

EL FIESTON RESTAURANT BUSINESS PLAN

A Project Presented to the Faculty  
of  
California State University, Stanislaus

In Partial Fulfillment  
of the Requirements for the Degree  
of Master of Business Administration

By  
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November 2017

CERTIFICATION OF APPROVAL

EL FIESTON RESTAURANT

BUSINESS PLAN

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## ABSTRACT

Considering ethnic cuisine's popularity and the fast-casual restaurant concept gaining ground in today's culinary world, it is the perfect time to explore the feasibility of opening up an authentic, fast-casual Mexican restaurant in Gilroy, California. The restaurant industry is labor intensive and requires dedication. Many restaurants fail for a variety of reasons including bad location, poor management, bad customer service, and poor marketing. For this reason, it is extremely important that thorough research be conducted prior to opening a restaurant in order to be successful. The chosen location for the restaurant is on a retail strip near the US-101/Leavesley Rd. exit in Gilroy, California. The location is ideal due to its proximity to the Gilroy Premium Outlets and a lack of Mexican restaurants within a walking distance of the 145 outlet stores. The restaurant, El Fieston, which means "the big party," will serve authentic Mexican food in a friendly, festive, fast-casual setting. After thorough operational, market, and financial analysis, El Fieston can achieve profits of over \$350,000 per year with great customer service, authentic quality food, a start-up cost of \$227,700, and \$17,441 fixed operating costs per month.

## INTRODUCTION

### **Executive Summary**

Some of the hottest culinary trends, according to the National Restaurant Association's 2017 Culinary Forecast (2017), include street food-inspired dishes, ethnic-inspired breakfast items, house-made condiments, authentic ethnic cuisine, fast-casual concepts, and ethnic spices. This business plan outlines the introduction of a fast-casual restaurant that will follow today's culinary trends by serving authentic Mexican dishes from the Guadalajara, Jalisco region in Mexico. The ambiance and service will mimic that of typical celebratory events in the region, hence the name El Fieston which translates to "the big party." The restaurant will offer a variety of food options that will be assembled to order, giving the customer a plethora of dish options. El Fieston will service residents, employees, and commuters in the Gilroy, California area.

El Fieston will start its operations in a 2,500 square-foot space on a retail strip situated on 8620 San Ysidro Ave., Gilroy, California. The space is located off the Leavesley/US-101 exit, which had an average daily traffic of 20,800 cars in 2015 ("2015 Traffic Volumes," 2015). Situated next to El Fieston are the Gilroy Premium Outlets, which consist of 145 stores. Furthermore, total daytime population in Gilroy, California is 3,091,728 (Property Overview, 2017) making it a prime location and leaving El Fieston in a strong position for viable growth.

El Fieston will position itself as the go-to, quality, reasonably priced, authentic, fast-casual Mexican restaurant that will offer locally sourced ingredients

used to replicate Guadalajara's most loved recipes while being served by well trained, welcoming staff in a vibrant environment with festive décor and cultural literature that will educate the public of Mexican customs. Research and development efforts will be ongoing in order to keep up with market trends and keep the customer satisfied. The restaurant will reach out to customers via its custom website, social media, review websites, and deep community involvement.

Unfortunately, with every new endeavor comes obstacles. Because El Fieston is a new entrant with limited resources in Gilroy's restaurant community, the restaurant must work twice as hard as its competitors to gain customers. Main competitors have been identified as Chipotle Mexican Grill and Super Taqueria, which will undoubtedly be a threat to the restaurant. However, El Fieston's strict processes and procedures along with its food variety and authentic research and development program will give the restaurant a competitive edge and will make it difficult for competitors to duplicate El Fieston's work.

The project will require \$227,700 to start up. \$170,250 of the required funds will come from a business loan, and owner, Reyna Nieves, will contribute the remaining \$56,925. The money will be used to fund building rent and deposit, renovations, equipment, furniture, fixtures, and all starting operating capital. The owner has opted to lease a location, as opposed to buying, and will purchase used equipment wherever feasible in order to minimize start-up costs. Planning and execution of all operating functions will be performed in a lean manner to decrease all operating costs. With all of this in mind, El Fieston is forecasting \$178,490.77 in

profits in the first year, with a start date of April 15, 2018, \$374,480.20 in 2019, and \$394,719.78 in 2020.

### **Business Objectives**

The primary objectives of this business plan is to explore how El Fieston can be Gilroy's go-to fast-casual restaurant of choice and to achieve favorable profits. These objectives will be achieved by developing and constantly improving strategic processes and procedures; providing authentic, quality meals at reasonable prices with excellent customer service; focusing on employee development and retention; leveraging marketing initiatives; and bringing the festive Mexican culture to the community.

### **Mission Statement**

The mission of El Fieston is to offer authentic, quality, fast-casual Mexican food in an environment that will introduce the customer to a celebratory Mexican culture that focuses on great food, a welcoming environment, and festive décor. El Fieston will achieve this goal by: 1) providing the best recipes brought from the Guadalajara, Jalisco region in Mexico, 2) using fresh, local sourced ingredients for the best quality, and 3) creating a welcoming culture that will mimic that of Mexican family parties where the host's main goal is to make the guests feel welcome.

### **Guiding Principles**

Guiding principles will be the focus of the business. Because the owner will not be at the location at all times, it will be extremely important that employees continue to be self-sufficient and carry out El Fieston's mission at all times. Each

principle will serve as a guide for employees' actions and attitudes towards customers and coworkers and will create a company culture that allows for a positive environment. The guiding principles of El Fieston will also help employees decide what actions to take in any situation.

The first principle is to provide excellent customer service. All employees are to treat all customers as they would their most beloved family member. In order to achieve great success, a restaurant must always provide great customer service. "Increasingly, restaurant customers say few things are as important to them as good service, and as the industry grapples for that elusive share-of-stomach in a crowded field of food choices, good customer service begets customer loyalty" (Waters, 1998, p. 47). The great customer service experience will go hand-in-hand with the festive Mexican tradition of making all guests feel comfortable and bringing our best skills to the kitchen. We will also provide customers with free Wi-Fi and the ability to order online and have their food ready for pickup.

Thorough employee training will be a huge driver in customer service efforts as employees will be the last persons El Fieston's patrons will remember, and they could be a deciding factor that helps the patron determine whether to move on to other places to eat, or return to El Fieston again (Ridilla, 2004). El Fieston aims to create a welcoming environment that will foster repeat customers who will then serve as brand advocates. According to Fuggetta (2012), advocacy—not ads—is what drives purchase decisions and perceptions in nearly every product category. El Fieston will build advocates by defining what great customer service is so the

customer knows exactly what to expect and so the staff knows exactly what is expected of them.

Customer service will be divided into three main drivers that include the authentically delicious food that El Fieston serves the customer, the quality of the staff's interaction with the customer, and the action plan for situations when customers, for any reason, are unhappy with the service provided. In order to keep customer service at its prime at all times, management will be responsible for continuously monitoring all three drivers of customer service. Food will be monitored for consistency of flavors and quality; staff will be monitored on their response time, attentiveness, greetings, and menu knowledge; and all staff will be monitored on their response and ability to fix problems in an effective manner.

El Fieston will clearly state and implement a culture of respect that will focus on the customer. According to Balthazard, Cooke, and Potter (2006), organization culture has been characterized as the "glue that holds organization together and is not just one aspect of the game- it is the game" (qtd. in Kumar, 2012). Each employee will be vetted to ensure that each employee fits the company culture and is dedicated to the mission. Staff will know every item on the menu and must try each item at least once so that they can share their experience with the customer if asked to do so. The staff will also attempt to learn repeat-customer names and orders to offer a personalized experience as soon as repeat customers walk through the door. Each staff member will be trained on how to greet customers, answer phones, place orders, and quickly resolve common complaints. When complaints arise, staff will listen

intently to the problem with no interruptions, own the mistake, stay calm, negotiate a solution that is acceptable to the customer and restaurant, and apologize. All employees will be taught the basics on risk mitigation, and complaints that are more complex will be left for management to handle.

The second principle will be to provide the customer with only quality food. Some of the hottest trends of 2017 include hyper-local sourcing and natural ingredients (“What’s Hot 2017,” 2017). Keeping this in mind, El Fieston will only use fresh ingredients with priority on sourcing ingredients within a 250-mile radius. Each batch of food will be tested for taste consistency, and there will be strict directions to dispose of batches of food that do not meet standards. El Fieston will operate with the following in mind, “Only serve food that you would feel proud to serve at your home to your closest family and friends.”

The third principle is to provide only authentic meals. Authentic ethnic spices and foods are also trending concepts; for this reason, El Fieston will only serve fresh, authentic dishes that are typical in the Guadalajara, Jalisco or Zacatecas region, with the Guadalajara region being the menu’s main inspiration.

### **Keys to Success**

The restaurant’s keys to success comprise of repeat business, hiring and retaining the right personnel, attaining prime location, continuous improvements, and research and development. Customers are naturally drawn to fresh food and remarkable meal service will naturally supply the business with a growing customer base (Ridilla, 2004). For this reason, El Fieston will make sure to put its best foot

forward when cooking and serving every single customer. Every customer who comes in once should want to return, and in order to bring in more business the restaurant will encourage repeat customer to recommend us online.

Hiring and retaining respectful, customer-service-oriented personnel to serve and chefs with great experience to take care of all the cooking will be imperative to the success of the restaurant. In 1988, The Wall Street Journal reported that the average cost for turning over an hourly position in our industry was \$1,400. In 1990, it increased to between \$2,900 and \$4,100 (Carbone, 1995). It is estimated that between forty and fifty percent of all operating costs are related to human resources (Carbone, 1995). Employees are a huge factor in the mission of El Fieston, and the restaurant will put processes in place to hire only those who fit the company culture. Personnel will be trained on safety, quality, and customer service, and management will make sure that all personnel are treated well, because happy employees will in turn provide the best service to guests (Rowe, 2011, p. 32).

El Fieston will pay employees honorable wages to keep them working in our establishment. As the company expands and revenue allows, management will add generous employee benefits including bonuses and paid health care benefits. Employee retention and job satisfaction will aid in providing patrons with a pleasant customer experience. McDonald's CEO, Steve Easterbrook, told *Forbes* "The improvements we made to our compensation and benefits package to employees in U.S.-company operated restaurants have resulted in lower crew turnover and higher customer satisfaction scores," (Craver, 2016).

