  | 9,907  |
| Italian Soda | 2% | 650  | 780  | 936  | 1,123  | 1,348  | 1,617  | 2,426  | 2,790  | 3,209  | 3,690  | 4,243  | 4,880  |
| Merchandising | 2% | 100  | 120  | 144  | 160  | 180  | 220  | 299  | 358  | 430  | 516  | 619  | 743  |
| Signature Packaged Sauces | 1% | 100  | 118  | 139  | 150  | 150  | 150  | 270  | 319  | 376  | 444  | 523  | 618  |
| Total Unit Sales |  | 1,850  | 2,218  | 2,659  | 3,161  | 3,751  | 4,476  | 6,976  | 8,244  | 9,747  | 11,529  | 13,641  | 16,147  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unit Prices |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Belgian Fries |  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  | $4.00  |
| Italian Soda |  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  | $1.50  |
| Merchandising |  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  | $8.50  |
| Signature Packaged Sauces |  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  | $2.00  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sales |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Belgian Fries |  | $4,000  | $4,800  | $5,760  | $6,912  | $8,294  | $9,953  | $15,925  | $19,110  | $22,932  | $27,519  | $33,023  | $39,627  |
| Italian Soda |  | $975  | $1,170  | $1,404  | $1,685  | $2,022  | $2,426  | $3,639  | $4,185  | $4,813  | $5,535  | $6,365  | $7,320  |
| Merchandising |  | $850  | $1,020  | $1,224  | $1,360  | $1,530  | $1,870  | $2,538  | $3,046  | $3,655  | $4,386  | $5,263  | $6,316  |
| Signature Packaged Sauces |  | $200  | $236  | $278  | $300  | $300  | $300  | $540  | $637  | $752  | $887  | $1,047  | $1,235  |
| Total Sales |  | $6,025  | $7,226  | $8,666  | $10,257  | $12,146  | $14,549  | $22,642  | $26,978  | $32,152  | $38,326  | $45,697  | $54,498  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Direct Unit Costs |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Belgian Fries | 20%  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  | $0.80  |
| Italian Soda | 10%  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  | $0.15  |
| Merchandising | 45%  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  | $3.83  |
| Signature Packaged Sauces | 50%  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  | $1.00  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Direct Cost of Sales |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Belgian Fries |  | $800  | $960  | $1,152  | $1,382  | $1,659  | $1,991  | $3,185  | $3,822  | $4,586  | $5,504  | $6,605  | $7,925  |
| Italian Soda |  | $98  | $117  | $140  | $168  | $202  | $243  | $364  | $419  | $481  | $553  | $636  | $732  |
| Merchandising |  | $383  | $459  | $551  | $612  | $689  | $842  | $1,142  | $1,371  | $1,645  | $1,974  | $2,368  | $2,842  |
| Signature Packaged Sauces |  | $100  | $118  | $139  | $150  | $150  | $150  | $270  | $319  | $376  | $444  | $523  | $618  |
| **Subtotal Direct Cost of Sales** |  | $1,380  | $1,654  | $1,982  | $2,313  | $2,700  | $3,225  | $4,961  | $5,930  | $7,088  | $8,474  | $10,133  | $12,117  |

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## Personnel (With Monthly Details)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Personnel Plan* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Site Managers | 0% | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Cashiers | 0% | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  |
| Cook | 0% | $1,600  | $1,600  | $1,600  | $1,600  | $1,600  | $1,600  | $3,200  | $3,200  | $3,200  | $3,200  | $3,200  | $3,200  |
| Busboy | 0% | $1,300  | $1,300  | $1,300  | $1,300  | $1,300  | $1,300  | $2,600  | $2,600  | $2,600  | $2,600  | $2,600  | $2,600  |
| Total People |  | 6  | 6  | 6  | 6  | 6  | 6  | 12  | 12  | 12  | 12  | 12  | 12  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Payroll** |  | $4,900  | $4,900  | $4,900  | $4,900  | $4,900  | $4,900  | $9,800  | $9,800  | $9,800  | $9,800  | $9,800  | $9,800  |

