How to Start a Sports Bar Business

By the BizMove.com Team

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Table of Contents

1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

This checklist should be useful to you in evaluating a business idea. It is designed to help you screen out ideas that are likely to fail before you invest extensive time, money, and effort in them.

Preliminary Analysis

A feasibility study involves gathering, analyzing and evaluating information with the purpose of answering the question: "Should I go into this business?" Answering this question involves first a preliminary assessment of both personal and project considerations.

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy business ownership/management?

1. Do you like to make your own decisions?

2. Do you enjoy competition?

3. Do you have will power and self-discipline?

4. Do you plan ahead?

5. Do you get things done on time?

6. Can you take advise from others?

7. Are you adaptable to changing conditions?

The next series of questions stress the physical, emotional, and financial strains of a new business.

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?

9. Do you have the physical stamina to handle a business?

10. Do you have the emotional strength to withstand the strain?

11. Are you prepared to lower your standard of living for several months or years?

12. Are you prepared to loose your savings?

Specific Personal Considerations

1. Do you know which skills and areas of expertise are critical to the success of your project?

2. Do you have these skills?

3. Does your idea effectively utilize your own skills and abilities?

4. Can you find personnel that have the expertise you lack?

5. Do you know why you are considering this project?

6. Will your project effectively meet your career aspirations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

7. Do you have the ability to perform the feasibility study?

8. Do you have the time to perform the feasibility study?

9. Do you have the money to pay for the feasibility study done?

General Project Description

1. Briefly describe the business you want to enter.

____

____

2. List the products and/or services you want to sell

____

3. Describe who will use your products/services

____

4. Why would someone buy your product/service?

____

5. What kind of location do you need in terms of type of neighborhood, traffic count, nearby firms, etc.?

____

6. List your product/services suppliers.

____

7. List your major competitors - those who sell or provide like products/services.

____

____

8. List the labor and staff you require to provide your products/services.

____

____

B. Requirements For Success

To determine whether your idea meets the basic requirements for a successful new project, you must be able to answer at least one of the following questions with a "yes."

1. Does the product/service/business serve a presently unserved need?

2. Does the product/service/business serve an existing market in which demand exceeds supply?

3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

A "Yes" response to questions such as the following would indicate that the idea has little chance for success.

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scare skills, energy, material, equipment, processes, technology, or personnel)?

2. Are capital requirements for entry or continuing operations excessive?

3. Is adequate financing hard to obtain?

4. Are there potential detrimental environmental effects?

5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

1. How much income do you desire?

____

2. Are you prepared to earn less income in the first 1-3 years?

____

3. What minimum income do you require?

____

4. What financial investment will be required for your business?

____

5. How much could you earn by investing this money?

____

6. How much could you earn by working for someone else?

____

7. Add the amounts in 5 and 6. If this income is greater that what you can realistically expect from your business, are you prepared to forego this additional income just to be your own boss with the only prospects of more substantial profit/income in future years?

____

8. What is the average return on investment for a business of your type?

____

D. Preliminary Income Statement

Besides return on investment, you need to know the income and expenses for your business. You show profit or loss and derive operating ratios on the income statement. Dollars are the (actual, estimated, or industry average) amounts for income and expense categories. Operating ratios are expressed as percentages of net sales and show relationships of expenses and net sales.

For instance 50,000 in net sales equals 100% of sales income (revenue). Net profit after taxes equals 3.14% of net sales. The hypothetical "X" industry average after tax net profit might be 5% in a given year for firms with 50,000 in net sales. First you estimate or forecast income (revenue) and expense dollars and ratios for your business. Then compare your estimated or actual performance with your industry average. Analyze differences to see why you are doing better or worse than the competition or why your venture does or doesn't look like it will float.

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

1. What is the normal markup in this line of business. i.e., the dollar difference between the cost of goods sold and sales, expressed as a percentage of sales?