Location is yet another key to El Fieston's success. The current goal is to open El Fieston near the Gilroy Premium Outlets located 20 minutes south of Silicon Valley and San Jose directly off Highway 101. The Gilroy Premium Outlet center has 145 factory outlet stores, and El Fieston hopes to attract shoppers, employees, commuters as well as some of the 52,533 Gilroy residents.

Process efficiency increases customer satisfaction and is necessary in order for the company to grow. For this reason, continuous improvement will be imperative to success. Continuous improvements will help El Fieston fine-tune operations while at the same time lowering operational costs and making the business more effective. Continuous improvement efforts will be done in every process, but will focus on customer service and operations efforts. El Fieston will work to standardize all aspects of the business and will implement a continuous improvement process at least once per quarter. El Fieston will require employees to remain engaged in the process by having them address inefficiencies as well as offer improvement suggestions. This will cultivate a sense of individual initiative and creative thinking in employees. Once a process improvement opportunity has been analyzed and approved management will move forward with the "plan, do, check, act" process which contains the following steps: 1) plan a process change, 2) make the change, 3) check the impact the change has made on the business and its quality, and 4) decide whether to keep the process or scrap it. This process will be ongoing until the team feels that there is nothing left to do.

Finally, El Fieston will engage in research and development initiatives. In an effort to stay on top of market trends and ahead of competition, the restaurant will create a research and development program with a focus on creating new dishes based on market trends to serve customers. The program will consist of collaborating with well-known and established chefs in the Guadalajara, Jalisco region and putting out at least two pilot dishes per year.

Ms. Nieves will conduct yearly market trend analysis and will provide the chefs with trend parameters. The chefs will then work on recipes that will align with current trends. Once a recipe is developed, it will be tested and rated in Guadalajara. If ratings are favorable, the recipe will be costed and added to El Fieston's menu as a promotional item. After one month of being on the menu, Ms. Nieves will analyze sales and profits and decide whether the item stays on the menu, becomes a seasonal item, or is removed from the menu completely. The developing chef will then receive a bonus for providing a permanent or a seasonal menu item.

## COMPANY DESCRIPTION

The authentic fast-casual Mexican restaurant, El Fieston, will be located on 8620 San Ysidro Ave., Gilroy, California. El Fieston will serve some of the most popular Mexican dishes including tacos, burritos, enchiladas, mole, sopas, tortas, among others. The food options will be assembled to order, giving the customer a plethora of dish options. See Appendix A, Table 1: El Fieston's Hours of Operation for an operating schedule.

### **Ownership**

El Fieston will be fully owned by Reyna E. Nieves. Ms. Nieves is a California native with deep roots in Jalisco, Mexico. She grew up with a deep love for the Mexican celebratory culture and her mother's famous dishes. Ms. Nieves realized that very few restaurants were able to compete with her mother's cooking. Those that could compete were full-service restaurants, something that is becoming less popular. It was her love for the festive culture and her mother's cooking, along with foreseen opportunity to gain significant clientele that inspired her to pursue ownership of a fast-casual Mexican restaurant that will put her two loves in one location.

Her mother, Manuela Lopez, whom people know as an amazing chef, was born in the little town of Zaragoza, Zacatecas and moved to San Agustin, Jalisco at the age of 18. Mrs. Lopez worked both as a cook in restaurants in Guadalajara and as a personal chef for the wealthy families in the region for many years, and it was then that she developed some of the best recipes that will be used at El Fieston. Friends, family, and others in her extended community would constantly seek Mrs. Lopez'

cooking expertise for weddings, birthdays, *quinceañeras*, fundraisers, and other events. It did not take long to realize that there is a great business opportunity in operationalizing Mrs. Lopez' signature dishes into a restaurant idea.

Ms. Nieves earned her B.A. in Psychology and Social Welfare from the University of California, Berkeley in 2009. She worked at a culinary sauce and salsa manufacturing company for many years, and it was there that she received her purchasing, planning, and operational experience. In addition, Ms. Nieves earned her Master of Business Administration from California State University, Stanislaus in November 2017. She will pair her business savviness with her mother's kitchen expertise to run the most culturally accurate restaurant in Gilroy, California.

### **Legal Form**

El Fieston will be organized as a sole proprietorship wholly owned and operated by Ms. Nieves and will be registered in the state of California. Sole proprietorship is the simplest and most common type of business operating in the United States today and has plenty of advantages. However, because sole proprietorships have a limited life, the owner will switch to a limited liability company (LLC) after two years, once she has the resources necessary to switch. Switching to an LLC will provide the owner with protection from being personally responsible for the debt liabilities of the company (Hillstrom, 2002, p. 687).

Some of the benefits the owner will gain with sole proprietorship in the first two years include a great deal of independence and autonomy; ease of filing taxes, accounting, and business operational functions; modest start-up costs due to not

needing attorney services to prepare documents required by state or federal agencies; the advantage of business losses being used to offset other income on personal tax returns; and owner ability to secure and build a work force (Hillstrom, 2002, p. 1070-1071). Because a sole proprietorship involves the business and the owner being considered one and the same, which means that the owner has unlimited personal responsibility for the business's liabilities, Ms. Nieves will make sure to purchase liability insurance for protection from lawsuits or other threats.

### **Location and Facilities**

El Fieston restaurant will be located in a 2,500-square foot facility on a retail strip right next to the Gilroy Premium Outlets near the US-101/Leavesley Rd. exit. The reason for this location is its high traffic on US-101 as well as the fact that Gilroy Premium Outlets is a popular shopping destination for visitors and residents. Caltrans's 2015 Traffic Volumes on California State Highways stated that there was an average daily traffic of 20,800 cars on Leavesley Rd./US-101 exit ("2015 Traffic Volumes," 2015). In addition, it is estimated that the total daytime population is 3,091,728 (Property Overview, 2017), making the area a prime location for a fast-casual restaurant.

## SERVICES

### **Daily Operations**

Ms. Nieves will take care of the financial management, purchasing, public relations, scheduling of staff, and inventory control of the business. Ms. Nieves will also oversee daily operations and receiving functions. El Fieston will be located in a prime location in Gilroy, CA and will serve typical Mexican dinner options throughout the day. El Fieston will target Gilroy residents, Gilroy Premium Outlet shoppers and employees as well as commuters. For this reason, El Fieston will operate during peak service times, one hour before and one hour after the Gilroy Premium Outlets operates in order to give employees and shoppers the ability to grab a bite to eat before heading home.

All staff are expected to exceed all customer service expectations in all transactions. They will have to follow the philosophy of servicing each client as if they would their most respected and loved family member. All employees will be trained to greet each customer with a can-do attitude. The facility and its surroundings are expected to be clean at all times, and there will be a log that includes a checklist of all areas that will be cleaned daily and weekly. In addition, all staff will be responsible for ensuring that each customer receives the highest standard of service and high-quality food free of contamination.

At least one individual from each shift will be hazard analysis and critical control point (HACCP) certified, and all employees will have monthly training that covers good manufacturing practices and safety. Good personal hygiene will be

required from every employee regardless of their position, and shift managers will have an Atkins Thermometer Kit in order to facilitate and properly document and check food temperatures. All ingredients and finished products will be properly labeled, and there will be a manual available to all staff that includes shelf life and standard procedures for all operations in the restaurant. These practices will be mandatory as to be compliant with regulations.

### **Suppliers**

There will be a vendor approval program that will consist of checking vendors' service compliance, checking ingredient flavor profile, checking product integrity, and testing products before use. Once ingredients and supplies are approved, the product and its product code will be added to an approved product and vendor list, and only products on that list are to enter the establishment.

Owner, Ms. Nieves, will pair with a customer service representative from California Restaurant Supply to find the best equipment and supplies for El Fieston. California Restaurant Supply has a location in Fresno, California, which is in close proximity of Ms. Nieves' home in Los Banos, California.

As a part of the local sourcing effort, Ms. Nieves will partner with Fresh Point Central California for all produce needs and Los Banos Abattoir for all meat purchases. Fresh Point purchases the fresh, local produce from the Central Valley and surrounding farmers and services different areas in California seven days a week. The Los Banos Abattoir has been a part of Ms. Nieves' community for over 90 years and

is known for providing the finest and freshest meat to Los Banos and the surrounding areas.

For all other ingredients, including spices, El Fieston will use Sysco and Boyd Brokerage. Boyd Brokerage is a foodservice distributor in Northern California that delivers premium ingredients from California suppliers. Ms. Nieves has worked with Boyd Brokerage for over five years and knows that they are reliable and will do whatever it takes to get the product delivered in a timely manner. Sysco is the leader in distributing food products to restaurants and has locations in close proximity to the restaurant.

### **Management Controls**

Management controls are central to strategy formation as they shape the emergence of strategy and help support the implementation of deliberate strategies; on the other hand, restaurants also face the risk of employees engaging in undesirable activity where interdependent activities become uncoordinated and conflictual (Thomas & Ambrosini, 2015, p. S106). Good management controls help keep costs low, customer service high, and quality high. For this reason, the following controls will be strictly implemented.

There will be policies and standard operating procedures in place to keep everyone informed of best practices. Policies and procedures will be given to each employee and they will be required to read it, ask any questions, and acknowledge receipt with their signature before starting work. There will also be a yearly review of

all policies and procedures in order to keep employee compliance and education updated.

All procedures will be tested and approved by the owner prior to implementation. There will be a list of approved suppliers and approved ingredients along with the policies and procedures booklet in order to keep quality standardized. There will also be visual controls that include checklists, budgets, and visual reminders of safety and quality that will be used daily. In addition, there will be a sales report and cleaning report due daily, and there will be an inventory report due weekly, all of which the owner will have to receive and sign off on. Sales and inventory reports will be used to develop a forecast that will aid in efficiently purchasing ingredients and materials and keeping inventory control accurate.

### **Administrative Systems**

Because the restaurant will only hire a limited staff, it is extremely important that El Fieston finds an efficient way to keep all cash and sales information accurate and up to date. For this reason, the restaurant will purchase the service of Toast point of sales (POS) system. Toast is an all-in-one POS and restaurant management system that will help management with food costing, inventory management, kitchen management, payroll, point of sale, online ordering, sales tracking, and many more important features.

Toast will be an extremely important tool in daily cash control. Toast has the ability to track certain items by day, by time, and even by server. This will help

monitor seasonal menu items and research and development pilot tests by providing data to help figure out what items are performing well.

