

Royce's Place

Business Plan

CARR Co.

April 1, 2013

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1. Executive Summary

CARR Co. is the company that will start up, open and operate a food truck called “Royce’s Place” in Hawaii. Royce’s Place will be one of the best potato food trucks on the island; its ideas are from Jack in the Box famous curly fries. Jack in the Box’s seasoned curly fries is curly cut french fries seasoned with garlic powder and other spices. Royce’s Place will be one of the nation’s fastest selling food trucks in the United States.

Royce’s Place will be selling a variety of food but generally food that is made out of potatoes specifically curly fries, potatoes chips, potatoes wedges and etc. We get our potatoes from the top farmers market in Hawaii. They’ll be fresh, clean and cut potatoes. Its potato wedges, curly fries, and french fries are considered the “best of the best” because they are cooked in the cleanest oil that is changed and filtered every day. Organic and locally produced ingredients are the bases of our sauces, while our toppings will add a variety of flavors and texture to go along with the potatoes being served. The food truck provides soft drinks and 100% fruit juices and will later provide smoothies made out of real fruits.

Within the next five years, CARR Co. will be a franchise operator of Royce’s Place. CARR Co. decided to open and operate on the two most popular beaches on Oahu, Waikiki and Ala Moana beaches. As our long term goal, Royce’s Place plan on spreading our business within shopping malls as restaurants such as Pearlridge Shopping Center and Ala Moana Shopping Center. We do expect at least 150-200 customers a day, but as our goals improve we expect our customers to improve as well, and that is at least 300 customers a day.

CARR Co. will require a little over \$200,000 for the food truck and a home base for storage and preparation purposes. Within the five years, we approximately think we'll spend about \$1.5 million. Most of the funds will go to furniture, fixtures and equipment.

The principles of CARR Co. are please to present this business plan for your consideration. We are very excited about our business and feel it will be very successful. For more information, please don't hesitate to ask.

2. The Business Organization

A. Company Overview

1. Mission Statement

“As members of CARR Co., we want to promote our fresh, clean and cut potatoes. We want to create a successful business that will provide joy to our customers, as they taste our famous organic and locally grown ingredients. We will make sure our customers receive 100% of our employee's attention in a professional manner so they leave with a smile on their face.”

2. Short and long range goals

Within the first two years of operating, we plan to have short goal of at least having 150-200 customers per day. Once we are strongly presented in the lunch wagon market, we plan to expand our goal/long range goal to turn this lunch wagon into a restaurant within at least one shopping mall.

