

Nick's Pizzeria



EST. 2013

Business Plan

For:

Minority Investors

By:

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II. Executive Summary

This restaurant business plan is for Nick's Pizzeria & Frozen Yogurt, a tasty family-oriented pizza restaurant to be located in the upscale Kansas City suburb of Overland Park in Johnson County, Kan. Our emphasis will be on serving delectable pizza, pasta, sandwiches, appetizers, and offering a salad bar and dessert treats in an inviting environment conducive to extended family get-togethers, birthday parties, sports team outings or just a simple family meal out.

Services

Pizza and families go together, well, like peanut butter and jelly. That is why newcomer Nick's Pizzeria is sure to be a hit in the growing family-oriented community of Overland Park, Kan. Nick's Pizzeria's mission is to provide a superior dine-in option for families looking for wholesome food paired with wholesome fun. While the menu will feature favorite standbys like pepperoni, cheese, meat monster and the special pizzas, specialty selections like the Mexican Fiesta, Double Bacon Delight, the Oahu and the Kraut are destined to rise above competitor pizzas and become fast favorites. Top off delicious pizza pies with Breyer's Ice Cream and frozen yogurt, flat-screen TVs and arcade games set amidst firefighter helmets, turn-out gear, hoses, photos and equipment, and you have a pizza restaurant experience like no other in the bi-state area, and possibly the Midwest.

Customers

We believe that Nick's Pizzeria will appeal to an expansive audience comprised of families, youth sports teams, private groups and corporate lunch clients. Truly, who doesn't love pizza? Our customer is someone who loves great appetizers, pizza, pasta, drink and dessert in a comfortable, convenient and efficient setting. Overland Park has been ranked time and again as one of America's Best Places to Live. Most recently, it was ranked No. 9 on Money Magazine's 2012 list of best places to live. With over 175,000 residents, this award-winning locale is the second largest city in Johnson County Kansas and is a Mecca for all things family. The median age is 37.6 according to America Community Survey 2006-2008 estimates and the U.S. Census Bureau's 2009 median family house income was \$89,214. Historically, Overland park has proven itself to be a committed supporter of local businesses. Our mission statement for our customers will be as follows:

*"Our guests are the most important visitors on our premises.
They are not dependent on us. We are dependent on them.
They are not an interruption of our work – they are the purpose of it.
We are not doing them a favor by serving them.
They are doing us a favor by giving us the opportunity to serve them."*

-Mahatma Gandhi-

Expected Start-up Costs for Nick's Pizzeria & Frozen Yogurt

To do this, I will be putting up forty-nine (49) shares of stock for sale at \$5,000/share. This will allow me to generate \$245,000 of capital required to get our doors open, along with operating capital for the first year. A spreadsheet is included to show the amount of capital needed to get the doors open and the restaurant operating during the first year.

Management

Nick's Pizzeria is spearheaded by strong, passionate and hard-working management. As an 18-year veteran and current active member of the Kansas City Fire Department (KCFD), owner Nick Morrow is well-acquainted with the ideals of serving others through team work, integrity and discipline. Nick brings that same upstanding, commitment and work ethic to Nick's Pizzeria, a dream he has envisioned since childhood.

Objectives

- Establish a market presence necessary to attract customers and exceed sales goals
- Be the favorite pizza place in the Kansas City Metro
- To reach healthy monthly sales within 12 months of opening by increasing daily sales modestly throughout the year to \$2,000/day of gross sales (after promotions/discounts).
- To achieve consistent six-digit profit margins within 3 years.
- Eventually expand operations into surrounding cities within 5 years.
- Obtain a healthy market share of the KC Metro area and beyond within 10 years.

Mission

Our fundamental mission is to make Nick's Pizzeria & Frozen Yogurt the favorite destination for every type of family, social or casual business get-together. Ultimately, we envision Nick's as the No. 1 pizza and ice cream restaurant in every city in which we operate.

Central to that mission is the belief that a successful business must be involved in all areas of the community it operates in. We intend to show our appreciation by being involved with and supportive of our customers and community in myriad ways. Nick's Pizzeria and Ice Cream will serve as a family-oriented establishment with a diverse menu that exceeds customers' expectations (and appetites!) for quality food, a fun atmosphere and good value for their money. Our recipe for success is simple and straightforward: good food, fun place, great price ... where ***"Kids Love the Fun... You'll Love the Food!!"***

Conclusion

Many meetings, along with countless hours of research and planning have taken place since the day I decided to make this idea/dream a reality and operating the initial Nick's Pizzeria and Ice Cream. I hope to take Nick's Pizzeria to the next level and I want it to start right here in the Kansas City area. It will be owned and operated by me and a small group of minority investors, ***DBA Nick's Pizzeria & Frozen Yogurt of Kansas City, LLP***. My next steps include securing financing for this project. Nick's Pizzeria & Frozen Yogurt will be the name of my restaurant, with me, Nick Morrow being President, majority owner & operator. I will be involved in all aspects of the initial design for each location, along with the day-to-day operations with the assistance of my mom, Barbie Morrow.