The POS system will also give El Fieston the ability to compare and consolidate cash and credit card deposits with actual sales. Consolidation will be conducted daily at the end of each shift in order to be able to address any discrepancies in an effective manner. Any discrepancy over \$5.00 will prompt the lead or manager of the shift to conduct an audit to find from where the discrepancy came. To help with this, there will be a checklist of points to look into when looking for discrepancies.

In addition to end of shift consolidation, Ms. Nieves will conduct a monthly audit of all sales and cash flows to make sure that cash, credit, and debit receipts match what the POS system shows as actual sales. She will also conduct weekly prime cost reports that will show profit margins by deducting all variable and fixed costs from sales revenue.

## MARKET ANALYSIS

The Restaurant Industry Profile states that in 2019, the United States restaurant industry was forecasted to have a value of \$842.1 billion, an increase of 23.2% since 2014 (2015). Currently, The National Restaurant Association states that 2017 restaurant industry sales will be at \$799 billion (“2017 National Restaurant,” 2017). The industry includes full-service restaurants; quick-service restaurants, including the fast-casual concept; cafeterias; buffets; snack bars; and nonalcoholic beverage bars. El Fieston, will be a fast-casual restaurant, which has 7.5% of the market share, but this concept is quickly increasing as millennials are moving away from full-service and into quick-service restaurants (McGrath, 2014).

### **Industry Analysis**

Fast-casual restaurants typically have customers order at the counter and do not offer the full table service that full-service restaurants do, but they do offer higher quality food than fast food restaurants. El Fieston will be a fast-casual restaurant, which is the latest concept in the quick service industry. It differs, however, from a typical quick-service restaurant like McDonald’s and KFC in that the average meal price is higher, the menu options are of better quality, and décor is more pleasant. According to The Fast Food Industry Analysis 2017-Cost & Trends report (2017), the quick service restaurant industry had an annual revenue of \$200 billion in 2015 and is expected to have an annual growth of 2.5% for the next few years. The report also states that the fast-casual average check size is \$12 and the consumer is generally described as married, working, and between the ages of 35-45. The fast-casual

consumer is looking for healthier options and locally sourced food, and there is an ever-growing demand of ethnic cuisine.

### **Market Size**

The National Restaurant Association's 2017 State of the Industry report states that there are over one million restaurants located in the United States and 14.7 million restaurant industry employees (2017). As can be seen in Appendix B, Figure 2: Restaurant Industry Sales, the restaurant industry is quickly growing.

### **Industry Participants**

Leading companies in the restaurant industry include Doctor's Association Inc., trading as SUBWAY; McDonald's; The Wendy's Company; Yum! Brands, which consists of KFC, Pizza Hut, and Taco Bell; and Darden Restaurants, which control Olive Garden and Red Lobster. Fast-casual chains include Boston Market, Panda Express, El Pollo Loco, Chipotle Mexican Grill, Panera Bread, Pizza Ranch, Five Guys, and others.

### **Main Competitors**

Since El Fieston will be a Mexican, fast-casual restaurant, the only food chains that are direct competitors are El Pollo Loco and Chipotle Mexican Grill. In addition, there are a plethora of restaurants located in Gilroy, California that will be competition, but few offer similar food and concepts.

Located 0.7 miles from 8620 San Ysidro Ave., Gilroy, California is Chevy's Fresh Mex restaurant. Chevy's is an American chain of Mexican-style casual dining that was founded in 1986. Chevy's offers full-service dining, and the experience is

reflected in the price per plate, which is at a much higher price than fast-casual restaurants. Cielito Lindo Restaurant and El Michoacano Restaurant are two authentic Mexican restaurants located 2 and 2.5 miles from El Fieston. Both restaurants also offer full-service dining with a variety of menu items, and the average ticket price per person is around \$20. Although these and other Mexican restaurants in the area serve Mexican food, they do not fall in the same category as El Fieston, which will be a fast-casual restaurant that will focus on serving quickly at a lower price.

Chipotle Mexican Grill is located 2.3 miles from where El Fieston will be opening. Chipotle is an American chain of fast casual restaurants with a menu that consists of only four items: burritos, bowls, tacos, and salads. Super Taqueria is another restaurant within a five-mile radius of where El Fieston will be located that falls in the fast-casual dining category. Super Taqueria has 11 locations throughout the South Bay, is very popular, and, like El Fieston, is located right off of US-101. Super Taqueria serves tacos, burritos, quesadillas, nachos, tostadas, and flautas. This restaurant will be El Fieston's largest competitor as they offer the same concept with similar food. However, their menu options are limited, and they do not offer the dinner plates and the excellent customer service that El Fieston will offer.

### **Market Segments**

As El Fieston will be a fast-casual restaurant, it will appeal to a population looking for higher quality food than fast food services like McDonald's and KFC offer and more convenience than the full-service restaurants. El Fieston will appeal to those looking for customization of an ethnic cuisine in an inviting atmosphere.

Service will be quick, and price per meal will range from \$8 to \$15, thereby targeting individuals who have higher disposable income and are looking for quality, locally sourced food. Once customers experience El Fieston's top of the line customer service, they are likely to become repeat customers. The location selected for El Fieston was chosen in order to appeal to Gilroy residents, Gilroy Premium Outlet shoppers, local employees, and commuters driving on US-101. According to Data USA (2017), in 2015 Gilroy had a population of over 51,000, a median household income of \$83,027 and a median age of 33.4. The Gilroy Premium Outlets center has more than 145 stores, which means there is a good pool of employees and shoppers in the area.

### **Target Market Segment Strategy**

A study showed that over one-third of shoppers are considered long duration shoppers, those who typically spend more than two hours on a shopping trip and are most likely to patronize a restaurant in the area (Taylor, 2010). The location of El Fieston will be within walking distance of shoppers looking for a quick bite while shopping and for employees looking for a conveniently located restaurant where they can quickly grab a bite during their break or lunch or before and after their shift starts. The location will also be convenient for commuters who are stuck in traffic because it will offer them a pit stop to grab a bite and let the traffic calm down.

### **Market Needs**

Americans go out for lunch on average twice a week and spend \$10 each time (Touryalai, 2013). The area located off Leavesley Rd. and US-101 is in need of a fast-

casual Mexican restaurant. This area has mainly fast food restaurants with the exception of a few Asian restaurants located in the same shopping strip as El Fieston. The current restaurant climate puts El Fieston at an advantage against competitors because shoppers and employees prefer restaurants within walking distance and a distance of 0.25 miles is often used as an acceptable walking distance in U.S. research studies (Yang & Diez-Roux, 2012).

### **Market Trends**

The National Restaurant Association surveyed nearly 1,300 professional chefs — members of the American Culinary Federation — on which food, cuisines, beverages and culinary themes will be hot trends on restaurant menus in the year ahead and developed the 2017 What's Hot Culinary Forecast. El Fieston's concept and menu falls within many of the top trends listed in the 2017 Culinary Forecast (2017). According to the survey, street food-inspired dishes was number two on the top 20 food trends; number six on this list was ethnic-inspired breakfast items; number eight was authentic ethnic cuisine; and number eleven was ethnic spices. Number two on the forecast for top 10 concept trends was chef-driven fast-casual concepts, and number five was locally sourced produce ("What's Hot 2017," 2017). (See Appendix B, Figure 3: Industry Trends).

### **Market Growth**

According to the 2015 Restaurants Industry Profile on the United States, the United States restaurants industry grew by 3.5% in 2014 to reach a value of \$683.4 billion, and in 2019, the United States restaurants industry is forecasted to have a

value of \$842.1 billion, an increase of 23.2% since 2014 (Restaurant Industry Profile, 2015, p. 2). The compound annual growth rate (CAGR) of the restaurant industry between the years 2010 and 2014 was 4.1%. In 2015, the CAGR of the industry between the years 2014 and 2019 was predicted to be 4.3% and the 2017 forecast for the United States restaurant industry value was \$777.2 billion, but, as previously mentioned, according to the National Restaurant Association forecast conducted this year, 2017 is well on its way to reaching \$798.7 billion, which exceeds previous forecasts by 2.77% (“Restaurant Industry Profile,” 2017). (See Appendix B, Figure 4: U.S. Restaurant Industry Value and Figure 5: U.S. Restaurant Industry Value Forecast).

## MARKETING STRATEGY, POSITIONING, AND IMPLEMENTATION

El Fieston will position itself as the go-to, high quality, reasonably priced, authentic Mexican fast-casual restaurant that will offer locally sourced ingredients used to replicate Guadalajara's most loved recipes served by a well trained, welcoming staff in a vibrant environment with festive décor and cultural literature that will educate the public of Mexican customs. This goal will be accomplished by focusing 100% on customer experience and authenticity. Each detail will be immaculately planned and executed in order to provide the customer with the best experience possible with the goal of making each customer a repeat customer.

As stated, each employee will go through thorough training that will cover food and personal safety, company goals and expectations, customer service, customer complaint mitigation, and menu items. Employees will be paid above minimum wage and treated with much respect and given as much flexibility as is possible in the restaurant industry. There will be regular performance reviews for each employee and El Fieston will have an employee of the month program where the winner will receive a bonus. Furthermore, management will always look for ways to develop and motivate employees.

El Fieston will also make sure to be on top of all marketing trends. The restaurant will have a website where customers can order and pay online along with an e-mail list where El Fieston will send out new menu item alerts and coupons. The restaurant will also have active social media accounts in order to stay connected with our customers.

## Strengths

El Fieston's focused strength will be its unwavering commitment to providing customers with an excellent experience. The food will be consistent and authentic and there will be nothing outside of delicious and fresh served to customers. El Fieston will also work daily on improving customer relationships and employee morale. El Fieston will be located in a convenient location that will cater to commuters using US-101, Gilroy residents, and Gilroy Premium Outlets shoppers and employees. The operations and layout will be implemented in such a way that will make customer's orders quick and efficient. There will also be an online ordering feature and delivery options for orders over \$100 in a 10 mile radius.

Whereas our competitors have a limited menu, El Fieston will offer a variety of items that will be assembled to order so as to allow for customers to enjoy mass customization. For example, El Fieston will offer different types of sauces like sweet mole, savory mole, chile rojo, chile verde, and others that will be separate and paired with the customer's meat of choice. There will also be seasonal menu options, like different types of soups during the winter, *menudo* and *posole* on the weekends, and *tamales* and *champurrado* during Christmas.