____

2. What is the average cost of goods sold percentage of sales?

____

3. What is the average inventory turnover, i.e., the number of times the average inventory is sold each year?

____

4. What is the average gross profit as a percentage of sales?

____

5. What are the average expenses as a percentage of sales?

____

6. What is the average net profit as a percent of sales?

____

7. Take the preceding figures and work backwards using a standard income statement format and determine the level of sales necessary to support your desired income level.

____

8. From an objective, practical standpoint, is this level of sales, expenses and profit attainable?

____

ANY BUSINESS, INC.

Condensed Hypothetical Income Statement
For year ending December 31

Item	Amount		Percent
Gross sales	773,888		
Less returns, allowances, and cash discounts	14,872		
Net sales		759,016	100.00
Cost of goods sold		589,392	77.65
Gross profit on sales		169,624	22.35
Selling expenses	41,916		5.52
Administrative expenses	28,010		3.69
General expenses	50,030		6.59
Financial expenses	5,248		0.69
Total expenses		125,204	16.50
Operating profit		44,220	5.85
Extraordinary expenses		1,200	0.16
Net profit before taxes		43,220	5.69
taxes		19,542	2.57
Net profit after taxes		23,678	3.12

E. Market Analysis

The primary objective of a market analysis is to arrive at a realistic projection of sales. after answering the following questions you will be in a better positions to answer question eight immediately above.

Population

1. Define the geographical areas from which you can realistically expect to draw customers.

____

2. What is the population of these areas?

____

3. What do you know about the population growth trend in these areas?

____

4. What is the average family size?

____

5. What is the age distribution?

____

6. What is the per capita income?

____

7. What are the consumers' attitudes toward business like yours?

____

8. What do you know about consumer shopping and spending patterns relative to your type of business?

____

9. Is the price of your product/service especially important to your target market?

____

10. Can you appeal to the entire market?

____

11. If you appeal to only a market segment, is it large enough to be profitable?

____

F. Competition

1. Who are your major competitors?

____

2. What are the major strengths of each?

____

3. What are the major weaknesses of each?

____

4. Are you familiar with the following factors concerning your competitors:

Price structure?

____

Product lines (quality, breadth, width)?

Location?

Promotional activities?

Sources of supply?

Image from a consumer's viewpoint?

5. Do you know of any new competitors?

6. Do you know of any competitor's plans for expansion?

7. Have any firms of your type gone out of business lately?

8. If so, why?

9. Do you know the sales and market share of each competitor?

10. Do you know whether the sales and market share of each competitor are increasing, decreasing, or stable?

11. Do you know the profit levels of each competitor?

12. Are your competitors' profits increasing, decreasing, or stable?

13. Can you compete with your competition?

G. Sales

1. Determine the total sales volume in your market area.

____

2. How accurate do you think your forecast of total sales is?

____

3. Did you base your forecast on concrete data?

____

4. Is the estimated sales figure "normal" for your market area?

____

5. Is the sales per square foot for your competitors above the normal average?

____

6. Are there conditions, or trends, that could change your forecast of total sales?

____

7. Do you expect to carry items in inventory from season to season, or do you plan to mark down products occasionally to eliminate inventories? If you do not carry over inventory, have you adequately considered the effect of mark-down in your pricing? (Your gross profits margin may be too low.)

____

8. How do you plan to advertise and promote your product/service/business?

____

9. Forecast the share of the total market that you can realistically expect - as a dollar amount and as a percentage of your market.

____

10. Are you sure that you can create enough competitive advantages to achieve the market share in your forecast of the previous question?

____

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

____

12. Have you been optimistic or pessimistic in your forecast of sales?

____

13. Do you need to hire an expert to refine the sales forecast?

____

14. Are you willing to hire an expert to refine the sales forecast?

____

H. Supply

1. Can you make a list of every item of inventory and operating supplies needed?
2. Do you know the quantity, quality, technical specifications, and price ranges desired?
3. Do you know the name and location of each potential source of supply?
4. Do you know the price ranges available for each product from each supplier?
5. Do you know about the delivery schedules for each supplier?
6. Do you know the sales terms of each supplier?
7. Do you know the credit terms of each supplier?
8. Do you know the financial condition of each supplier?
9. Is there a risk of shortage for any critical materials or merchandise?
10. Are you aware of which supplies have an advantage relative to transportation costs?
11. Will the price available allow you to achieve an adequate markup?