B. Organizational Structure

1. Chart of functional areas of the business

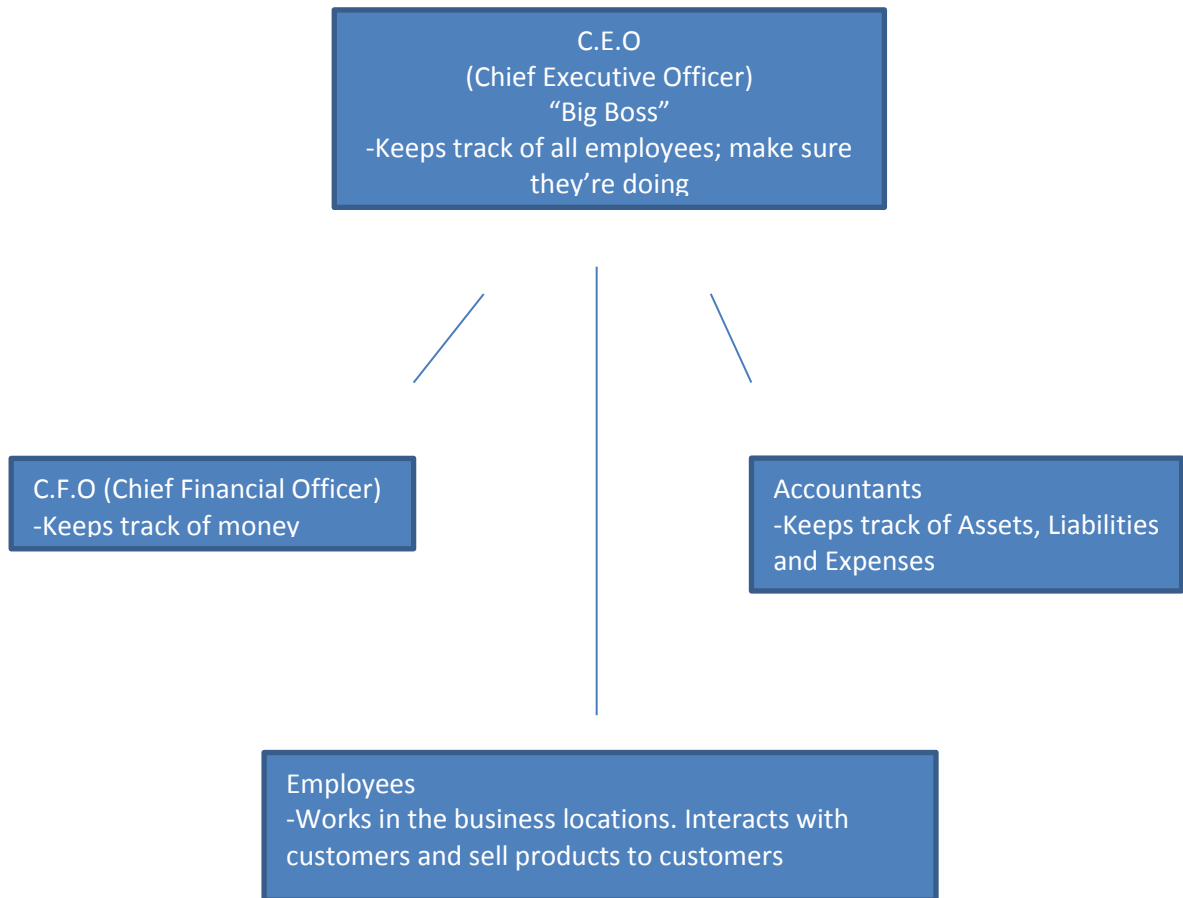
-Cook

-Server

-Driver

-Mascot

2. Chart of the positions and responsibilities of personnel that will handle each functional area



C. Ownership structure best suited for the business

Royce's place is a business that we want to improve, and by looking at the different types of businesses in the State of Hawaii, we found out that we are more compatible with LLC and Sole Proprietorship. We were able to compare and contrast the different categories between those two companies with our original company Royce's place.

Our company is similar to both LLC and Sole Proprietorship by ownership because in Royce's place, we have one owner. The requirement for LLC is one or more persons and the requirement for Sole Proprietorship is owned by a single individual, so we qualify. Royce's place is similar to only LLC by management because they are qualified for both member and manager management. Our company plans on working as a team. The work is going to be equal, and the work will get done whether it's by self-motivation or by team motivation. If the owner of our company is deceased, then we decided not to stop our business. Our business will be taken care of by our highly trusted employee, which is a similarity to LLC as well. By the amount of money we made as profits and investments, we want to be able to save it because whether we make none or a few profits and investments, we don't want our owner to have the ability to spend the money how they want and that to be the cause of our business to go downhill. We are similar to Sole Proprietorship because we will distribute our taxes by the amount of money we have as profits and not like LLC because they distribute their taxes by company income.

Unlike LLC, Sole Proprietor has better advantages and disadvantages. Sole Proprietor has a more flexible and non-complicated form. The disadvantages to Sole Proprietor is that they have unlimited personal liability and possible personal difficulties. Although, Sole Proprietor has a lot of better advantages and disadvantages, we choose to pick LLC for a great challenge. The greater the challenge, the better the business becomes.

D. Special laws or regulations that may impact the organization

Operating a business also means following laws and rules. Failing to do so will put the business in jeopardy and will lead to a bad reputation, something CARR Co. wouldn't want to happen. In order to operate Royce's Place food truck service, the company would have to obtain a Health Permit and Sanitation permit. The State Hawaii Department of Commerce and Consumer Affairs also require a tax license. To start the business and to continue operations, the company will have to pay a general excise taxes, income taxes, and payroll taxes regulated by the Business Registration Division.