Due to the restaurant's small size and the fact that El Fieston is new in the industry, there is a high level of drive and determination to offer excellence. Management will have the ability to thoroughly research and source ingredients through sustainable and ethical suppliers, thereby appealing to sustainable businesses

in the area, something that larger competitors lose sight of once they've become too large.

### **Weaknesses**

Although being a small size can be a positive thing in some aspects, it also presents El Fieston with some challenges. Because El Fieston and its owners will be new to the industry, there will be a learning curve and limited resources. The POS system will be instrumental in learning what works and what does not, but it may take months to gather reliable data. It will also take years to gain the experience and resources of local competitors.

### **Opportunities**

The two main opportunities that El Fieston will focus on include adding catering services and starting a fleet of Food Trucks. Catering is a simple addition that we can add in order to increase revenue. El Fieston will immediately offer the ability to order party platters, but management will develop a catering menu for large events once the workload is more comfortable. Ms. Nieves' mother has experience catering large events and El Fieston will use a new menu, Mrs. Lopez' experience along with Ms. Nieves' planning experience to provide customers with large event catering for parties, weddings, company events, and other occasions.

Food trucks are another easy way to gain revenues. The food truck industry has gained popularity and with the mobility and low overhead that food trucks require would create a great opportunity for El Fieston to expand. Food trucks and their cuisine are important to millennials, a demographic that likes to experiment with new

tastes (Morrison, 2012). In the Technomic 2011 Food Trucks Innovation report, 42% of consumers surveyed ages 18 to 30 said they visit food trucks at least once a week; 38% of consumers ages 31 to 40 answered the same way (Morrison, 2012). However, because of the space constraint, the food trucks will focus on a limited menu, selling typical Mexican street food like tacos, bacon wrapped hot dogs, burritos, *tortas*, and *tostadas*.

### **Threats**

El Fieston's biggest threats include government mandates and local competitors. There is a vast number of government mandates that must be followed in order to operate. Mandates include, but are not limited to, food safety, employee safety, federal health and sanitation standards, and fire safety. El Fieston must make sure to do their due diligence, research each mandate, and implement changes as needed.

Lastly, established competitors pose a great threat to El Fieston. Restaurants like Super Taqueria and Chipotle are established restaurants that have regular customers, sound operations, and offer customers Mexican food quickly and at a reasonable price. El Fieston will have to differentiate itself from these competitors through its product variety and customer service.

### **Unique Selling Proposition**

Our customers can expect to receive friendly service, a variety of authentic dishes, and reasonable prices for quality meals. Vegetarian customers will have delicious vegetarian options to choose from. In addition, El Fieston will provide

seasonal dishes that will be added to the menu during Mexico's festive seasons. For example, we will offer *rosclas* made from tacos on January 6<sup>th</sup> to celebrate *El Dia de los Magos Reyes*, seafood items during lent, and *tamales* and *champurrado* during Christmas season. We will also add literature to teach the public about the Mexican customs and why there is a change in the menu for each occasion.

### **Competitive Edge**

Our competitive advantages will be our authentic research and development plan based in Guadalajara, Mexico; continuous improvement efforts; and unparalleled customer service. Process and food innovation is extremely important in today's market and will be a key driver in the success and survival of El Fieston. It is no surprise that there is a constant change in consumer demands, and through research and development, El Fieston will stay on top of new trends in order to keep customers engaged. Ms. Nieves will also become a member of the National Restaurant Association and invest in yearly market research reports in order to stay informed and ahead of the curve.

The research and development component of the business will allow El Fieston to give customers products that competitors cannot easily replicate. New products will also give El Fieston the capability to increase market share in the area by giving customers something they have never had before. Additionally, new products will keep El Fieston relevant in the eyes of the consumer.

Our continuous improvement projects, which will be executed at least once per quarter will help our restaurant drive down costs and will allow us to pass on

those savings to customers in the form of discounts. Because our continuous improvement efforts will require all team members to participate, it will create a more unified culture and make team members feel empowered, thus creating happier employees that better serve our customers. Continuous improvements will also allow the business to expand. Once the restaurant has reached a point where the team feels that there are no more improvements to be made, El Fieston will open up a new location and an opportunity to implement the same processes.

Lastly, our ability to provide the customer with an unparalleled customer experience will give El Fieston a huge advantage over competitors. Having a culture that focuses on respect and the customer will be the emphasis on everything the restaurant does. When an organization's culture offers a good environment consistent with each employee's personal value and careers goals, employees can easily adapt to the organizational culture and perform better (Kumar, 2012). El Fieston will have a customized application and follow up process in place in order to hire employees who fit El Fieston's culture and mission.

### **Pricing Strategy**

According to *Forbes* magazine, restaurants have a small profit margin, which makes pricing each item on the menu extremely important. Restaurants are often at the mercy of external forces when it comes to food pricing; droughts and other natural disasters can cause poor crop yields that drive food prices higher. For this reason, profit margins are constantly fluctuating. In order to keep profits increasing, management will implement a cost-plus pricing strategy.

Cost plus pricing is a pricing method that takes the direct material cost, labor costs, and overhead, and adds to it a markup percentage to create a profit margin. Once pricing lists are gathered from each vendor, El Fieston will develop formulas that take the cost of ingredients for each recipe and divide it by the number of servings each recipe will yield and add the monthly expenses. El Fieston will then divide that by the average number of customers are received per day; add the per customer expense to each menu item; and add a 13% margin. The 13% margin comes from rounding up the Restaurant Benchmarks Key Performance Indicators report that states what earnings should be before interest, taxes, depreciation, amortization, and rent (EBITDAR). EBITDAR for quick-service restaurants in 2016 was 12.8% (Restaurant Benchmark, 2016). Afterwards, El Fieston will compare prices to those of competitors to make sure that they are within reasonable parameters. Management will then analyze pricing sheets and update them on a quarterly basis.

Owner, Ms. Nieves, has a background in procurement and operations, so she will use her experience to negotiate the best pricing with vendors. Ms. Nieves will strategically source and place purchase orders with suppliers and evaluate freight options for cost-effective, lean, just-in-time delivery to ensure proper inventory on hand for timely production with demand with the shelf life of ingredients in mind. Lean operations will help the business by decreasing waste and costs, and maximizing profits. Purchasing ingredients from local vendors will also help control costs by decreasing freight costs. There will be contracts put in place for high volume

ingredients and Ms. Nieves will keep a close eye on market trends in order to contract ingredients at the best time in order to receive the best rates.

### **Promotion and Advertising Strategy**

In today's technological world, delivering great food and service is often not good enough. If a restaurant is not up-to-date on marketing trends, they will not reach their full potential and can run the risk of dying off. El Fieston will market using a combination of social media, community involvement, physical and online postings, event marketing, and word of mouth to get business to as many eyes and ears as possible.

Repeat customers supply most operators with the cash-flow foundation necessary to survive (Ridilla, 2004). For this reason, El Fieston will target local residents and employees as its regular customer base by getting involved in the community. El Fieston will collaborate with Gilroy's Chamber of Commerce and use their networking services to stay informed of local events. El Fieston will also participate in local fairs and festivals and sponsor local sports teams so that local residents become familiar with the restaurant's name and services. Additionally, local employees will be provided with discounts in order to make them regular customers.

### **Marketing Programs**

About 60% of new restaurants fail within the first years of opening; thirty percent fail in the first year and another thirty percent close in the next two years (Kavanagh, 2016). Competition in the restaurant industry is fierce, and El Fieston needs to make sure it differentiates itself and gets attention from as many people as

possible. In order to do this, management will implement an aggressive marketing program. The marketing program will consist of reaching out to the local community, geo-targeted ads, social media pages, setting up review accounts, website development, and creating a loyalty program. In each marketing effort, the culture and customer service of El Fieston will shine through.

El Fieston will kick off its marketing campaign by reaching out to local businesses and residents. El Fieston will provide free samples to businesses in the area, put out flyers, sponsor local community efforts and teams, and attend local events to show a presence in the community. It is important that community members know that El Fieston is present and cares. According to Edelman's Good Purpose study, 72% of consumers would recommend a brand that supports a good cause over one that does not, a 39% increase since 2008 (2012).

Social media will also be a huge driver in marketing efforts. Social media has changed the game when it comes to delivering information to current and future customers. Social media is a great tool because it offers free visibility, viability, and sustainability in the marketing portion of the business. A survey conducted in 2012 reported that social media helps organizations to grow and promote their businesses, especially to generate more awareness in terms of business exposure (85% of marketers), to increase traffic (69%) and provide organization insight (65%) ("Edelman's Good Purpose," 2012). Social media can also help the small business organizations in terms of networking, relationships, and online branding opportunities (Taneja, 2014). El Fieston will have active Facebook, Instagram, Twitter, and

Snapchat accounts. Each site will be updated at least once per week, and all promotional campaigns will be posted on these sites. El Fieston will also encourage posts sharing and online reviews. According to one market research firm, each time a consumer posts something on the social web, it reaches a minimum of 150 people (Fuggetta, 2012). This will serve as our word-of-mouth marketing. Social media will help El Fieston penetrate the market more effectively and efficiently because today's generation is extremely driven by social media.

El Fieston will be sure that "foodie" pictures are put up on our social media pages as often as possible in order to provide customers with high quality, appetizing photos that will encourage them to come in and eat at the restaurant. Buzz will be created by having promotions that give a free taco to anyone who puts a picture on their social media page, writes about their experience at our restaurant, and tags El Fieston. Geo-targeted ads will be put on Facebook and Instagram to get people to add El Fieston and try the restaurant out. Additionally, the restaurant will put up promotions, specials, and news on its company website. Marketing will also reach out to Facebook and Instagram "foodies" to get them to review our restaurant and post pictures of El Fieston on their pages.

Furthermore, El Fieston will be proactive by creating Yelp and Google+ profiles. It is no secret that Yelp and Google reviews have power in the restaurant industry. A Harvard Business School study found that even a one-star rating increase on Yelp translates to a sales increase of 5% to 9% (Jarvis, 2014). People are always writing reviews and El Fieston wants to make sure that it has a head start in making

its business look as appealing as possible by putting up information and appealing photos on each site instead of leaving it at the hands of others.