III. General Company Description

- A. **Type of Business:** Family pizza and frozen yogurt restaurant with sandwiches, pasta and appetizers.
- B. **Owner:** John N. Morrow (Majority) and multiple minority investors.
- C. **Majority Owner's Job Description:** Everything necessary for owning, operating, managing & growing Nick's Pizzeria & Frozen Yogurt, along with making it the #1 pizza and ice cream restaurant in every city we operate; with customer satisfaction, fiscal responsibility and financial growth being paramount.
- D. **Minority Owner's Job Descriptions:** To help support Nick's Pizzeria & Frozen Yogurt by regular patronage providing feedback from their visits regarding food quality, service and cleanliness. In addition to regular patronage, indirect marketing via their personal & professional contacts will be required.
- E. **Mission Statement:** Nick's Pizzeria & Frozen Yogurt will provide a great menu in a fun, family atmosphere creating customer loyalty that will make us their favorite restaurant and a desire to return time after time bringing their family & friends.
- F. **Vision Statement:** Nick's Pizzeria & Frozen Yogurt will create a family-oriented establishment that exceeds the customers' expectations of quality food, a fun atmosphere and good value for their money.
- G. **Nick's Pizzeria & Frozen Yogurt Core Values:** Nick's Pizzeria & Frozen Yogurt has established the following core values to serve as guidelines for all team members to work within. All actions will be with the highest regards to safety, ethical & legal standards and a commitment to excellence.
1. **Experience:** Nick's Pizzeria & Frozen Yogurt will instill a family atmosphere for all its team members and guests creating life-long memorable experiences.
 2. **Image:** We are committed to excellence in every aspect of our business including our food, our guests, our team members, and the community.
 3. **Community:** We recognize a successful business is involved in all areas of the community we operate in. We will show our appreciation by being involved and supportive of our customers and involved in our community
 4. **Family/Team:** Everyone we are associated with will always be treated with "Respect & Fairness" or in a way that I would want to be treated as an employee and as a customer.
 5. **Operations:** Consistency is critical with regards to product, efficiency, cleanliness and most importantly customer service.
- H. **Goals & Objectives:** To own & operate Nick's Pizzeria & Frozen Yogurt restaurants in the greater KC Metro area (8-12) and make it the #1 family pizza, frozen yogurt & ice cream restaurant in every city we own and operate. After 10 years, possible expansion to neighboring cities in the Missouri, Kansas, & Nebraska regions. After 15 years, possible expansion into cities that meets our expansion demographics in the Midwest. With each Nick's Pizzeria & Frozen Yogurt that is opened, a goal for a progressive profit margin after 5 years of \$100,000 or greater/store.
- I. **Sales forecast:** Daily sales to achieve a \$100,000 or greater profit margin/year
- J. **Philosophy:** Make us the favorite destination for every type of family, social or casual business get together and #1 pizza, frozen yogurt & ice cream restaurant in every city we operate.
- K. **Marketing (target audience):** Family get-togethers (such as birthdays, reunions & anniversaries) and social gatherings (neighborhood friends or sports teams). Future locations may include multiple private room(s) to accommodate our target audience along with business/corporate events.
- L. **Image:** The public will see us as the total family atmosphere for family fun, birthdays, post-athletic events & school functions and a location for small business gatherings.
- M. **Industry:** Upscale pizza & ice cream restaurant competing in the pizza/restaurant industry in the Kansas City Metro area, and eventually throughout the Midwest. We will offer a superior product with high quality ingredients delivering a taste defined by generous portions of topping. This will give us an advantage that will be unmatched, located in a setting that caters to our customer's needs.
- N. **Company strengths & competencies:** Nick's Pizzeria & Frozen Yogurt will succeed in the KC metro area. The strengths of owners include: Goal-oriented, vision, & organizational skills (Nick), and the experience of failure that no one ever wants to repeat. Minority investors will bring a diverse background experience and financial capital to assist with initial growing pains of a new business.
- O. ****Legal ownership:** "***Nick's Pizzeria of the Heartland***", owned and operated by ***Nick Morrow and minority investors, DBA Nick's Pizzeria & Frozen Yogurt of Kansas City, LLP.***

IV. Products and Services

A. **Products & Services:** Our menu will consist of pizza, pasta, calzones, sandwiches, appetizers, soup and salads, along with dessert & ice cream. (Full Menu listed in Appendix ...).