The company is still doing further research to find out if parking permits are needed to park the food truck and sell its' products at Ala Moana and Waikiki beaches.

3. Market/Business Environment

A. Market Opportunity Analysis

Royce's place falls under the fast food industry which will attract locals and tourists on the beaches by the love of potatoes. There is no direct competition because Royce's place will have fresh, quick and healthy potatoes to sell. Royce's place will only consider the friendliest employees to work for us. The current trend is using organic and locally grown ingredients, and CARR Co. is expecting a huge market.

The demographics of Royce's Place will have the following characteristics: 1) wide age range from 20-50 years old, 2) have a race of one: White, Asian, and Native Hawaiian and Other Pacific Islander, 3) household income (median), in the Honolulu area is about \$59,000 and 4) high school degree or higher.

B. Target Market

CARR Co. target market will be people that are from Hawaii that has experienced the taste of potatoes. Royce's Place customers will be people in their late teenage years to their late adulthood with a majority of male buyers. There will be different ethnicity but commonly Whites, Asians and Native Hawaiian and Other Pacific Islanders. The food truck will be open five days a weeks from Wednesday to Sunday. The hours depend on what day of the week it is. Royce's Place will open from 10 am to 6 pm but will operate from 12 pm to 5 pm. Royce's Place will have two hours to prep and set up, and a hour to clean up. Wednesday and Thursday, Royce's Place will only be at Waikiki beach because Friday, Saturday and Sunday are more popular since it's the weekend and the customers will have more time to spend at the beach. The only difficult thing about this is that we have to spend time switching places. Royce's Place owners except to serve customers that are ready to eat lunch or early dinners.

The major fast foods players are McDonalds, Burger King, and Jack in the Box. By the 10th year of existence for CARR Co. our goal is to capture 5% of the fast food market on Oahu.

C. SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Good teamwork	Ethnicity	Eat the Streets	Winter
Awesome customer service	Advertisements	Surf competitions	Potato allergy
Loyal customers	Promotions	Tourist think room service is expensive so they'll go down to eat and drink	Parking
Cheap prices	Permits	Both target market go to the beach	Competitions
Organic and locally grown toppings	Securities	Many common places along the way	Traffic
Age: Adults (20-50 year olds)	Age: Kids & Adults (not 20-50 year olds)	Summer and breaks	Rainy days
Work hours	Gas Prices		
Unique Product	Financials		
Driving Routes			

Strengths:

We've figured out the shortest driving routes to get to our destination that will make us save gas money and more time to set up our lunch wagon. Our lunch wagon will attract loyal customers that age from 14 to 25 year olds by the unique products followed by the cheap prices that they can afford. We are working with them because we are open and operating on days when these people go to the beaches. The awesome teamwork that includes customer service is what makes our loyal customers.

Weaknesses:

Even with our cheap prices, we are going to have trouble attracting the kids and the adult. The kids don't work, so they aren't going to have money to purchase our products. If they do, the kids are getting their money from their parents. The adults won't be attracted as much because they don't socialize at the beach as much because they think the beaches are dirty, and don't find the beach as a hobby where teenagers do.

Evaluating Business Environment

Opportunities:

Hawaii has surf competitions that both locals and tourists enjoy, and they'll need a snack to eat, so Royce's place's has an opportunity to gain customers. Since the beaches are located next to the hotels, the customers of the hotel will come down to enjoy the beach. With that said, customers don't want to order food from the hotel because the customers will think that room service is expensive. When driving to and from Royce's place destination, there are many locations that Royce's places can stop by to sell to other customers.

Threats:

The beaches have numerous lunch wagons, but the lunch wagons sell different types of items. It ranges from plate lunches to snacks. Royce's place is a snack place, so what makes Royce's place gain customers than a plate lunch place. Snack places vary on the beach, so those are Royce's place competitors as well. As Royce's place go to and from our destination, Royce's place might face traffic making our company waste time and money due to gas. As we finally get to the beach, parking is a problem we will face, making us wasting time finding a stall to park. Selling potatoes may be a problem as well because believe it or not, there are potatoes allergies out there.