El Fieston will also hire an experienced website developer to create an appealing and engaging website that will have the capabilities to grow with the restaurant. Hiring an experienced web developer is a smart move because they will be able to create a functional website that will meet all internet legalities. Our website will showcase El Fieston's menu, map, hours of operation, history, mission, news, coupons, and online ordering capabilities. The website will be listed with at least 15 search engines, and keywords and Meta tags will be properly formatted in order to generate more traffic to the website. The web developer will only be active during start up. Once the website is done, owner Ms. Nieves will properly maintain and update it with all pertinent information.

A rewards program will be yet another marketing initiative. Getting new guests is more costly than bringing in repeat customers. According to a survey conducted by the National Restaurant Association, adding and expanding rewards programs was the most successful strategy used by casual restaurants to maintain their customer's loyalty ("Restaurant Industry Forecast," 2014). Loyalty programs encourage customers to continue going to the same locations because they find it more beneficial. For this reason, a loyalty program will be implemented with the help of a POS systems provider.

### **Milestones**

Keeping in mind that El Fieston is scheduled to open on April 15, 2018, El Fieston milestones are listed on Table 2: Milestones in Appendix A.

### **Exit Strategy**

El Fieston is going to be given life in the hopes of succeeding and carrying on for many generations. Continuous improvement efforts will be done efficiently so as to adapt to change and create success. At this point, failure is not an option, so El Fieston will focus on how to prevent closure.

In the case that the restaurant is not bringing in the margins expected, management will evaluate the causes of the failure through deep analysis of expenditures, sales, and customer reviews. Once management has evaluated all the data, they will put a process improvement effort in place and execute it in the most effective, time sensitive way possible. Management will also put the following plan in place in order to drive up sales and remain flexible: offer promotions, increase business hours to include early breakfast, host local events, and purchase from non-local companies if the action could increase savings. If in need of more help, El Fieston will bring in consultants to help revive the business.

Promotions will include one-dollar taco Tuesdays, providing coupons to our social media followers and handing them out to local employees, and having meal specials every day of the week. Increasing business hours to include breakfast will open up to a new set of customers that may not attend otherwise. Management will then schedule a meeting with the Gilroy Chamber of Commerce to see if there are any

events that the restaurant can host at its location in order to bring in sales. Evaluating vendor price schedules and requesting quotes from outside vendors will also be an important step. The goal is to source locally, but good managers must be sure to always remain flexible and look at alternatives in order to stay in business. If after careful evaluation, management cannot figure out a plan to get the business back on track, they will solicit the service of restaurant consultants in order to help develop and execute a plan to make El Fieston profitable.

## ORGANIZATION AND MANAGEMENT

### **Organizational Structure**

The organizational structure that will be in place at El Fieston will be designed to implement a system of accountability and responsibility. Because the restaurant will be a small establishment, each employee will take on more than one role. There will be a total of fourteen (14) employees, including the owner, under the El Fieston umbrella. Owner, Ms. Nieves, will be the general manager that will be responsible for the day-to-day operations, hiring, training, research, ordering, and will assist with serving the customer. There will be nine employees that will serve the front of the house and will alternate shifts. They will be responsible for taking care of service execution and cleaning the front of the house. Finally, there will be three cooks that will alternate shifts. Ms. Nieves' mother will be the executive chef that will train and oversee two other chefs who will be responsible for putting out quality in spec meals, kitchen maintenance and cleaning. See Appendix A, Figure 1: Organizational Structure.

## FINANCIAL PLAN

### **Important Assumptions**

Assumptions are a critical component of this business plan because El Fieston will be a new entrant and does not have historical figures to develop the financial information needed to evaluate potential performance. To start off, El Fieston will use an average check price of twelve dollars based on the Fast Food Industry Analysis 2017-Cost & Trends report (2017).

Percentages will come from the 2016 Restaurant Benchmark report (2016). This report states that food cost is 28.5% of total sales; labor is another 28.5% of total sales, giving us a total prime cost of 57% (Restaurant Benchmark, 2016). Prime cost will be used as an overall variable cost because prime cost combines the food cost and store labor percentages, the two most significant costs that a restaurant incurs.

In order to evaluate potential sales volume, management will use Chipotle Mexican Grill figures. Chipotle Mexican Grill has a similar set up, size (as far as square footage per store), and falls within the same restaurant concept as El Fieston. In 2010, Chipotle's CEO Steve Eells stated that Chipotle Feeds 750,000 customers a day (Lean, 2010). At this time, Chipotle had 1,000 restaurants, which equates to an average of 750 customers per day per store. Since Chipotle invests millions of dollars in advertisement and other operational projects, which is outside of El Fieston's budget, the restaurant will start at a forecast at 450 customers per day, 60% of Chipotle's average, in an attempt to be conservative.

Finally, an annual 3% increase will be added for inflation and an annual increase of 5% in revenues is forecasted.

### **Source and Use of Funds**

Total start-up costs will be \$227,700. The owner will seek \$170,250 (75%) bank loan and she will personally come up with \$56,925 (25%). Ms. Nieves will get a five-year business loan through a bank and will pay it at 6% interest. In order to keep costs as low as possible, the owner will purchase used restaurant equipment as is feasible and will work with her long-time contractor friend to find the best rate for renovations. See Appendix C, Table 4: Source & Use of Funds and Table 5: Fixed Operating Expenses.

### **Break-Even Analysis**

Total annual fixed cost associated with the restaurant is \$215,571. Based on the assumption that the variable cost is 57% of the ticket price and the average ticket price is \$12, the variable cost per unit is \$6.84. Therefore, the break-even revenue is \$501,327.91, which is equivalent to 41,777 meals. See Table 6: Break-Even Table and Figure 6: Break-Even Analysis in Appendix C.

### **Projected Cash Flow**

Tables 7 through 9 in Appendix C show El Fieston's incoming and outgoing cash that will be associated with the restaurant from April 2018 to the end of 2020. The projected cash flow statements break down expenses and revenues of the restaurant and display an ending cash balance of \$218,758 (including \$25,000 start-up working capital) in 2018, \$528,416 in 2019, and \$866,342 in 2020. These are

conservative numbers considering that the average unit sales in 2014 for quick-service restaurants was \$861,000.

### **Business Ratios**

Table 10: Business Ratios in Appendix C shows the liquidity, safety, profitability, and efficiency ratios for the restaurant. As stated in the assumptions, cost of goods sold (COGS) to sales is 57% and covers labor and food costs. Net profit margin will be 18% by the end of 2020. Liquidity ratios increase with every passing year, which indicate that El Fieston will be able to pay back debt with no problem as long as they maintain quality of food and service. Gross profit margin is at 0.43, which is right in line with the 2017 Restaurant Industry Profitability Ratios that shows a .4364 ratio (Restaurant Industry Profitability, 2017).

### **Hourly Labor Schedule**

El Fieston plans to operate from April 15, 2018 onward. All employees, including the owner, will be paid \$12 per hour in 2018. Full time employees will work 37.5 hours per week and part-time employees will work 30 hours per week. Pay will increase to \$13 per hour in 2019 and \$14 per hour in 2020. This is well over minimum wage requirements for employers with 25 employees or less in California (“New Minimum Wage,” 2016). See Appendix A, Table 3: California Minimum Wage Schedule. Maintenance and other services will be outsourced and solicited on an as needed basis.

El Fieston is forecasting average sales of 450 meals per day, which equates to 3,150 meals per week. Vast research has been conducted to summarize productivity

levels in different types of food service operations. Results show meals per labor hour in the quick-service restaurant is 9.5 (Gregoire, 2010). This plan uses quick-service standards because the fast-casual concept is the latest concept in the quick-service restaurant industry. As in typical quick-service operations, El Fieston's fast-casual operation is a made-to-order environment with more complex flavors and more upscale décor.

To calculate the number of hours needed to employ the restaurant, 3,150 meals per week is divided by 9.5 meals per labor hour, which gives a standard of 331.57 labor hours per week. Figure 7: Start-Up Labor Schedule in Appendix C gives details on a proposed employee schedule that gives 427.5 labor hours per week. This will be the starting schedule and gives 29% additional capacity in case the restaurant receives more business than expected. As data is gathered through the POS system, the schedule will be modified to fit actual sales and hours will be cut from part-time employees to keep full-time employees at a constant rate.

## CONCLUSION

After thorough market, financial, and operational analysis, opening up a fast-casual Mexican restaurant in Gilroy, California is a profitable endeavor. This endeavor will require an unwavering standard of great customer service; authentic, quality food; a start-up cost of \$227,700; and \$17,441 fixed operating costs per month. By carrying out the strategy stated in this business plan, El Fieston will be able to achieve profits of \$228,035.77 by the end of 2018, \$374,480.20 in 2019, and \$394,719.78 in 2020. This information can be seen in Appendix C, Tables 11, 12 and 13 that show 2018 to 2020 projected income statements.

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## APPENDICES

APPENDIX A  
OPERATIONS FIGURES AND TABLES

Table 1

*El Fieston 's Hours of Operation*

Monday	10:00 am – 10:00 pm
Tuesday	10:00 am – 10:00 pm
Wednesday	10:00 am – 10:00 pm
Thursday	10:00 am – 10:00 pm
Friday	10:00 am – 10:00 pm
Saturday	10:00 am – 10:00 pm
Sunday	10:00 am– 8:00 pm

Table 2

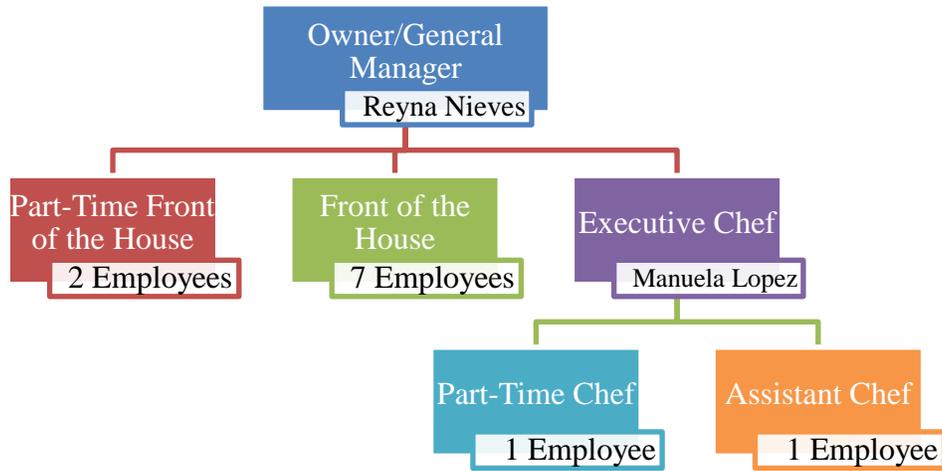
*Milestones*

<b>Milestone</b>	<b>Project</b>	<b>Estimated Start</b>	<b>Estimated Finish</b>
Milestone 1	Completion of Concept and Menu	December 1, 2017	February 1, 2018
Milestone 2	Financing	January 2, 2018	February 20, 2018
Milestone 3	Sign Lease	February 1, 2018	March 1, 2018
Milestone 4	Complete Remodeling	March 1, 2018	April 1, 2018
Milestone 5	Hire Staff	February 1, 2018	April 1, 2018
Milestone 6	Purchase Point of Sale System	February 1, 2018	April 1, 2018
Milestone 7	Marketing Efforts	March 1, 2018	Ongoing