I. Expenses

1. Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc?
2. Do you need to know which expenses are Direct, Indirect, or Fixed?
3. Do you know how much your overhead will be?
4. Do you know how much your selling expenses will be?

Miscellaneous

1. Are you aware of the major risks associated with your product? Service Business?
2. Can you minimize any of these major risks?
3. Are there major risks beyond your control?
4. Can these risks bankrupt you? (fatal flaws)

J. Venture Feasibility

1. Are there any major questions remaining about your proposed venture?
2. Do the above questions arise because of a lack of data?
3. Do the above questions arise because of a lack of management skills?
4. Do the above questions arise because of a "fatal flaw" in your idea?
5. Can you obtain the additional data needed?

Go to Top

2. Starting Your Business Step by Step

Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful retail business. To profit in a retail business, you need to consider the following questions: What business am I in? What goods do I sell? Where is my market? Who will buy? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my store? How will I get the work done? What management controls are needed? How can they be carried out? Where can I go for help?

As the owner, you have to answer these questions to draw up your business plan. The pages of this Guide are a combination of text and suggested analysis so that you can organize the information you gather from research to develop your plan, giving you a progression from a common sense starting point to a profitable ending point.

What Is a Business Plan?

The success of your business depends largely upon the decisions you make. A business plan allocates resources and measures the results of your actions, helping you set realistic goals and make logical decisions.

You may be thinking, "Why should I spend my time drawing up a business plan? What's in it for me?" If you've never worked out a plan, you are right in wanting to hear about the possible benefits before you do the work. Remember first that the lack of planning leaves you poorly equipped to anticipate future decisions and actions you must make or take to run your business successfully. A business plan Gives you a path to follow. A plan with goals and action steps allows you to guide your business through turbulent often unforeseen economic conditions.

A plan shows your banker the condition and direction of your business so that your business can be more favorably considered for a loan because of the banker's insight into your situation.

A plan can tell your sales personnel, suppliers, and others about your operations and goals.

A plan can help you develop as a manager. It can give you practice in thinking and figuring out problems about competitive conditions, promotional opportunities and situations that are good or bad for your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

A second plan tells you what to do and how to do it to achieve the goals you have set for your business.

What Business Am I In?

In making your business plan, the first question to consider is: What business am I really in? At first reading, this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I'm in." Hold on and think. Some owner-managers have gone broke and others have wasted their savings because they did not define their businesses in detail. Actually they were confused about what business they were in.

Look at an example. Mr. Jet maintained a dock and sold and rented boats. He thought he was in the marina business. But when he got into trouble and asked for outside help, he learned that he was not necessarily in the marina business. He was in several businesses. He was in the restaurant business with a dockside cafe, serving meals to boating parties. He was in the real estate business, buying and selling lots. He was in boat repair business, buying parts and hiring a mechanic as demand rose. Mr. Jet was trying to be too many things and couldn't decide which venture to put money into and how much return to expect. What slim resources he had were fragmented.

Before he could make a profit on his sales and a return on his investment, Mr. Jet had to decide what business he really was in and concentrate on it. After much study, he realized that he should stick to the marina format, buying, selling, and servicing boats.

Decide what business you are in and write it down - define your business.
To help you decide, think of answers to questions like: What do you buy? What do you sell? Which of your lines of goods yields the greatest profit? What do people ask you for? What is it that you are trying to do better or more of or differently from your competitors? Write it down in detail.