4. Marketing, Sales, and Distribution

A. Product

Royce's Place will be unique to the people in Hawaii. Customers can choose their own sauces to go along with their style of potatoes. The sauces will definitely satisfy different taste buds. What makes Royce's Place product unique is that customers will be building their own meal and the employees will try to serve them as quickly as they can. Although the main ingredient is potatoes, the customers will be enlightened by a variety of healthy flavors.

B. Price

Royce's Place wants to satisfy its customers with a high quality and healthy fast food meal at a very affordable and reasonable price. Each meal will range from \$4 to \$8, so the projected bill for each customer will be no greater than \$10. The cost is based on the amount of product that is being served and the output cost that was needed to serve the product. The

products that Royce's Place is offering gives the customers a taste of fast food, but is healthy and beneficial for their bodies. It gives them a chance to feel as if they're free to eat whatever they want without having their bodies suffer.

C. Place (Distribution)

a. Location

The locations of CARR Co.'s new business will practically make or break the new business. Two of the most populated beaches on the island are Ala Moana and Waikiki beach. Since Royce's Place's target markets are local people and tourist at the beach, these locations chosen for this new business is very beneficial because target market of the product being offered is within our reach. There are also some events that take place in those beaches which means it will bring in more customers.

Research about parking permits are still on going. CARR Co. wants to make sure that the company won't be violating any laws in those places.

b. Supplies & Equipment

Costco wholesale is the primary source of Royce's Place supplies such as utensils, plates, and paper towels. Honolulu Farmer's Market will be the place where we purchase our ingredients for our products. Since the company wants to be more on the healthy side, it's best that we buy organic and locally grown ingredients.

Most of the equipment such as deep fryers, refrigerators, sinks, etc. will be shipped from the mainland because they will be ordered online since it's less pricey. (Will have full list on appendix)

c. Restaurant Operations

Royce's Place will be operating on days a week from Thursday to Sunday because those are the days that many people go to the beach since it's the weekend. On Thursdays, Royce's Place will only be located at Waikiki beach from 12-5 pm but employees will be working from 10:30 am – 7 pm. On Friday's, Saturday's, and Sunday's, the operation hours will be from 11-2 pm at Ala Moana Beach and 3-6 pm at Waikiki beach.

A customer will go through a simple system to order and receive the desired product – 1) select the size, 2) select the style of the fries, 3) select a sauce, 4) order a drink, 5) pay for the order, or the customer can simply stick to a two step process by 1) selecting a meal from the special menu, 2) paying for the order. As soon as the order has been placed, the cook will be working on the order right away. The cook will make sure that the order is made fresh and the customer will be able to witness the process. The manager will be responsible for collecting the payments, while the server will be preparing the take-out plate to be given to the customer.

Making sure that the customer's food is freshly made is very important to Royce's place. We don't make the product until it is ordered because satisfying the customer is important to the company. Preparing the plate isn't as simple as it seems because there are a variety of different styles of fries that go along with the different sauces, so every plate needs to be precise.

D. Promotion

a. Publicity

Similar to other fast food places like McDonalds, Jack in the Box, Wendy's, etc. the company will introduce its own figurehead, Given that our main ingredient is potatoes, Royce's place will improve its publicity by having a mascot that identifies with the company. The mascot "Mista Potato Dude" will help build the business' identity and boost up its image.

b. Advertisement

Technology is on its peak. There are many more ways to advertise on the internet via social networking. It's very easily accessed and the best thing about it is that it's free! By creating different social networking profiles like Facebook, Twitter, and Instagram, the company will be able to capture a larger market than what was originally targeted. As Royce's Place gain more profit, the company will be able to venture into bigger advertisement opportunities such as radio ads, newspapers, and commercials.

c. Personal Selling

Although advertising through radio, ads, and social networking are great ways to promote the company nothing beats the promotion strategy of word of mouth. If one customer is engaged to the product that is being sold, that one person will be a key to the expansion of our target customers. Right when customers walk to the food truck, they will immoderately be welcomed by smiling employee's and will be show the "aloha" spirit that the islands are known for.