Table 3

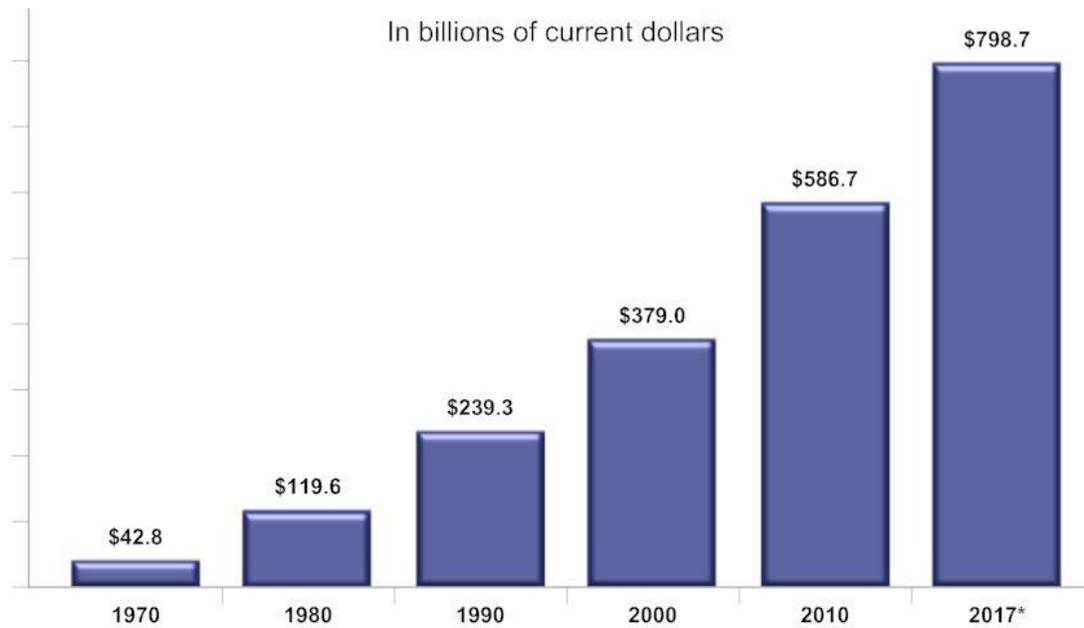
*California Minimum Wage Schedule (New Minimum Wage Phase, 2017)*

<b>Date</b>	<b>Minimum Wage for Employers with 25 Employees or Less</b>	<b>Minimum Wage for Employers with 26 Employees or More</b>
January 1, 2017	\$10.00/hour	\$10.50/hour
January 1, 2018	\$10.50/hour	\$11.00/hour
January 1, 2019	\$11.00/hour	\$12.00/hour
January 1, 2020	\$12.00/hour	\$13.00/hour
January 1, 2021	\$13.00/hour	\$14.00/hour
January 1, 2022	\$14.00/hour	\$15.00/hour
January 1, 2023	\$15.00/hour	



*Figure 1.* El Fieston's Organizational structure that indicates hierarchy and functions.

APPENDIX B  
MARKET ANALYSIS FIGURES



*Figure 2.* National Restaurant Association's 2017 Restaurant Industry Sales indicated in billions of current dollars ("2017 National Restaurant," 2017).

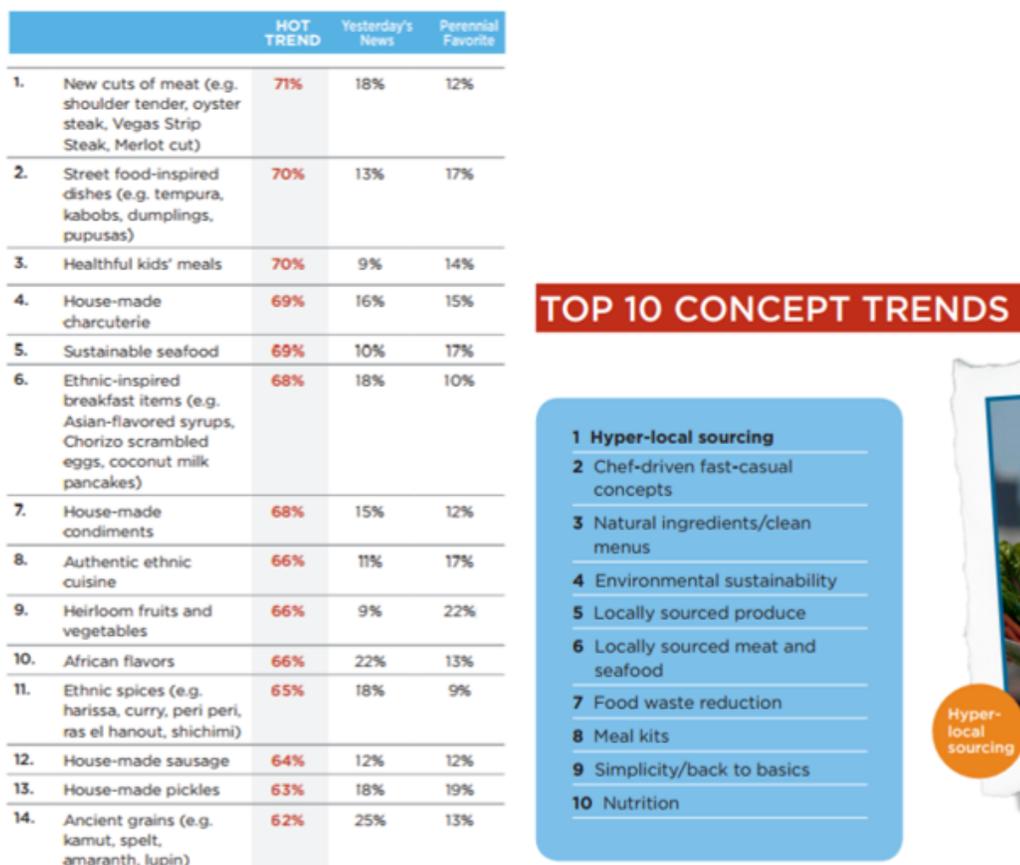


Figure 3. 2017 What's Hot Report showing current industry trends ("What's Hot 2017," 2017).

Year	\$ billion	€ billion	% Growth
2010	583.0	438.7	
2011	610.6	459.5	4.7%
2012	632.0	475.	3.5%
2013	660.5	497.0	4.5%
2014	683.4	514.2	3.5%
CAGR: 2010–14			4.1%

Figure 4. United States Restaurant Industry Value stated in billions of dollars. (Restaurant Industry Profile, 2015)

Year	\$ billion	€ billion	% Growth
2014	683.4	514.2	3.5%
2015	709.2	533.6	3.8%
2016	744.3	560.0	4.9%
2017	777.2	584.8	4.4%
2018	809.8	609.4	4.2%
2019	842.1	633.6	4.0%
CAGR: 2014–19			4.3%

*Figure 5.* United States restaurant industry value from 2014 to 2019. (Restaurant Industry Profile, 2015)

## APPENDIX C

## FINANCIAL TABLES &amp; FIGURES

Table 4

*Source & Use of Funds*

Required Start-Up Funds	Amount	Totals
<b>Fixed Assets</b>		
	\$ -	
Building Rent & Deposit	10,000	
Building Renovations	50,000	
Equipment	80,000	
Furniture and Fixtures	10,000	
	-	
	-	
<b>Total Fixed Assets</b>		150,000
<b>Operating Capital</b>		
Pre-Opening Wages	10,000	
Prepaid Insurance Premiums	1,000	
Beginning Inventory	15,000	
POS System	2,500	
Utility Deposits	1,000	
Supplies	5,000	
Advertising and Promotions	10,000	
Licenses	1,200	
Website Design	7,000	
Working Capital	25,000	
<b>Total Operating Capital</b>		77,700
<b>Total Required Funds</b>		\$ 227,700
<b>Sources of Funding</b>	<b>Amount</b>	<b>Totals</b>
Owner's Cash Injection	25.06%	56,925
Outside Investors	0.00%	-
Additional Loans or Debt		
Commercial Loan	74.94%	170,250
Commercial Mortgage	0.00%	-
<b>Total Sources of Funding</b>	100.00%	\$ 227,175