Planning Your Marketing

When you have decided what business you are in, you are ready to consider another important part of you business plan. Marketing. Successful marketing starts with the owner-manager. You have to know the merchandise you sell and the wishes and wants of your customers you can appeal to. The objective is to move the stock off the shelves and display racks at the right price and bring in sales dollars.

The text and suggested working papers that follow are designed to help you work out a marketing plan for your store.

Determining the Sales Potential

In retail business, your sales potential depends on location. Like a tree, a store has to draw its nourishment from the area around it. The following questions should help you work through the problem of selecting a profitable location.

In what part of the city or town will you locate?

In the downtown business section?

In the area right next to the downtown business area?

In a residential section of the town?

On the highway outside of town?

In the suburbs?

In a suburban shopping center?

On a worksheet, write where you plan to locate and give your reasons why you chose that particular location.

Now consider these questions that will help you narrow down a place in your location area.

What is the competition in the area you have picked?

How many of the stores look prosperous?

How many look as though they are barely getting by?

How many similar stores went out of business in this area last year?

How many new stores opened up in the last year?

What price line does competition carry?

Which store or stores in the area will be your biggest competitors?

Again, write down the reasons for your opinions. Also write out an analysis of the area's economic base and give the reason for your opinion. Is the area in which you plan to locate supported by a strong economic base? For example, are nearby industries working full time? Only part time? Did any industries go out of business in the past several months? Are new industries scheduled to open in the next several months?

When you find a store building that seems to be what you need, answer the following questions:

Is the neighborhood starting to get run down?

Is the neighborhood new and on the way up? (The local Chamber of Commerce may have census data for your area. Census Tracts on Population, published by the Bureau of Census, may be useful. Other sources on such marketing statistics are trade associations and directories).

Are there any super highways or through-ways planned for the neighborhood?

Is street traffic fairly heavy all day?

How close is the building to bus lines and other transportation?

Are there adequate parking spaces convenient to your store?

Are the sidewalks in good repair (you may have to repair them)?

is the street lighting good?

Is your store on the sunny side of the street?

What is the occupancy history of this store building? Does the store have a reputation for failures? (Have stores opened and closed after a short time)?

Why have other businesses failed in this location?

What is the physical condition of the store?

What service does the landlord provide?

What are the terms of the lease?

How much rent must you pay each month?

Estimate the gross annual sales you expect in this location.

When you think you have finally solved the site location question, ask your banker to recommend people who know most about location in your line of business. Contact these people and listen to their advice and opinions, weigh what they say, then decide.

How to Attract Customers

When you have a location in mind, you should work through another aspect of marketing. How will you attract customers to your store? How will you pull business away from your competition?

It is in working with this aspect of marketing that many retailers find competitive advantages. The ideas that they develop are as good as and often better than those that large companies develop. The work blocks that follow are designed to help you think about image, pricing, customer service policies, and advertising.

Image

A store has an image whether or not the owner is aware of it. For example, throw some merchandise onto shelves and onto display tables in a dirty, dimly lit store and you've got an image. Shoppers think of it as a dirty, junky store and avoid coming into it. Your image should be concrete enough to promote in your advertising and other promotional activities. For example, "home-cooked" food might be the image of a small restaurant.

Write out on a worksheet the image that you want shoppers and customers to have of your store.

Pricing

Value received is the key to pricing. The only way a store can have low prices is to sell low-priced merchandise. Thus, what you do about the prices you charge depends on the lines of merchandise you buy and sell. It depends also on what your competition charges for these lines of merchandise. Your answers to the following questions should help you to decide what to do about pricing.

In what price ranges are your line of merchandise sold

High _____ , Medium _________, or Low _____?

Will you sell for cash only?

What services will you offer to justify your prices if they are higher than your competitor's prices?

If you offer credit, will your price have to be higher than if all sales are for cash? The credit costs have to come from somewhere. Plan for them.

If you use credit card systems, what will it cost you? Will you have to add to your prices to absorb this cost.