5. Finance and Accounting

CARR Co. is still working on the pricing on the menu based on how much it takes to make the product. The company is also is calculating monthly expense and revenue as well as the breakeven analysis. After submitting this draft, the company will immediately work on the financial and accounting aspects of this business plan.

The company was wondering if the assessors of this draft would have any suggestions on tips on how to work on the financial parts of the business?

6. References- None used yet

NOTES:

Things to be worked on:

- Table of contents
- Parking Permits
- Vending permits
- Menu Pricing
- Financials and Accounting
- Finalizing logo
- Appendix

Expenses

Initial

Company Name	10.00
Company Structure	119.00
Down Payment	833.00
G.E License	20.00
Equitment	4,173.04
Supplies	760.40
Safety Codes	50.00
Promotion	183.00
Truck	70,000.00

Monthly

Liability Insurance	205.19
Workmans Comp Insurance	79.47
Disability Insurance	79.47
Fire Insurance	100.00
Flood Insurance	100.00
Utilities	100.00
Rent	833.00
Gas	176.00
Miscellaneous	2,000.00
Unemployment insurance (state)	79.47
Unemployment insurance (federal)	79.47
Loan	1,132.27
Expense 2	
Expense 3	

Payroll

Chefs	10.00
Cashier	10.00
Mascot	10.00
Social Security	0.062
Hours	8
Health Insurance	230

Survey Results

Meals	
Anna Split	27%
Christien	19%
Richelios	9%
Royce Wonder	45%

Customers	
12 pm - 2 pm	100
2 pm - 3 pm	20
3 pm - 4 pm	10
4 pm - 5 pm	20
Total	150

Financing	
Bank	60000
Friends & Family	16000
Owners	24000
Loan Rate	5%
Montly Payments	1132.27

Appendix A

Start Up Cost

Company Name	10.00
Company Structure	119.00
Down Payment	833.00
G.E License	20.00
Equitment	4,173.04
Supplies	760.40
Safety Codes	50.00
Promotion	183.00
Truck	<u>70,000.00</u>
Total	<u><u>76,148.44</u></u>

The initial start up cost is broken up into different parts. The first part consists of the 18" food truck that CARR, Co. will order from Concession Nation, Inc. located in Fort Lauderdale, Florida. Second, the operating assets of the company which are the supplies and equipment for the warehouse. Third, the licensing and permits required to open and operate a food business. The estimated total of the start up cost is \$76,148.44

Appendix A2

	Supplies					
Item	Quaniity per set	Price	Sets	Sub Total	Taxes	
Knives	6	161.41	1	161.41	4.17%	
Kinfe Sharpener	1	25.81	1	25.81	4.17%	
Cutting Board	4	99.96	1	99.96	4.17%	
Shedder	1	20.00	2	40.00	4.17%	
Apron	1	6.18	4	24.72	4.17%	
Salt & Pepper Shakers	1	245.50	1	245.50	4.17%	
Cash Register	1	132.56	1	132.56	4.17%	
<hr/>						
Total Cost of Supplies						

Appendix A2

Totals

168.14

26.89

104.13

41.67

25.75

255.74

138.09

760.40

Appendix B

Source	Source of Funding	
	Amount	Equity
Auvira	6,000.00	25%
Anna	6,000.00	25%
Richelle	6,000.00	25%
Royce	6,000.00	25%
Friends & Family	16,000.00	0%
Bank	60,000.00	0%
Total	<u>100,000.00</u>	

Based on the initial start up cost which is approximately \$77,000 with a cash reserve of \$23,000, the assumed amount of money needed for this business is \$100,000. \$60,000 will come from bank loans while \$40,000 will be in equity financing. Each of the four principals will invest \$6,000 each and the remaining \$16,000 will come from family members, which the principals will need to pay back as soon as they have the funds.