1. Pizza: Mexican Fiesta, Special, The Kraut & Oahu, Meat Monster, Pepperoni and many more
2. Pasta: Spaghetti & Meatballs, Pizza Lover's, Chicken Parmesan and Chicken Alfredo
3. Sandwiches: Meatball, Scimeca's Italian Sausage, Chicken Bacon Ranch, Italian Beef, Chicken parmesan and Italian Sausage.
4. Appetizers: Bread sticks, Garlic Toast w/Cheese, Mozzarella sticks and Wings
5. Soup & Salad: Salad Bar and Daily soup of the week
6. Dessert: Breyer's hand dipped ice cream, Frozen Yogurt (up to 4 flavors), Ice Cream Floats, Milk Shakes and a Chocolate Sundae. Eventually a Frozen Custard option will be brought on line as we grow.
7. Beverages: Coke products, Sprite, Mr.Pibb, Pink Lemonade and Sweet & Unsweetened ice tea
8. Alcohol: Bud & Miller products, Boulevard Wheat, Blue Moon, Corona, Smirnoff Ice and Mike's Hard Lemonade

B. **Competitive advantages:**

1. Superior pizza with unique combos:
 - a. Mexican Fiesta: Seasoned meat mix & Mexican sauce w/lettuce, tomatoes & Taco chips.
 - b. Double Bacon Delight: Canadian bacon & Bacon pieces w/mayonnaise lettuce & tomato
 - c. Oahu (Canadian bacon & pineapple)
 - d. The Kraut (yes, that's right... Canadian bacon & Sauerkraut)!!
 - e. Special: Sausage, Hamburger, Pepperoni, Mushrooms, Onions & Green Peppers
 - f. Meat Monster (Sausage, Hamburger, Pepperoni, Canadian bacon & Bacon pieces)
 - g. Grandma's Garden (our version of a vegetarian pizza)
2. A family atmosphere that will make every family want to choose Nick's Pizzeria & Frozen Yogurt over our competitors because of the following all under one roof
 - a. Great food: Pizzas, Sandwiches, Pasta, Salad Bar and Appetizers
 - b. Dessert: Breyer's Ice Cream, Frozen Yogurt, Milk Shakes and Chocolate Sundae
 - c. Sodas, freshly brewed tea & adult beverages consisting of bottled beer and wine coolers
 - d. Atmosphere: TVs, music and video games creating a total family atmosphere
 - e. Gluten-free choices for pizza
 - f. Take-n-Bake option for all pizza sizes
3. Drive-up window for added convenience for take-out orders will be preferred but not required.
4. If no drive-up is available, "Curb-side delivery" will be used as an alternate.

**Disadvantages: Higher prices than our competitors, but this will be overcome by the superior quality of our product & selection located in an atmosphere that is unmatched.

C. **Pricing, fees, etc...** Our prices will be structured based on food and operating costs with attention being paid to make sure we are competitive with like dine-in pizza restaurants in the area.

D. **Location:** *Initially in the Overland Park around the 135th & Metcalf area*

1. *2nd location: Olathe, KS area*
2. *3rd location: Raymore/Belton area*
3. *4th location: Shawnee Mission area*
4. *5th location: Lee's Summit area*
5. *All locations after that will be based on market research and need*

V. Marketing Plan

A. Marketing Plan

1. **Pricing:** Comparable of like dine-in pizza establishments which has been investigated and confirmed.
2. **Where:** A location that MUST have great visibility and strong traffic counts until strong branding has occurred. Locations for future locations will be based on this same philosophy. (Census & demographics of regions): **See map of projected future locations.**
3. **Who:** Families, homes, local businesses, schools, churches, athletic teams, corporate sales reps (Pharmaceutical, medical & technical equipment, other sales personnel), athletic events, networking events and service organizations. **(See Marketing Spreadsheet)**
 - a. Grass roots marketing done by myself to the target audience within a 5-mile radius delivering flyers, menus, and coupons.
 - b. Social Media: Facebook, Twitter, Texting, Pinterest, YouTube and E-mail by Nick Morrow and ALL minority investors.
 - c. Marketing Groups such as: Mod-Girl Marketing and Fasone & Partners, Inc.
 - d. Magazine Articles: 435 South and Leawood/OP Lifestyles
4. **When:** An aggressive marketing campaign will occur starting at 30 days prior to opening and will increase in intensity every week prior to opening and continue throughout the first year.