Customer Service Policies

The service you provide your customers may be free to them, but you pay for it. For example, if you provide free parking, you pay for your own parking lot or pick up your part of the cost of a lot you share with other retailers.

Make a list of the services that your competitors offer and estimate the cost of each service. How many of these services will you have to provide just to be competitive? Are there other services that would attract customers but that competitors are not offering? If so, what are your estimates of the cost of such services? Now list all the services you plan to offer and the estimated costs. Total this expense and figure out how you can include those added costs in your prices without pricing your merchandise out of the market.

Planning Your Advertising Activities

Advertising was saved until the last because you have to have something to say before advertising can be effective. When you have an image, price range, and customer services, you are ready to tell prospective customers why they should shop in your store.

When the money you can spend for advertising is limited, it is vital that your advertising be on target. Before you think about how much money you can afford for advertising, take time to determine what jobs you want to do for your store. List what makes your store different from your competitors. List the facts about your store and its merchandise that your advertising should tell shoppers and prospective customers.

When you have these facts listed and in hand, you are ready to think about the form your advertising should take and its cost. Ask the local media (newspapers, radio and television, and printers of direct mail pieces) for information about the services and results they offer for your money.

How you spend advertising money is your decision, but don't fall into the trap that snares many advertisers who have little or no experience with advertising copy and media selection. Advertising is a profession. Don't spend a lot of money on advertising without getting professional advice on what kind and how much advertising your store needs.

The following work sheet can be useful in determining what advertising is needed to sell your strong points to prospective customers.

Form of Advertising	Size of Audience	Frequency of Use	Cost of a single ad	Est. Cost
________	________	________	________	______
________	________	________	________	______
________	________	________	________	______
________	________	________	________	______
			Total	______

When you have a figure on what your advertising for the next twelve months will cost, check it against what similar stores spend. Advertising expense is one of the operating ratios (expenses as a percentage of sales) that trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of merchandise, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining how much to spend for advertising comes down to the question, "How much can I afford to spend and still do the job that needs to be done?"

In-store Sales Promotion

To complete your work on marketing, you need to think about what you want to happen after prospects get inside your store. Your goal is to move stock off your shelves and displays at a profit and satisfy your customers. You want repeat customers and money in your cash register.

At this point, if you have decided to sell for cash only, take a second look at your decision. Don't overlook the fact that Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers. Customers will have more buying confidence and be more comfortable in your store if they know they can afford to buy. Credit makes this possible.

To encourage people to buy, self-service stores rely on layout, attractive displays, signs and clearly marked prices on the items offered for sale. Other stores combine these techniques with personal selling.

List the display counters, racks, special equipment (something peculiar to your business like a frozen food display bin or a machine to measure and cut cloth), and other fixtures. Figure the cost of all fixtures and equipment by listing them on a worksheet as follows:

Type of equipment	Number	X Unit Cost	= Cost
____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________

Draw several layouts of your store and attach the layout that suits you to the cost worksheet. Determine how many signs you may need for a twelve month operation and estimate that cost also.

If your store is a combination of self-service and personal selling, how many sales persons and cashiers will you need? Estimate, I will need ________ sales persons at $ ________ each week (include payroll taxes and insurance in this salaries cost). In a year, salaries will cost: __________.

Personal attention to customers is one strong point that a store can use as a competitive tool. You want to emphasize in training employees that everyone has to pitch in and get the job done. Customers are not interested in job descriptions, but they are interested in being served promptly and courteously. Nothing is more frustrating to a customer than being ignored by an employee. Decide what training you will give your sales people in the techniques of how to greet customers, show merchandise, suggest other items, and handle customer needs and complaints.

Buying

When buying merchandise for resale, you need to answer questions such as:

Who sells the line to retailers? Is it sold by the manufacturer directly or through wholesalers and distributors?

What delivery service can you get and must you pay shipping charges?

What are the terms of buying?

Can you get credit?

How quickly can the vendor deliver fill-in orders?