The debt financing for this business will be \$60,000. Based on our research on HawaiiUSA Federal Credit Union the lowest interest rate for a personal loan is 4.5%, CARR, Co. used a 5% interest rate because it's hard to get that 4.5% from the bank if CARR, Co. is using the loan for a business. The loans will be co-signed by four of the owners and they will be responsible for loan payments every month.

Appendix C

	Cash Flow			
	Year (0)	Year (1)	Year (2)	Year (3)
Revenue				
Net Income	0.00	115,261.32	123,837.84	130,524.72
Profit before Taxes & Interest	<u>0.00</u>	<u>115,261.32</u>	<u>123,837.84</u>	<u>130,524.72</u>
Cash Flow From Investing				
Start Up Cost	76,148.44	0.00	0.00	0.00
Other Investments				
Subtotal	<u>76,148.44</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Cash Flow From Financing				
Bank Loan	60,000.00			
Loan Payment		-13,587.24	-13,587.24	-13,587.24
Owners	24,000.00			
Friends & Family	16,000.00			
Friends & Family Payment		-16,000.00		
Subtotal	<u>100,000.00</u>	<u>-29,587.24</u>	<u>-13,587.24</u>	<u>-13,587.24</u>
Cash Flow Before Reserves	23,851.56	85,674.08	137,425.08	144,111.96
Owners Distribution	0.00	40,000.00	60,000.00	112,000.00
Subtotal	<u>0.00</u>	<u>45,674.08</u>	<u>77,425.08</u>	<u>32,111.96</u>
Net Cash	23,851.56	45,674.08	77,425.08	32,111.96
Beginning Cash Balance	<u>0.00</u>	<u>23,851.56</u>	<u>69,525.64</u>	<u>146,950.72</u>
Year's End Cash Balance	23,851.56	69,525.64	146,950.72	179,062.68

Appendix C1

Income	Year (1)	Year (2)	Year (3)
Total Customers	150	158	165
Total Customers per Month	3,000	3,160	3,300
Sales	20,700	21,804	22,770
Profits Per Customer	4.56	4.56	4.56
Profits Per Day	683.98	718.18	754.09
Subtotal	<u>21383.98</u>	<u>22522.18</u>	<u>23524.09</u>
Expenses			
Payroll	7,946.80	8,344.14	8,761.35
Liability Insurance	205.19	215.45	226.23
Workmans Comp Insurance	79.47	83.44	87.61
Disability Insurance	79.47	83.44	87.61
Fire Insurance	100.00	100.00	100.00
Flood Insurance	100.00	100.00	100.00
Utilities	100.00	100.00	100.00
Rent	833.00	833.00	833.00
Gas	176.00	176.00	176.00
Miscellaneous	2,000.00	2,000.00	2,000.00
Unemployment insurance (state)	79.47	83.44	87.61
Unemployment insurance (federal)	79.47	83.44	87.61
Subtotal	<u>11,778.87</u>	<u>12,202.36</u>	<u>12,647.03</u>
Net Profit Per Month	<u>9,605.11</u>	<u>10,319.82</u>	<u>10,877.06</u>
Bank Loan Payment	900.00	900	900
Operating Profit	8,705.11	9419.82	9977.06
Taxes 35%	3,546.78	3611.93	3806.95
Net Profit	5,158.33	5808.52	6170.11