Table 5

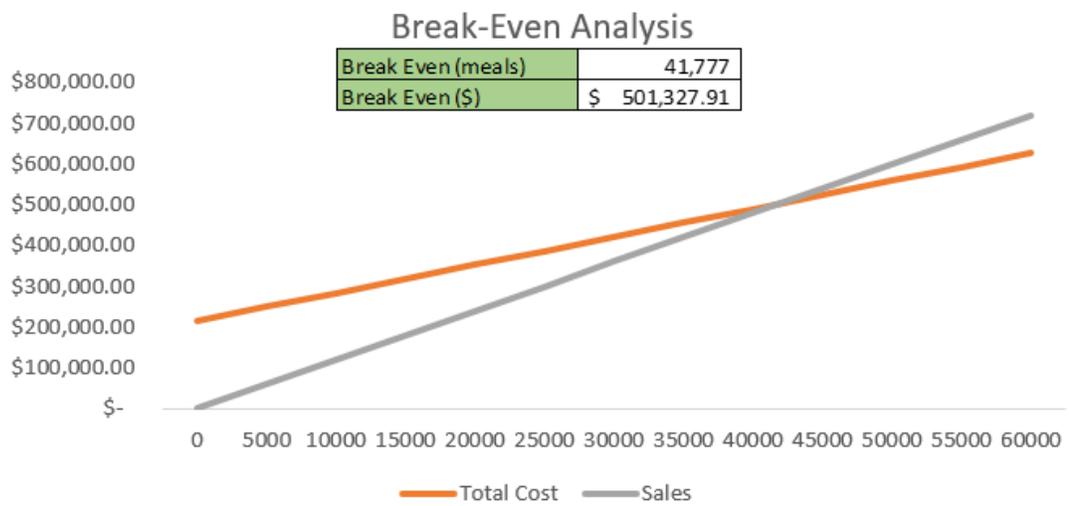
*Fixed Operating Expenses*

Fixed Operating Expenses	Monthly	2018	2019	2020
Percent Change		Start date: April 15	3.00%	3.00%
<b>Expenses</b>				
Advertising	\$ 500	4,274	6,180	6,365
POS System	250	2,137	3,090	3,183
Research & Development	1,000	8,548	12,360	12,731
Debt Services	3,291	28,131	40,677	41,897
Dues and Subscriptions	75	641	927	955
Insurance (Liability and Property)	125	1,068	1,545	1,591
Internet	100	855	1,236	1,273
Office Expenses	50	427	618	637
Rent	3,750	32,055	46,350	47,741
Repairs and Maintenance	300	2,564	3,708	3,819
Supplies	6,000	51,288	74,160	76,385
Telephone and Communications	100	855	1,236	1,273
Utilities	900	7,693	11,124	11,458
Employee Training & Development	1,000	8,548	12,360	12,731
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
<b>Total Expenses</b>	<b>17,441</b>	<b>149,085</b>	<b>215,571</b>	<b>222,038</b>
<b>Other Expenses</b>				
Depreciation	1,833	22,000	22,000	22,000
Interest				
Commercial Loan	783	9,396	7,540	5,569
Commercial Mortgage	-	-	-	-
Line of Credit	-	-	-	-
<b>Total Other Expenses</b>	<b>2,616</b>	<b>31,396</b>	<b>29,540</b>	<b>27,569</b>
<b>Total Fixed Operating Expenses</b>	<b>20,057</b>	<b>180,481</b>	<b>245,110</b>	<b>249,606</b>

Table 6

*Break-Even Table*

Fixed Cost	\$ 215,571.00
Variable Cost (per unit)	\$ 6.84
Sales Price	\$ 12.00
Unit Increments (for x-axis Display)	5000
Break Even (meals)	41,777
Break Even (\$)	\$ 501,327.91



*Figure 6.* Break-even analysis graph showing an intersection of total cost and sales at 41,777 meals, which is the equivalent of \$501,327.91.

Table 7

*2018 Projected Cash Flow Statement***EI Fieston  
Projected Cash Flow Statement - 2018**

	April	May	June	July	August	September	October	November	December	Totals
Beginning Cash Balance	25,000	17,318	40,661	65,117	93,104	122,413	140,377	169,686	199,995	
<b>Cash Inflows</b>										
Income from Sales	83,700	151,200	167,400	162,000	167,400	162,000	167,400	167,400	162,000	1,390,500
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Inflows</b>	83,700	151,200	167,400	162,000	167,400	162,000	167,400	167,400	162,000	1,390,500
<b>Cash Outflows</b>										
<b>Investing Activities</b>										
New Capital Purchases	-	-	-	-	-	-	-	-	-	-
Inventory Purchases	5,000	3,000	4,000	3,000	4,000	5,000	4,000	3,000	4,000	35,000
Cost of Sales	47,709	86,184	95,418	92,340	95,418	92,340	95,418	95,418	92,340	792,585
<b>Operating Activities</b>										
Salaries and Wages	17,941	17,941	17,941	17,941	17,941	17,941	17,941	17,941	17,941	161,465
Fixed Business Expenses	17,441	17,441	17,441	17,441	17,441	17,441	17,441	17,441	17,441	156,969
Taxes	-	-	4,853	-	-	8,023	-	-	8,224	21,101
<b>Financing Activities</b>										
Loan Payments	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	29,623
Line of Credit Interest	-	-	-	-	-	-	-	-	-	-
Line of Credit Repayments	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>	91,382	127,857	142,944	134,013	138,091	144,036	138,091	137,091	143,237	1,196,742
<b>Cash Flow</b>	(7,682)	23,343	24,456	27,987	29,309	17,964	29,309	30,309	18,763	193,758
<b>Operating Cash Balance</b>	17,318	40,661	65,117	93,104	122,413	140,377	169,686	199,995	218,758	
<b>Line of Credit Drawdowns</b>	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>	17,318	40,661	65,117	93,104	122,413	140,377	169,686	199,995	218,758	

Table 8

*2019 Projected Cash Flow Statement***El Fieston  
Projected Cash Flow Statement - 2019**

	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Beginning Cash Balance	218,758	248,648	272,223	293,891	320,343	350,233	370,251	402,141	432,031	450,838	480,728	507,180	
<b>Cash Inflows</b>													
Income from Sales	175,770	158,760	175,770	170,100	175,770	170,100	175,770	175,770	170,100	175,770	170,100	175,770	2,069,550
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Inflows</b>	175,770	158,760	175,770	170,100	175,770	170,100	175,770	175,770	170,100	175,770	170,100	175,770	2,069,550
<b>Cash Outflows</b>													
<b>Investing Activities</b>													
New Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Purchases	4,000	3,000	4,000	5,000	4,000	3,000	2,000	4,000	4,000	4,000	5,000	4,000	46,000
Cost of Sales	100,189	90,493	100,189	96,957	100,189	96,957	100,189	100,189	96,957	100,189	96,957	100,189	1,179,644
<b>Operating Activities</b>													
Salaries and Wages	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	233,226
Fixed Business Expenses	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	215,571
Taxes	-	-	8,222	-	-	8,433	-	-	8,644	-	-	8,654	33,955
<b>Financing Activities</b>													
Loan Payments	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	39,497
Line of Credit Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
<b>Total Cash Outflows</b>	145,880	135,184	154,103	143,648	145,880	150,082	143,880	145,880	151,293	145,880	143,948	154,534	1,759,892
<b>Cash Flow</b>	29,890	23,576	21,667	26,452	29,890	20,018	31,890	29,890	18,807	29,890	26,452	21,236	309,658
<b>Operating Cash Balance</b>	248,648	272,223	293,891	320,343	350,233	370,251	402,141	432,031	450,838	480,728	507,180	528,416	
<b>Line of Credit Drawdowns</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>	248,648	272,223	293,891	320,343	350,233	370,251	402,141	432,031	450,838	480,728	507,180	528,416	

Table 9

*2020 Projected Cash Flow Statement***El Fieston  
Projected Cash Flow Statement - 2020**

	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Beginning Cash Balance	528,416	563,051	590,006	614,977	645,052	678,687	699,877	731,512	763,147	783,115	815,750	844,825	
<b>Cash Inflows</b>													
Income from Sales	184,559	166,698	184,559	178,605	184,559	178,605	184,559	184,559	178,605	184,559	178,605	184,559	2,173,028
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Inflows</b>	184,559	166,698	184,559	178,605	184,559	178,605	184,559	184,559	178,605	184,559	178,605	184,559	2,173,028
<b>Cash Outflows</b>													
<b>Investing Activities</b>													
New Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Purchases	2,000	2,000	3,000	4,000	3,000	4,000	5,000	5,000	5,000	4,000	5,000	6,000	48,000
Cost of Sales	105,198	95,018	105,198	101,805	105,198	101,805	105,198	105,198	101,805	105,198	101,805	105,198	1,238,626
<b>Operating Activities</b>													
Salaries and Wages	20,931	20,931	20,931	20,931	20,931	20,931	20,931	20,931	20,931	20,931	20,931	20,931	251,166
Fixed Business Expenses	18,503	18,503	18,503	18,503	18,503	18,503	18,503	18,503	18,503	18,503	18,503	18,503	222,038
Taxes	-	-	8,664	-	-	8,885	-	-	9,107	-	-	-	35,774
<b>Financing Activities</b>													
Loan Payments	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	39,497
Line of Credit Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>	149,923	139,743	159,587	148,530	150,923	157,415	152,923	152,923	158,637	151,923	149,530	163,041	1,835,101
<b>Cash Flow</b>	34,635	26,955	24,971	30,075	33,635	21,190	31,635	31,635	19,968	32,635	29,075	21,517	337,926
<b>Operating Cash Balance</b>	563,051	590,006	614,977	645,052	678,687	699,877	731,512	763,147	783,115	815,750	844,825	866,342	
<b>Line of Credit Drawdowns</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>	563,051	590,006	614,977	645,052	678,687	699,877	731,512	763,147	783,115	815,750	844,825	866,342	

Table 10

*Business Ratios*

**El Fieston  
Financial Ratios**

Ratio	2018	2019	2020
<b>Liquidity</b>			
Current Ratio	0.53	5.54	12.59
Quick Ratio	-	4.88	11.67
<b>Safety</b>			
Debt to Equity Ratio	0.60	0.18	0.07
Debt to Coverage Ratio	1.39	3.66	5.61
<b>Profitability</b>			
Sales Growth	-	0.49	0.05
COGS to Sales	0.57	0.57	0.57
Gross Profit Margin	0.43	0.43	0.43
SG&A to Sales	0.27	0.22	0.22
Net Profit Margin	0.13	0.18	0.18
Return on Equity	0.76	0.63	0.40
Return on Assets	0.86	0.53	0.39
Owner's Compensation to Sales	0.01	0.01	0.01
<b>Efficiency</b>			
Days in Receivables	-	-	-
Accounts Receivable Turnover	-	-	-
Days in Inventory	6.81	4.58	4.36
Inventory Turnover	52.84	78.64	82.58
Sales to Total Assets	6.68	2.91	2.12

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hours
Employee								
Chef 1	5:00AM-11:00AM	11:00AM-5:00PM	5:00PM-11:00PM	11:00PM-5:00AM	5:00AM-11:00AM	11:00AM-5:00PM	5:00PM-11:00PM	37.5
Chef 2								37.5
Part-Time Chef								30
Employee 1								37.5
Employee 2								37.5
Employee 3								37.5
Employee 4								37.5
Employee 5								37.5
Employee 6								37.5
Employee 7								37.5
Part-Time 1								30
Part-Time 2								30

Figure 7. El Fieston's employee schedule at start-up.