You should establish a source of supply on acceptable terms for each line of merchandise and estimate a plan for purchasing as follows:

Name of Item	Name of Supplier	Address Supplier	Disc. Offered	Delv. Time(1)	Freight Costs(2)	Fill-in Policy(3)
_______	_____	______	_____	_____	______	_____
_______	_____	______	_____	_____	______	_____
_______	_____	______	_____	_____	______	_____

(1) How many days or weeks does it take the supplier to deliver the merchandise to your store.
(2) Who pays? You, the buyer? The supplier? Freight or transportation costs are a big expense item.

(3) What is the supplier's policy on fill-in orders? That is, do you have to buy a gross, a dozen, or will the supplier ship only two or three items? How long does it take for the delivery to get into your store?

Stock Control

Often shoppers leave without buying because the store did not have the items they wanted or the sizes and colors were wrong. Stock control, combined with suppliers whose policies on fill-in orders are favorable to you, provides a way to reduce "walkouts".

The type of system you use to keep informed about your stock, or inventory, depends on your line of merchandise and the delivery dates provided by your suppliers.

Your stock control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been sold. Some trade associations and suppliers provide systems to members and customers, otherwise your accountant can set up a system that is best for your business. Inventory control is based upon either a perpetual or a periodic method of accounting that involves cost considerations as well as stock control. When you have decided what system you will use to control stock, estimate its cost. You may not need an extensive (and expensive) control system because you do not need the detailed information such a system collects. The system must justify its costs or you will just waste money and time on a useless effort.

Stock Turnover

When an owner-manager buys reasonably well, you can expect to turnover stock several times a year. For example, the stock in a small camera shop should turnover four times to four and a half times a year. What is the average stock turnover per year of your line of merchandise? How many times do you expect your stock to turnover? List the reasons for your estimate.

Behind-the-Scenes Work

In a retail store, behind-the-scenes work consists of the receiving of merchandise, preparing it for display, maintaining display counters and shelves, and keeping the store clean and attractive to customers. The following analytical list will help you decided what to do and the cost of those actions.

First list the equipment (for example a marking machine for pricing, shelves, a cash register) you will need for: (1) receiving merchandise (2) preparing merchandise for display, (3) maintaining display counters and shelves, and (4) keeping the store clean. Next list the supplies you will need for a year, for example, brooms, price tags, and business forms.

Use this format to figure these costs:

Name of Equip./Supplies	Quantity	X Unit Cost	= Cost
______________	_______	___________	_______
______________	_______	___________	_______
______________	_______	___________	_______

Who will do the back-room work and the cleaning that is needed to make a smooth operation in the store? If you do it yourself, how many hours a week will it take you? Will you do these chores after closing? If you use employees, what will they cost? On a worksheet describe how you plan to handle these tasks. For example:

Back-room work will be done by one employee during the slack sales times of the day. I estimate that the employee will spend _______ hours per week on these tasks and will cost ________ (number of hours times hourly wages) per week and _____ per year.

I will need ________ square feet of space for the back-room operation. This space will cost _______ per square foot or a total of ________ per month.

List and analyze all expense items in the same manner. Examples are utilities, office help, insurance, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help manage, analyze these salaries.

How Much Money Will You Need

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

The first question concerns the source of dollars. After your initial capital investments in a retail store, the main source of money is sales. What sales volume do you expect to do in the first twelve months? Write your estimate here ________, and justify your estimate.

Start-Up Costs:

List the following estimated start-up costs:

Fixtures and equipment*	__________
Starting inventory	__________
Decorating and remodeling	__________
Installation of equipment	__________
Deposits for utilities	__________
Legal and professional fees	__________
Licenses and permits	__________
Advertising for the opening	__________
Accounts receivable	__________
Operating cash	__________
Total	______________

*Transfer your figures from previous worksheets.

Whether you have the funds (say in savings) or borrow the money, your new business will have to pay back start-up costs. Keep this fact in mind as you work on estimating expenses and on other financial aspects of your plan.