B. Economics:

1. **Market size:** 5 mile radius for first store, expanding throughout the KC metro as we grow.
2. **Market share:** Nick's Pizzeria will strive to obtain a majority of the market share within a 5-mile radius for every location we operate in.
3. **Current demand:** Limited number of dine-in, family oriented pizza restaurants with high quality food in the Kansas City Metro area with very few serving ice cream & frozen yogurt along with having a video game area for the kids. Nick's Pizzeria & Frozen Yogurt is a perfect fit for this audience!!
4. **Trends:** Offering sit down dining in a setting that meets the needs for family fun, birthday parties and social gatherings. Delivery, take-out or "Take & Bake" will be added features for increased sales. A location with a drive-thru along with a small area for outdoor seating is preferred, but not required.
5. **Growth potential:** A large growth potential exists in the KC metro along with the rest of the undeveloped Midwest (see map & spreadsheet of projected restaurants size and locations).
6. **Barriers:**
 - a. Initial start-up costs: Capital from minority investors will be required to overcome this.
 - b. Possible increase in food & shipping costs due to fuel spikes and current economy.
 - c. Consumer acceptance: Social media & electronic marketing along with samples delivered in order to create long-term branding, time and patience will be required. Assistance from ALL minority investors will be critical to achieving this goal.
 - d. Marketing costs: Cost effective marketing campaign will be created to maximize our marketing dollars. Maximizing our efforts through social media, "word of mouth" and assistance from ALL of our minority investors will be required.
 - e. Training & skills: Initial training in my store.
7. **Promotion/Marketing:** Word of mouth, along with special offers to keep customers coming back. Initially 7.5% of gross annual sales will be budgeted for this.
 - a. Door knob flyers, mailers, local newspapers, community presentations
 - b. E-mail & text messages (gathered by sign-up sheets for systematic contact)
 - c. Radio & TV ads to reach total KC metro market as we expand will be considered.
 - d. Print media: Business cards, menus, logo letterhead, etc.
 - e. In person delivery of product to strategic locations.
 - f. Event night: Schools, corporate, athletic and churches
 - g. School promotions: Honor roll, reading, math, perfect attendance.
 - h. Birthday Wall of Fame
 - i. Internal "Groupon" type promotions will be used throughout the year.

8. **Competitors:**
 - a. Other pizza restaurants (*see attached spreadsheet*)
 - b. Other family restaurants in the area.
 - c. Our product & family atmosphere will be superior to our competition along with our ability to meet the needs of several demographics with private party & meeting rooms (if available) for the following:
 - i. Birthdays & anniversaries
 - ii. Family outings or neighborhood gatherings.
 - iii. School & athletic functions (pre-post season team parties).
 - d. Competitive Analysis: (*See attached spreadsheet*)
 - i. Local Dine-in pizza restaurants
 - ii. Brand name pizza restaurants
 - iii. Comparison of items on menu based on price
9. **Product features & benefits:**
 - a. Features: Superior pizza menu in a family environment that includes great sandwiches, appetizers, dessert and entertainment for all ages with a focus on the entire family.
 - b. Benefits: A location that family & friends can go to for gatherings along with a setting for corporate/business/workers with a menu for all ages.
10. **Niche:** Nick's Pizzeria & Frozen Yogurt is a higher quality and more substantial pizza than the competitor and feeds more people per pie. We will also offer an expanded and diverse menu beyond just pizza, this will meet the needs of all our customers. The quality and value per dollar will be the selling points. Examples of that are as follows:
 - a. Specialty pizzas such as
 - i. Mexican Fiesta
 - ii. Double Bacon Delight
 - iii. Oahu (Canadian bacon & Pineapple)
 - iv. Kraut
 - v. Plus many more (see attached Menu)
 - b. Sandwiches
 - i. Meatball
 - ii. Italian Sausage
 - iii. Chicken Parmesan
 - iv. Chicken Bacon Ranch
 - c. Appetizers
 - i. Bread sticks
 - ii. Garlic toast w/cheese
 - iii. Mozzarella sticks
 - iv. Wings
 - d. Pasta
 - i. Spaghetti and meatballs
 - ii. Chicken Parmesan
 - iii. Chicken Alfredo
 - iv. Pizza Pasta Delight
 - e. Ice Cream
 - i. Breyer's hand dipped
 - ii. Frozen yogurt
 - iii. Ice cream floats
 - iv. Milk shakes
 - f. Atmosphere for the whole family or small groups:
 - i. Good food & ice cream the entire family will enjoy.
 - ii. Video games to occupy kids during wait times.
 - iii. Private room(s) for family, social, & business gatherings preferred.
11. **Pricing of menu:** Based on current food costs with attention given to local competitors.