Table 11

*2018 Projected Income Statement*

	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.				Totals
<b>Income</b>													
<b>Meals</b>	83,700	151,200	167,400	162,000	167,400	162,000	167,400	167,400	162,000	-	-	-	1,390,500
<b>Total Income</b>	83,700	151,200	167,400	162,000	167,400	162,000	167,400	167,400	162,000	-	-	-	1,390,500
<b>Cost of Sales</b>													
<b>Meals</b>	47,709	86,184	95,418	92,340	95,418	92,340	95,418	95,418	92,340	-	-	-	792,585
<b>Total Cost of Sales</b>	47,709	86,184	95,418	92,340	95,418	92,340	95,418	95,418	92,340	-	-	-	792,585
<b>Gross Margin</b>	35,991	65,016	71,982	69,660	71,982	69,660	71,982	71,982	69,660	-	-	-	597,915
<b>Total Salary and Wages</b>	17,941	17,941	17,941	17,941	17,941	17,941	17,941	17,941	17,941				215,287
<b>Fixed Business Expenses</b>													
<b>Advertising</b>	500	500	500	500	500	500	500	500	500				4,500
<b>POS System</b>	250	250	250	250	250	250	250	250	250				2,250
<b>Research &amp; Development</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000				9,000
<b>Debt Services</b>	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291	3,291				29,619
<b>Dues and Subscriptions</b>	75	75	75	75	75	75	75	75	75				675
<b>Insurance (Liability and Prc</b>	125	125	125	125	125	125	125	125	125				1,125
<b>Internet</b>	100	100	100	100	100	100	100	100	100				900
<b>Office Expenses</b>	50	50	50	50	50	50	50	50	50				450
<b>Rent</b>	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750				33,750
<b>Repairs and Maintenance</b>	300	300	300	300	300	300	300	300	300				2,700
<b>Supplies</b>	-	-	-	-	-	-	-	-	-				-
<b>Telephone and Communcal</b>	100	100	100	100	100	100	100	100	100				900
<b>Utilities</b>	900	900	900	900	900	900	900	900	900				8,100
<b>Employee Training &amp; Develo</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000				9,000
<b>0</b>	-	-	-	-	-	-	-	-	-				-
<b>Total Fixed Business Expense</b>	11,441	11,441	11,441	11,441	11,441	11,441	11,441	11,441	11,441	-	-	-	102,969
<b>Other Expenses</b>													
<b>Amortized Start-up Expense</b>	261	261	261	261	261	261	261	261	261				2,351
<b>Depreciation</b>	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833				16,500
<b>Interest</b>													
<b>Commercial Loan</b>	851	839	827	814	802	790	777	765	752				7,217
<b>Commercial Mortgage</b>	-	-	-	-	-	-	-	-	-				-
<b>Line of Credit</b>	-	-	-	-	-	-	-	-	-				-
<b>Taxes</b>	324	2,719	3,295	3,105	3,297	3,107	3,299	3,300	3,110				25,556
<b>Total Other Expenses</b>	3,270	5,653	6,216	6,014	6,194	5,991	6,171	6,159	5,956				51,624
<b>Net Income</b>	3,339.82	29,981.45	36,384.00	34,264.88	36,406.67	34,287.66	36,429.57	36,441.10	34,322.26				\$ 228,035.77

Table 12

## 2019 Projected Income Statement

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Totals
<b>Income</b>													
Meals	175,770	158,760	175,770	170,100	175,770	170,100	175,770	175,770	170,100	175,770	170,100	175,770	\$ 2,069,550.00
0	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	175,770	158,760	175,770	170,100	175,770	170,100	175,770	175,770	170,100	175,770	170,100	175,770	\$ 2,069,550.00
<b>Cost of Sales</b>													
Meals	100,189	90,493	100,189	96,957	100,189	96,957	100,189	100,189	96,957	100,189	96,957	100,189	\$ 1,179,643.50
0	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cost of Sales</b>	100,189	90,493	100,189	96,957	100,189	96,957	100,189	100,189	96,957	100,189	96,957	100,189	\$ 1,179,643.50
<b>Gross Margin</b>	75,581	68,267	75,581	73,143	75,581	73,143	75,581	75,581	73,143	75,581	73,143	75,581	\$ 889,906.50
<b>Total Salary and Wages</b>	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	19,436	\$ 233,226.41
<b>Fixed Business Expenses</b>													
Advertising	515	515	515	515	515	515	515	515	515	515	515	515	\$ 6,180.00
PDS System	258	258	258	258	258	258	258	258	258	258	258	258	\$ 3,090.00
Research & Development	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	\$ 12,360.00
Debt Services	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	\$ 40,676.76
Dues and Subscriptions	77	77	77	77	77	77	77	77	77	77	77	77	\$ 927.00
Insurance (Liability and Pr	129	129	129	129	129	129	129	129	129	129	129	129	\$ 1,545.00
Internet	103	103	103	103	103	103	103	103	103	103	103	103	\$ 1,236.00
Office Expenses	52	52	52	52	52	52	52	52	52	52	52	52	\$ 618.00
Rent	3,863	3,863	3,863	3,863	3,863	3,863	3,863	3,863	3,863	3,863	3,863	3,863	\$ 46,350.00
Repairs and Maintenance	309	309	309	309	309	309	309	309	309	309	309	309	\$ 3,708.00
Supplies	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	\$ 74,160.00
Telephone and Communic	103	103	103	103	103	103	103	103	103	103	103	103	\$ 1,236.00
Utilities	927	927	927	927	927	927	927	927	927	927	927	927	\$ 11,244.00
Employee Training & Devel	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	\$ 12,360.00
0	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fixed Business Expense</b>	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	\$ 215,570.76
<b>Other Expenses</b>													
Amortized Start-up Exps	261	261	261	261	261	261	261	261	261	261	261	261	\$ 3,135.00
Depreciation	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	\$ 22,000.00
Interest													
Commercial Loan	701	688	675	662	649	635	622	609	595	582	568	555	\$ 7,539.63
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Taxes	2,941	2,339	2,943	2,743	2,945	2,745	2,947	2,948	2,748	2,951	2,751	2,953	\$ 33,954.50
<b>Total Other Expenses</b>	5,736	5,121	5,712	5,499	5,688	5,475	5,664	5,652	5,438	5,627	5,414	5,602	\$ 66,629.13
<b>Net Income</b>	32,445	25,746	32,469	30,244	32,493	30,268	32,517	32,530	30,305	32,554	30,330	32,579	\$ 374,480.20

Table 13

## 2020 Projected Income Statement

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Totals
<b>Income</b>													
Meals	184,559	166,698	184,559	178,605	184,559	178,605	184,559	184,559	178,605	184,559	178,605	184,559	2,173,028
0	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>184,559</b>	<b>166,698</b>	<b>184,559</b>	<b>178,605</b>	<b>184,559</b>	<b>178,605</b>	<b>184,559</b>	<b>184,559</b>	<b>178,605</b>	<b>184,559</b>	<b>178,605</b>	<b>184,559</b>	<b>2,173,028</b>
<b>Cost of Sales</b>													
Meals	105,198	95,018	105,198	101,805	105,198	101,805	105,198	105,198	101,805	105,198	101,805	105,198	1,238,626
0	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cost of Sales</b>	<b>105,198</b>	<b>95,018</b>	<b>105,198</b>	<b>101,805</b>	<b>105,198</b>	<b>101,805</b>	<b>105,198</b>	<b>105,198</b>	<b>101,805</b>	<b>105,198</b>	<b>101,805</b>	<b>105,198</b>	<b>1,238,626</b>
<b>Gross Margin</b>	<b>79,360</b>	<b>71,680</b>	<b>79,360</b>	<b>76,800</b>	<b>79,360</b>	<b>76,800</b>	<b>79,360</b>	<b>79,360</b>	<b>76,800</b>	<b>79,360</b>	<b>76,800</b>	<b>79,360</b>	<b>934,402</b>
<b>Total Salary and Wages</b>	<b>20,931</b>	<b>251,166</b>											
<b>Fixed Business Expenses</b>													
Advertising	530	530	530	530	530	530	530	530	530	530	530	530	6,365
PDS System	265	265	265	265	265	265	265	265	265	265	265	265	3,183
Research & Development	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	12,731
Debt Services	3,491	3,491	3,491	3,491	3,491	3,491	3,491	3,491	3,491	3,491	3,491	3,491	41,897
Dues and Subscriptions	80	80	80	80	80	80	80	80	80	80	80	80	955
Insurance (Liability and Pr	133	133	133	133	133	133	133	133	133	133	133	133	1,591
Internet	106	106	106	106	106	106	106	106	106	106	106	106	1,273
Office Expenses	53	53	53	53	53	53	53	53	53	53	53	53	637
Rent	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	3,978	47,741
Repairs and Maintenance	318	318	318	318	318	318	318	318	318	318	318	318	3,819
Supplies	6,365	6,365	6,365	6,365	6,365	6,365	6,365	6,365	6,365	6,365	6,365	6,365	76,385
Telephone and Communic	106	106	106	106	106	106	106	106	106	106	106	106	1,273
Utilities	955	955	955	955	955	955	955	955	955	955	955	955	11,458
Employee Training & Devel	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	12,731
0	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fixed Business Expense</b>	<b>18,503</b>	<b>222,038</b>											
<b>Other Expenses</b>													
Amortized Start-up Expen	261	261	261	261	261	261	261	261	261	261	261	261	3,135
Depreciation	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	22,000
Interest													
Commercial Loan	541	527	513	499	486	472	457	443	429	415	400	386	5,569
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	3,098	2,466	3,100	2,890	3,103	2,893	3,105	3,106	2,896	3,108	2,898	3,111	35,774
<b>Total Other Expenses</b>	<b>5,734</b>	<b>5,087</b>	<b>5,708</b>	<b>5,484</b>	<b>5,683</b>	<b>5,459</b>	<b>5,657</b>	<b>5,644</b>	<b>5,420</b>	<b>5,618</b>	<b>5,393</b>	<b>5,591</b>	<b>66,478</b>
<b>Net Income</b>	<b>34,193</b>	<b>27,159</b>	<b>34,218</b>	<b>31,882</b>	<b>34,244</b>	<b>31,908</b>	<b>34,270</b>	<b>34,283</b>	<b>31,947</b>	<b>34,309</b>	<b>31,973</b>	<b>34,335</b>	<b>394,719.78</b>