**Business Profile: Papa Geo’s*—*Restaurant**

**Vision**

The vision of the entrepreneur is to create a single-location, sit-down Italian restaurant called Papa Geo’s. The goal is to generate an income of $40,000 per year, starting sometime in the second year of operation, as wells as profit that is at least 2% of sales.

**Strategy**

**a) Market Focus and Analysis**

The restaurant targets middle- to lower middle-class families with children, as well as adults and seniors, located in Orlando, Florida. The area within 15 minutes of the store has 10,000 families, mostly from lower to middle-class neighborhoods. Average family size is four people per household. There is no direct competition; however, there are fast food restaurants like McDonald’s, Taco Bell, and Wendy’s in the geographical target market. The lower to middle-class population is growing at about 6% per year over the next 5 years in this area.

**b) Product**

The product is Italian food served buffet style, in an all-you-can-eat format, with a salad bar, pizza, several different types of pasta with three or four types of sauces, soup, desserts, and a self-serve soda bar. The restaurant is also to have a 500 square foot gaming area that has game machines that children would be interested in using.

**c) Basis of Competition**

Customers come to this restaurant because of the good Italian food at a low price—you can get a meal for $7, including drinks. Customers also eat at Papa Geo’s due to the cleanliness of the facility, the speed of getting seated and served, and the game machines that keep the children busy while adults enjoy their meal.

**Start-Up Requirements\***

**Given Costs**

* The cost of registering a limited liability company in Florida—filing fees listed at the bottom of the application located at <http://form.sunbiz.org/pdf/cr2e047.pdf>
* Renovation of the facility expected to cost $15,000
* Business insurance, estimated at $1,000 per year
* Health and other benefits at 20% of the salaries of the manager and assistant manager

**Costs you should estimate through research, experience, or other methods**

* Soda fountain bar
* Two pizza ovens
* Salad and pizza/dessert bar
* Approximately 100 square foot commercial refrigerator
* Two cash registers
* Six video game machines
* Management office with desk and lower priced laptop computer
* Staff lunchroom equipment such as microwave, sink, cupboards, and refrigerator
* 20 four-seat tables with chairs
* Busing cart for transporting dirty dishes from the dining area to the dishwashing area
* 140 sets of dishes, including cutlery and drinking cups
* Commercial dishwasher
* Miscellaneous cooking and food handling equipment like trays, lifters, spoons, pots, and so on
* The cost of an average of seven employees on the payroll
* All operating costs, such as advertising, rent for a 3,500 square foot facility with male and female washrooms (already installed), utilities, maintenance, and annual depreciation

\*If you have questions about start-up requirements, or think that other start-up costs necessary for the business are missing, then make an assumption and state it in the relevant section of the report.

**Given Financial Assumptions\***

* The owner will be granted a loan for the initial start-up, repayable over 10 years at current interest rates for small business loans.
* The owner will use personal funds to operate the business until it generates enough cash flow to fund itself.
* Essentially, all sales are made by credit card. All credit card sales are paid to the restaurant daily by the credit card company.
* A total of 2.5% of sales are paid to the credit card company in fees.
* Food suppliers give 30 days of trade credit.
* Inventories are expected to be approximately 10% of the following month’s sales.
* The average meal costs $4 in materials and labor.
* The average family spends $4 on vending machine tokens.
* Equipment is depreciated on a straight-line basis over 5 years.
* Managers have health benefits, and other workers do not. The company will operate from 10:00 a.m. to 9:00 p.m., 7 days a week.
* The entrepreneur will manage the store and draw a salary.
* Every shift has one person on the cash register, one keeping the food bars stocked with food, two cooking the food, one on busing and table cleaning, a manager, and an assistant manager.

\*If you believe any other assumptions are necessary, please state them in your budget proposal.