VI. Operational Plan:

A. Production:

1. Dough: Supplied by a local vendor produced by a dough supplier.
2. Ingredients: Supplied by local vendors based on Nick's Pizzeria & Frozen Yogurt requirements.
3. Inventory: Controlled with a POS software system, reconfirmed on a regular basis by store managers with orders to meet needs. Security cameras will be placed strategically to control theft.

B. Location:

1. Visibility: Critical criteria, all locations MUST be visible from a major street or highway.
2. Size: Capacity of 75-100 that will accommodate dining, delivery, carryout & a party room.
3. Features:
 - a. Dining room to accommodate 40-50
 - b. Ability to section off area for party room to accommodate 35-50
 - c. Small arcade that will hold approximately 4-6 games.
 - d. Drive-thru window & patio are desired features but not mandatory
4. Costs: **see attached spreadsheet for start-up and annual operational costs.**

C. Hours: Wednesday – Saturday: 11am – 9pm and Sunday 12pm - 8pm

(Closed on Mondays & Tuesdays except for scheduled special events)

D. Legal:

1. Licenses & Permits: City, County, State, & Federal.
 - a. Food & Health
 - b. Liquor
 - c. Business & sales tax
 - d. Building permits during the initial build out and as needed.
2. Zoning: All local zoning requirements will be met based on location of restaurant.
3. Insurance coverage: Business liability, structure & contents, DRAM and Work Comp.

E. Personnel:

1. Number of employee's and pay structure: **See attached schedules with pay scales**
 - a. Manager: Nick Morrow-progressive salary based on annual sales
 - b. Assistant Managers: 1 FT, Salaried plus tips if applicable.
 - c. Kitchen staff: 4-7 employees at minimum wage - \$10.00/hr.
 - d. Cashiers: 2-4 employees at minimum wage plus tips if applicable.
 - e. Food runners/floater employee: 3-5 employees at minimum wage plus tips.
 - f. Delivery drivers: 2-5 employees at minimum wage plus tips.
 - g. President/CEO and Support Staff: TBD as Corporate & Franchise locations grow.
2. Training (On-site and in-house):
 - a. Managers: Nick's Pizzeria training requirements (approximately 4 weeks).
 - b. Assistant Managers: Nick's Pizzeria training requirements (approximately 3 weeks).
 - c. Kitchen staff: On the job (2 weeks or approx. 7-10 shifts).
 - d. Cashiers: On the job (2 weeks or approx. 7-10 shifts)
 - e. Food runners/floater employee: On the job (2 weeks or approx. 7-10 shifts)
 - f. Delivery drivers: On the job (1 week).
 - i. Mandatory personal insurance required.
 - ii. Safe driving record (with DMV background check).
3. Job descriptions: Compliant with Nick's Pizzeria & Frozen Yogurt descriptions **See appendix**
4. Schedules: Will be compliant with laws and needs of the business (see Appendix??)

F. Inventory: Accomplished as needed by managers with the help of on duty staff. **See appendix...**

G. Food Vendors: A list of approved supplies will be created for Nick's Pizzeria & Frozen Yogurt for all product and materials.

1. Food Vendors

- | | |
|-------------------------------------|----------------------------------------|
| a. Pizza Specialties of Mission, KS | d. Restaurant Depot of Kansas City, MO |
| b. Roma of Springfield, MO | e. Roma Bakery, Kansas City, MO |
| c. EVCO of Emporia, KS | f. Sam's Club, Overland Park, KS |

2. Beverages:

- a. Soda: Coke products available from Roma and Sam's club
- b. Tea: Sweet and Unsweetened tea brewed fresh as needed
- c. Beer: Local distributors
 - i. Crawford Sales: Budweiser and Corona products
 - ii. Miller Coors: Miller and Blue Moon
 - iii. Midwest Distributors: Boulevard Wheat, Smirnoff Ice and Mike's Hard Lemonade