Appendix D

Recipe	Ingredients	Price	Quantity	Price per unit	# of Units	Total	Amount in Serving	Total per serving	Sauce	Total for dish
Anna Split	Potatoes	\$6.24	15	\$0.42	2	0.83		1	0.83	
	Kaula Pork	\$57.28	80	\$0.72	2	1.43		1	1.43	0.31
Christien	Fries	\$6.24	15	\$0.42	2	0.83		1	0.83	
	Chicken	\$4.69	16	\$0.29	2	0.59		1	0.59	0.31
Richellios	Potatoes	\$6.24	15	\$0.42	2	0.83		1	0.83	
	Beef	\$6.25	16	\$0.39	2	0.78		1	0.78	0.31
Royce Wonder	Potatoes	\$6.24	15	\$0.42	2	0.83		1	0.83	
	Beef	\$6.25	16	\$0.39	1	0.39		1	0.39	
	Chicken	\$4.69	16	\$0.29	1	0.29		1	0.29	
	Kaula Pork	\$57.28	80	\$0.72	1	0.72		1	0.72	0.31
Sauces	Spinach	\$9.31	30	\$0.31	1	0.31		1	0.31	
	Humus	\$10.89	80	\$0.14	1	0.14		1	0.14	
	Salsa	\$10.70	138	\$0.08	1	0.08		1	0.08	

Appendix D1

Dish	Menu											
	Cost to make	Weighted Cost	Average Cost	Price to Sell	Weighted Price	Average Price	Margin Percentage	Mark Up	Mark Up %	Weighted	Weighted Mark Up	Total Average Per Visit
Anna Split	2.57	0.69		7.50	2.03			4.93	65.68%	27%	1.33	
Christien	1.73	0.33		6.00	1.14			4.27	71.20%	19%	0.81	
Richellios	1.92	0.17		6.50	0.59			4.58	70.41%	9%	0.41	
Royce Wonder	2.54	1.14	2.34	7.00	3.15	6.90	52.49%	4.46	63.69%	45%	2.01	4.56
$4.56/6.90 = 66.1\%$												

Appendix D2

Payroll

Wednesday-Sunday

Cashier

Day	Per hour	Hours	Social Security	Health Insurance	Weeks per check	Checks per month	Totals (before social)
Monday	10.00	8	0.062	57.50	2	2	320
Tuesday	10.00	8	0.062	57.50	2	2	320
Wednesday	10.00	8	0.062	57.50	2	2	320
Thursday	10.00	8	0.062	57.50	2	2	320
Friday	10.00	8	0.062	57.50	2	2	320
Monthly total							

Mascot

Day	Per hour	Hours	Social Security	Health Insurance	Weeks per check	Checks per month	Total (before social)
Monday	10.00	8	0.062	57.50	2	2	320
Tuesday	10.00	8	0.062	57.50	2	2	320
Wednesday	10.00	8	0.062	57.50	2	2	320
Thursday	10.00	8	0.062	57.50	2	2	320
Friday	10.00	8	0.062	57.50	2	2	320
Monthly Total							

Chefs

Day	Per hour	Hours	Social Security	Health Insurance	Weeks per check	Checks per month	Total (before social)
Monday	10.00	8	0.062	57.50	2	2	320
Tuesday	10.00	8	0.062	57.50	2	2	320
Wednesday	10.00	8	0.062	57.50	2	2	320
Thursday	10.00	8	0.062	57.50	2	2	320
Friday	10.00	8	0.062	57.50	2	2	320
Monthly Total							

Appendix D2

Pos.	Monthly Rate	Amoun Shifts	Total	
Cashier	1986.70	1	1	1986.70
Mascot	1986.70	1	1	1986.70
Chef	1986.70	2	1	3973.40
Total				<u>7946.80</u>

Appendix D2



Final total
397.34
397.34
397.34
397.34
397.34
1986.70

Final total
397.34
397.34
397.34
397.34
397.34
1986.70

Final total
397.34
397.34
397.34
397.34
397.34
1986.70

Appendix D3

Expenses	
Payroll	7,946.80
Liability Insurance	205.19
Workmans Comp Insurance	79.47
Disability Insurance	79.47
Fire Insurance	100.00
Flood Insurance	100.00
Utilities	100.00
Rent	833.00
Gas	176.00
Miscellaneous	2,000.00
Unemployment insurance (state)	79.47
Unemployment insurance (federal)	79.47
Total Expenses	<u>11,778.87</u>

Appendix E

Break Even Anaylst

Fixed Expenses	11,778.87
Profit Per Customer	4.56
Break Even Customers (Month)	2583
Per Day	129
Breakeven Sales (Month)	17,802
Breakeven Sales (daily)	890