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## Profit and Loss Statement (With Monthly Detail)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Pro Forma Profit and Loss* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Sales |  | $6,025  | $7,226  | $8,666  | $10,257  | $12,146  | $14,549  | $22,642  | $26,978  | $32,152  | $38,326  | $45,697  | $54,498  |
| Direct Cost of Sales |  | $1,380  | $1,654  | $1,982  | $2,313  | $2,700  | $3,225  | $4,961  | $5,930  | $7,088  | $8,474  | $10,133  | $12,117  |
| Other Costs of Sales |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Cost of Sales |  | $1,380  | $1,654  | $1,982  | $2,313  | $2,700  | $3,225  | $4,961  | $5,930  | $7,088  | $8,474  | $10,133  | $12,117  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross Margin |  | $4,645  | $5,572  | $6,684  | $7,944  | $9,447  | $11,325  | $17,681  | $21,048  | $25,063  | $29,852  | $35,565  | $42,381  |
| Gross Margin % |  | 77.10%  | 77.11%  | 77.13%  | 77.45%  | 77.77%  | 77.84%  | 78.09%  | 78.02%  | 77.95%  | 77.89%  | 77.83%  | 77.77%  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payroll |  | $4,900  | $4,900  | $4,900  | $4,900  | $4,900  | $4,900  | $9,800  | $9,800  | $9,800  | $9,800  | $9,800  | $9,800  |
| Marketing/Promotion |  | $833  | $833  | $833  | $833  | $833  | $833  | $833  | $833  | $833  | $833  | $833  | $833  |
| Depreciation |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Rent |  | $12,000  | $12,000  | $12,000  | $12,000  | $12,000  | $12,000  | $17,000  | $17,000  | $17,000  | $17,000  | $17,000  | $17,000  |
| Utilities | 15%  | $125  | $125  | $125  | $125  | $125  | $125  | $300  | $300  | $300  | $300  | $300  | $300  |
| New location setup |  | $0  | $0  | $0  | $0  | $0  | $25,000  | $0  | $0  | $0  | $0  | $0  | $0  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Operating Expenses |  | $17,858  | $17,858  | $17,858  | $17,858  | $17,858  | $42,858  | $27,933  | $27,933  | $27,933  | $27,933  | $27,933  | $27,933  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Profit Before Interest and Taxes |  | ($13,213) | ($12,286) | ($11,174) | ($9,914) | ($8,412) | ($31,534) | ($10,252) | ($6,885) | ($2,870) | $1,919  | $7,631  | $14,447  |
| EBITDA |  | ($13,213) | ($12,286) | ($11,174) | ($9,914) | ($8,412) | ($31,534) | ($10,252) | ($6,885) | ($2,870) | $1,919  | $7,631  | $14,447  |
|  Interest Expense |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
|  Taxes Incurred |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net Profit |  | ($13,213) | ($12,286) | ($11,174) | ($9,914) | ($8,412) | ($31,534) | ($10,252) | ($6,885) | ($2,870) | $1,919  | $7,631  | $14,447  |
| **Net Profit/Sales** |  | -219.30%  | -170.03%  | -128.94%  | -96.66%  | -69.25%  | -216.74%  | -45.28%  | -25.52%  | -8.93%  | 5.01%  | 16.70%  | 26.51%  |