VII. Management, Organization & Experience

After obtaining an investor in early 2009, negotiations began late 2009 on a space located at 119th & Metcalf area in the former WJ McBride's building located in Overland Park. The lease was signed in March 2010 and so began the process for opening the first Nick's Pizzeria and Ice Cream. The space was a 6,000-square-foot former bar that required an extensive make-over due to use as a previous bar & restaurant. In January 2010, prior to signing the lease, the Landlord/Property Manager allowed the pipes to freeze causing the pipes to freeze & break prior to me taking possession. Although water damage was known prior to signing of the lease, the repair turned out to be more extensive than anticipated. Thus requiring extra time and capital (that wasn't budgeted for) and as a result delaying the opening. Despite all of the obstacles, Nick's Pizzeria and Ice Cream opened for business on August 12th, 2010. Although marketing is very important prior to opening, it was decided to go with a soft opening because we were new and didn't want to be overwhelmed by a rush of customers. Many mistakes were made over the next few months, some within our control some beyond our control. A few of the mistakes made within our control were marketing dollars spent that did NOT turn out to be effective. Another one made was over staffing issues during the first several months because it was unknown what type of turnout would be expected. A final major issue was a significant delay in repayment from the landlord for expenses generated from the build-out. Although I believed I could overcome all of these mistakes at the time, it turns out they were more of a burden than anticipated. Three items are believed to be the major reasons the initial Nick's Pizzeria and Ice Cream did not succeed. One was too much square footage for a brand new non-franchised restaurant to start out with. Second, our location did not have good visibility with major traffic flow and an ability to easily be found. Finally, a poorly outlined marketing plan that did not generate the exposure leading to the traffic flow needed. Listed below are the top 10 reasons why I think the initial Nick's Pizzeria and Ice Cream did not succeed:

- 1) **Lack of visibility**: Being NEW, our restaurant was not visible and seen on a consistent basis by everyday consumers on a major road like it needed to be. The next location will require front row presence ideally in a stand-alone building with a drive thru.
- 2) **Store Size**: We had too much square footage (6,067 sq/ft) for an initial start-up, non-franchised restaurant. The extra overhead was believed to be one of our major downfalls in meeting monthly expenses. The next location will be 3,000 sq/ft (+/- 500 sq/ft) depending on location and price.
- 3) **Capital**: An adequate operating cash reserve was not available due to increased start-up costs and a delay in opening due to the extensive repairs needed. Failure to obtain TI reimbursement in a timely manner from the landlord also prevented us from pursuing a proper marketing campaign.
- 4) **Experience**: I did not possess the necessary experience needed to own and operate a brand new start-up full service restaurant, especially one in that size of building. Areas here included: Lease negotiations, build out requirements, restaurant operations, marketing and employee management. Throwing myself to the wolves helped me obtain the necessary experience needed to try again.
- 5) **Marketing**: An aggressive, methodical marketing campaign was not created prior to opening. Since closing, several marketing companies have been consulted and one will be in place prior to signing a lease in our next location that meets needs of our demographics. In addition, a full array of flyers have been created to do more self-marketing (aka... guerilla marketing) that is outlined in a marketing plan that has been created and ready to implement. Finally, dollars spent on marketing the first time around proved to be ineffective.

- 6) **Menu Diversity**: An initial limited menu that was not diverse enough to meet the demographics of our customer base. This has been expanded to better meet the needs of our customers and will be implemented over the first year.
- 7) **Operating plan**: I did not have the necessary operation guidelines in place for many of the necessary day-to-day components needed to run a full service pizza restaurant. Many of those guidelines were developed after opening and have since been fine-tuned based on the events and needs that were realized while open.
- 8) **Food costs**: Full appreciation of food costs and knowledge of the most cost-effective way to obtain them. A detailed spreadsheet has been formulated to track food costs to the ounce/pound/serving. Vendors have been re-interviewed to ensure we are obtaining our best value with consideration to strong relationships that had already been developed. A market analysis has also been done so that we are comparing “Apples to Apples” of like pizza places in our area so that we will be competitive.
- 9) **Employees**: Lack of knowledge on what to look for and hiring the “right” type of employees with the knowledge and work ethic to create the right type of service component necessary. Experience, along with attending courses on employee hiring has taken place. In addition, a more detailed hiring process has been created.
- 10) **First-year mistakes**: that resulted in increased spending: Build-out, Marketing, Employees, Inventory, Staffing and time management; ALL CRITICAL to surviving the first year and each year thereafter!! The financial pain of all of these will prevent me from repeating them again if at all possible.