Expenses

In connection with annual sales volume you need to think about expenses. If, for example, you plan to do sales amounting to $100,000, what will it cost you to do this amount of business? How much profit will you make? A business must make a profit or close.

The following exercise will help you to make an estimate of your expenses. To do this exercise you need to know the total cost of goods sold for your line of merchandise for the period (month or year) that you are analyzing. Cost of goods sold is expressed as a percentage of sales and is called an operating ratio. Check with your trade association to get the operating ratios for your business's. The following is the format for an Income Statement with operating ratios substituted for dollar amounts.

Summary of Operating Ratios
of 250 high Profit Hardware Stores

			Percent of sale
Sales			100.00
Cost of Goods Sold			-64.92
Margin			35.08
Expenses			
Payroll and other employee expenses	16.23		
Occupancy expenses	3.23		
Office supplies and postage	0.40		
Advertising	1.49		
donations	0.08		
Telephone and telegraph	0.24		
Bad Debts	0.30		
Delivery	0.47		
Insurance	0.66		
Taxes (other than realestate and payroll)	0.46		
Interest	0.61		
Depreciation (other than real estate)	0.57		
Supplies	0.37		
Legal and accounting expenses	0.31		
Dues and subscription	0.08		
Travel, buying, and entertainment	0.19		
Unclassified expenses	0.64		
Total operating expense		-26.33	
Net operating profit		8.75	
Other income		1.65	
Net profit before income taxes		10.40	

Now using your operating ratio for cost of goods sold and your estimated Sales Revenue, you can breakdown your expenses by substituting your ratios and dollar amounts in the Income Statement.

Notice that Gross Margin must be large enough to provide for your expenses and profit.

	Expressed in Percent	Expressed in dollars	Your Percentage	Your Dollars
1. Sales	100	$100,000	100	$___
2. Cost of Goods Sold	-66	-66,000	____	-$___
3.Gross Margin	34	$34,000	____	$___

and continue to fill out the entire Income Statement. Work out statements monthly or for the year.

Cash Forecast

A budget helps you to see the dollar amount of your expected revenue and expenses each month. Then from month to month the question is: Will sales bring in enough money to pay for the store's bills? The owner-manager must prepare for the financial peaks and valleys of the business cycle. A cash forecast is a management tool that can eliminate much of the anxiety that can plague you if your sales go through lean months. Use the following format.

Estimated Cash Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
(1) Cash in Bank (Start of Month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(2) Petty Cash (Start of Month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(3) Total Cash (add (1) and (2)	___	___	___	___	___	___	___	___	___	___	___	___	___
(4) Expected Accounts Receivable	___	___	___	___	___	___	___	___	___	___	___	___	___
(5) Other Money Expected	___	___	___	___	___	___	___	___	___	___	___	___	___
(6) Total Receipts (add (4) and (5))	___	___	___	___	___	___	___	___	___	___	___	___	___
(7) Total Cash and Receipts (add (3) and (6)	___	___	___	___	___	___	___	___	___	___	___	___	___
(8) All Disbursements (for month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(9) Cash Balance at end of Month in Bank Account and Petty Cash (subtract (8) from (7)*	___	___	___	___	___	___	___	___	___	___	___	___	___

*This balance is your starting figure for the next month

Is Additional Money Needed? Suppose at this point that your business needs more money than can be generated by present sales. What do you do? If your business has great potential or is in good financial condition, as shown by its balance sheet, you will borrow money (from a bank most likely) to keep the business operating during start-up and slow sales periods. The loan can be repaid during the fat sales months when sales are greater than expenses. Adequate working capital is needed for success and survival; but cash on hand (or the lack of it) is not necessarily an indication that the business is in bad financial shape. A lender will look at your balance sheet to see the business's Net Worth of which cash and cash flow are only a part. The balance sheet statement shows a business's Net Worth (financial position) at a given point in time, say at the close of business at the end of the month or at the end of the year. Free Retail Business Plan How To.