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## Cash Flow Statement (With Monthly Detail)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Pro Forma Cash Flow* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Cash Received |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash from Operations |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash Sales |  | $6,025  | $7,226  | $8,666  | $10,257  | $12,146  | $14,549  | $22,642  | $26,978  | $32,152  | $38,326  | $45,697  | $54,498  |
| Subtotal Cash from Operations |  | $6,025  | $7,226  | $8,666  | $10,257  | $12,146  | $14,549  | $22,642  | $26,978  | $32,152  | $38,326  | $45,697  | $54,498  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Additional Cash Received |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sales Tax, VAT, HST/GST Received | 0.00%  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| New Current Borrowing |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| New Other Liabilities (interest-free) |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| New Long-term Liabilities |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Sales of Other Current Assets |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Sales of Long-term Assets |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| New Investment Received |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Subtotal Cash Received |  | $6,025  | $7,226  | $8,666  | $10,257  | $12,146  | $14,549  | $22,642  | $26,978  | $32,152  | $38,326  | $45,697  | $54,498  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Expenditures |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Expenditures from Operations |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash Spending |  | $4,900  | $4,900  | $4,900  | $4,900  | $4,900  | $4,900  | $9,800  | $9,800  | $9,800  | $9,800  | $9,800  | $9,800  |
| Bill Payments |  | $478  | $14,347  | $14,623  | $14,952  | $15,284  | $16,509  | $40,580  | $23,127  | $24,102  | $25,268  | $26,663  | $28,332  |
| Subtotal Spent on Operations |  | $5,378  | $19,247  | $19,523  | $19,852  | $20,184  | $21,409  | $50,380  | $32,927  | $33,902  | $35,068  | $36,463  | $38,132  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Additional Cash Spent |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sales Tax, VAT, HST/GST Paid Out |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Principal Repayment of Current Borrowing |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Other Liabilities Principal Repayment |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Long-term Liabilities Principal Repayment |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Purchase Other Current Assets |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Purchase Long-term Assets |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Dividends |  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Subtotal Cash Spent |  | $5,378  | $19,247  | $19,523  | $19,852  | $20,184  | $21,409  | $50,380  | $32,927  | $33,902  | $35,068  | $36,463  | $38,132  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net Cash Flow |  | $647  | ($12,021) | ($10,857) | ($9,595) | ($8,038) | ($6,859) | ($27,738) | ($5,949) | ($1,750) | $3,259  | $9,234  | $16,365  |
| **Cash Balance** |  | $731,847  | $719,826  | $708,969  | $699,374  | $691,336  | $684,477  | $656,739  | $650,791  | $649,041  | $652,299  | $661,534  | $677,899  |

## Balance Sheet (With Monthly Detail)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Pro Forma Balance Sheet* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Assets | Starting Balances |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Assets |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash | $731,200  | $731,847  | $719,826  | $708,969  | $699,374  | $691,336  | $684,477  | $656,739  | $650,791  | $649,041  | $652,299  | $661,534  | $677,899  |
| Other Current Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Current Assets | $731,200  | $731,847  | $719,826  | $708,969  | $699,374  | $691,336  | $684,477  | $656,739  | $650,791  | $649,041  | $652,299  | $661,534  | $677,899  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Long-term Assets |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Long-term Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Accumulated Depreciation | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Long-term Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Assets | $731,200  | $731,847  | $719,826  | $708,969  | $699,374  | $691,336  | $684,477  | $656,739  | $650,791  | $649,041  | $652,299  | $661,534  | $677,899  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Liabilities and Capital |  |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Liabilities |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts Payable | $0  | $13,860  | $14,125  | $14,443  | $14,762  | $15,136  | $39,810  | $22,325  | $23,261  | $24,381  | $25,721  | $27,324  | $29,242  |
| Current Borrowing | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Other Current Liabilities | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Subtotal Current Liabilities | $0  | $13,860  | $14,125  | $14,443  | $14,762  | $15,136  | $39,810  | $22,325  | $23,261  | $24,381  | $25,721  | $27,324  | $29,242  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Long-term Liabilities | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Liabilities | $0  | $13,860  | $14,125  | $14,443  | $14,762  | $15,136  | $39,810  | $22,325  | $23,261  | $24,381  | $25,721  | $27,324  | $29,242  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Paid-in Capital | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  | $800,000  |
| Retained Earnings | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) | ($68,800) |
| Earnings | $0  | ($13,213) | ($25,499) | ($36,674) | ($46,588) | ($55,000) | ($86,533) | ($96,785) | ($103,670) | ($106,540) | ($104,621) | ($96,990) | ($82,543) |
| Total Capital | $731,200  | $717,987  | $705,701  | $694,526  | $684,612  | $676,200  | $644,667  | $634,415  | $627,530  | $624,660  | $626,579  | $634,210  | $648,657  |
| Total Liabilities and Capital | $731,200  | $731,847  | $719,826  | $708,969  | $699,374  | $691,336  | $684,477  | $656,739  | $650,791  | $649,041  | $652,299  | $661,534  | $677,899  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Worth** | $731,200  | $717,987  | $705,701  | $694,526  | $684,612  | $676,200  | $644,667  | $634,415  | $627,530  | $624,660  | $626,579  | $634,210  | $648,657  |

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