As months went by there were ups and downs for Nick’s Pizzeria and Ice Cream, however, I am confident that for every mistake that was made, lessons were learned and solutions have been obtained. Unfortunately we ran out of time before some of those mistakes could be corrected. Although it can be argued why the initial Nick’s Pizzeria and Ice Cream wasn’t successful, I know that I have learned a great deal of lessons necessary to make the next one a success. I believe our next location should remain in the Johnson County, Kansas, area, ideally somewhere between 95th & 135th Street and two miles East or West of Metcalf. With expansion, subsequent restaurants will be located in other strategic locations in the Greater Kansas City Metro. I believe that I have the drive, experience and background necessary to make each and every Nick’s Pizzeria & Frozen Yogurt a successful and profitable establishment.

A. **Owners, managers, and consultants:**

1. Nick Morrow, Majority Owner and President
2. Minority owners (with diverse backgrounds)

B. Legal/Attorneys:

1. Business/HR: Steve Passor with Payne & Jones
2. Real Estate/Lease planning: Mark Epstein with Roe & Epstein
3. Legal: Attorney skilled in restaurant franchise development TBD as we grow.

C. Accounting & Payroll: Smart Spot (Eileen Brewer & Kathy Burlison)

D. Insurance Agent:

1. Brier Payne Meade Insurance: Jonathan & Tim Payne @ 913-406-5769
2. Summit Insurance Group: Myra Green

E. Banking needs:

1. UMB (Cory Stone)
2. US Bank (Scott Potter)

F. Consultants & Vendors:

1. Benefits plan: N/A during first year
2. Real Estate: Meri Conover Johnson w/Reece & Nichols
3. Marketing: See marketing heading (future marketing person when financially feasible)
4. Point Of Sales system (POS): Revention POS already purchased, however upgrades will be necessary to become compliant with current PCI index requirements.

5. Construction/maintenance: **See detailed list of contractors on spreadsheet**
 - a. Electrical: DMA Electric
 - b. Plumbing: Stanger Industries
 - c. HVAC: Stanger, United Heating & Cooling, Air-Tech
 - d. Refrigeration: US Engineering, Stanger Industries
 - e. Flooring, Painting, Drywall: Local contractors
 - f. Building (Roof, exterior walls, windows & doors): Provided for in lease
 - g. Kitchen equipment repair: Food Equipment Repair, INC. or General Parts
 - h. Parking lot, trash, snow removal, lawn care & landscaping: Provided for in lease
 - i. Exhaust Hoods: Facilitec hood cleaning and HBT Industries
6. Uni-First: Dust & floor mops, floor mats, dish rags, soap & towel dispensers, air fresheners
7. Equipment Rental:
 - a. Dishwasher: Supplied by Swisher cleaning equipment & supplies
 - b. Ice Machine: Ice Masters out of Shawnee Mission, KS
8. Cable, Phone & Internet: Direct TV, AT&T or another local provider
9. Gas & Electric: Provided by local utility company for the area
10. Security and alarm monitoring: Sterling Security
11. Booths, tables & chairs: Jakobe Furniture in Kansas City, KS
12. Art & Logos: Sam Cangelosi (Uniforms, business cards, letter head, etc...)
13. IT Support: Laptop Squad @ 72nd & Wornall or Integral Computer Consultants-888-256-0829
14. Uniforms: TBD
14. Signage: Dick Robinson w/Hightech Signs @ 816-582-4668 or 913-894-4422
15. Video games: Armour Amusement (Jeff) 913-362-1555 or 800-517-4757

VIII. Investor Costs vs ROI

- A. Investor requirements
 1. Start-up capital: \$5,000/share with 49 shares sold, raising capital of \$245,000.
 2. Regular patronage
 - a. At least once/month during the first year
 - b. After the first year, then every other month
 - c. Provide feedback regarding your visit by filling out questionnaire
 - i. Service: Prompt, Friendly, and correct?
 - ii. Quality of food: Hot and was your order correct?
 - iii. Condition of restaurant: Was it clean, etc...?
 - iv. Other...
 3. Participate in marketing efforts
 - a. Networking with family, friends and co-workers.
 - b. Assist with electronic distribution of flyers that have already been created.
 - c. Networking via personal social media and e-mail.
 - d. Attend networking events when possible to promote our restaurant.
- B. Annual investor meetings
 1. To be held within the first quarter (90 days) at the beginning of the calendar year more than likely towards the end of February of each year, exact date TBD within the first 30 days of the new year.
 2. Items to be discussed
 - a. Current fiscal health of Nick's Pizzeria & Frozen Yogurt
 - b. Review of the previous year's operations
 - c. Preview of upcoming years operational plans and fiscal goals.
 - d. Other necessary topics as we evolve.

- C. Return on Investment at Non-Franchised locations
1. Own 1 share of initial restaurant and as we grow, each non-franchise restaurant thereafter.
 2. Receive 1% of profits at the end of each calendar year for each share owned to be paid within the time table listed below.
 - a. Year #1, profits will be paid 90 days after end of fiscal year
 - b. Year #2, profits will be paid 60 days after end of fiscal year
 - c. Year #3 and each year thereafter, profits paid within 30 days after end of fiscal year
 3. After year #1, receive 50% discount off all meals with the following conditions.
 - a. Limited to 4 people/visit for each share owned.
 - b. Discount based on regular menu pricing **ONLY**.
 - c. Excludes alcohol, tax & tip.
 4. A goal of a break-even point of initial investment is reached on or before the 5 year mark.
 5. In the event of a sale, 1% of sale will be dispersed for each share owned.
- D. Minority Investor Guidelines for sale of stock
- 1) Sale of stock: Each stock holder will have the option to sell their stock share under the following conditions once a price has been established:
 - a) To majority owner Nick Morrow at an agreed upon price, first right of refusal.
 - b) To any minority owner (if multiple minority investors are identified, an auction process may be used if the majority owner so desires) minority investors have second right of refusal.
 - c) To the general public at a price determined by the shareholder that has first been offered to a & b above.
- E. Growth Plan
1. Be at a break-even point by the end of the first (1st) calendar year.
 2. A profit of \$50,000 at the end of the second (2nd) calendar year.
 3. A profit of \$100,000 at the end of the third (3rd) calendar year and each year thereafter.
 4. During the fourth (4th) calendar year, begin the process of opening the second (2nd) location.
 5. During the fifth (5th) calendar year, begin the process of opening a new location every two (2) years or at a pace that is capable of long term survivability with high control standards with every effort made to minimize risk.
- F. Franchise Fees for all owners in lieu of "Profits" for non-corporate stores.
1. X% of Gross sales will be collected and divided out equally based on # of shares owned.
 2. Additional Franchise Fees may be necessary to share with Administrative & Marketing costs.
 3. Exact franchise fees for both owner profits and operations will be determined when franchising becomes reality.

*****It should be noted that this is NOT a get rich quick scheme. To maximize your investment, growth into multiple locations will be required. To help ensure this, maximum participation with marketing and regular patronage will be critically important for the first five years of operation. A methodical growth plan will be required when the time comes to expand into future locations; however, we need to make sure the initial location is rock solid before this occurs. No one is more committed to the success of Nick's Pizzeria than me...***

IX. Start-up Expenses & Capitalization

(See attached spreadsheet)

- A. Investor Capital equals 49% generating \$245,000 at \$5,000/share.
 - 1. Approximately \$180,000 in start-up costs **(see start-up cost spreadsheet)**.
 - 2. Remaining amount will be working capital for the first year, approx. 6 months' worth.
 - 3. ROI will be paid back via profits at the end of each fiscal year until a break-even point has been achieved, ideally within 5 years; however, it should be noted this is **NOT GUARANTEED!!**
- B. Nick's Capital equals 51%.
 - 1. Time and expenses of creating company.
 - 2. Approximately \$85,000 of equipment already purchased and paid for.
- C. Third Option is a bank loan and a line of credit which is NOT preferred but may be necessary.
 - 1. To make sure adequate funding is available for all operating expenses needed.
 - 2. A loan of \$50,000 to ensure funding for operating costs for the first year.
 - 3. A line of credit available of \$10,000 to use as needed.

X. Financial Plan

- A. 12-Month Profit & Loss projection: *(See attached spreadsheet)*
- B. 6 year Profit Projection: *(See attached spreadsheet)*
- C. Breakdown of Labor costs reflected by a rotating 3 week schedule showing annual costs
- D. Start-up costs necessary to open the doors.

XI. Appendices

- A. Brochures: See Nick's Pizzeria & Frozen Yogurt marketing flyers
- B. Blueprints and other architectural plans of the building necessary for a certificate of occupancy permit
(Developed in cooperation w/Landlord once a location has been established)
- C. Maps & photos of locations: ***(Included in business packet)***
- D. Detailed Lists of equipment needs *(See attached spreadsheet "on hand vs. needed": Section 2, part C)*
- E. Marketing Flyers: Section 4
- F. Work Schedule/Labor Costs: Section 2, part B
- G. Menu: Section 4, part A

Business Plan



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