Even if you do not need to borrow money you may want to show your plan and balance sheet to your banker. It is never too early to build good relations and credibility (trust) with your banker. Let your banker know that you are a manager who knows where you want to go rather than someone who merely hopes to succeed.

Control and Feedback

To make your plan work you need feedback. For example, the year-end profit and loss (income) statement shows whether your business made a profit or took a loss for the past twelve months.

Don't wait twelve months for the score. To keep your plan on target you need readings at frequent intervals. An income statement compiled at the end of each month or at the end of each quarter is one type of frequent feedback. Also you must set up management controls that help you insure that the right things are done each day and week. Organization is needed because you as the owner-manager cannot do all the work. You must delegate work, responsibility, and authority. The record keeping systems should be set up before the store opens. After you're in business it is too late.

The control system that you set up should give you information about stock, sales, receipts and disbursement. The simpler the accounting control system, the better. Its purpose is to give you current useful information. You need facts that expose trouble spots. Outside advisers, such as accountants can help.

Stock Control

The purpose of controlling stock is to provide maximum service to your customers. Your aim should be to achieve a high turnover rate on your inventory. The fewer dollars you tie up in stock, the better.

In a store, stock control helps the owner-manager offer customers a balanced assortment and enables you to determine what needs ordering on the basis of (1) what is on hand, (2) what is on order, and (3) what has been sold.

When setting up inventory controls, keep in mind that the cost of the stock is not your only cost. There are inventory costs, such as the cost of purchasing, the cost of keeping stock control records, and the cost of receiving and storing stock.

Sales

In a store, sales slips and cash register tapes give the owner-manager feedback at the end of each day. To keep on top of sales, you need answers to questions, such as: How many sales were made? What was the dollar amount? What were the best selling products? At what price? What credit terms were given to customers?

Receipts

Break out your receipts into receivables (money still owned such as a charge sale) and cash. You know how much credit you have given, how much more you can give, and how much cash you have with which to operate.

Disbursement

Your management controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to be penny-wise and pound-foolish. You should pay bills on time to take advantage of supplier discounts. Your review systems should also give you the opportunity to make judgments on the use of the funds. In this manner, you can be on top of emergencies as well as routine situations. Your system should also keep you aware that tax monies, such as payroll income tax deductions, must be set aside and paid out at the proper time.

Break-Even Analysis

Break-even analysis is a management control device that approximates how much you must sell in order to cover your costs with no profit and no loss. Profit comes after break-even.

Profit depends on sales volume, selling price, and costs. Break-even analysis helps you to estimate what a change in one or more of these factories will do to your profit. To figure a break-even point, fixed costs (like rent) must be separated from variable costs (like the cost of goods sold).

The break-even formula is:

$$\text{Break-even point (in sales dollars)} = \frac{\text{Total fixed costs}}{1 - \dfrac{\text{Total variable costs}}{\text{Corresponding sales volume}}}$$

Sample break-even calculations: Bill Mason plans to open a shoe store and estimates his fixed expenses at about $9,000 the first year. He estimates variable expenses of about $700 for every $1,000 of sales. How much must the store gross to break-even?

$$\text{BE point} = \frac{\$9{,}000}{1 - \dfrac{700}{1{,}000}} = \frac{\$9{,}000}{1 - 0.70} = \frac{\$9{,}000}{30} = \$30{,}000$$

Is Your Plan Workable?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure that your plan is workable.

Take time to re-examine your plan before you back it with money. If the plan is not workable, better to learn it now than to realize six months down the road that you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures you drew up when you broke down your expenses for the year (operating ratios on the income statement). If any of your cost items are too high or too low, change them. You can write your changes above or below your original entries on the worksheet. When you finish making your adjustments, you will have a revised projected statement of sales and expenses.

With your revised figures, work out a revised break-even analysis. Whether the new break-even point looks good or bad, take one more precaution. Show your plan to someone who has not been involved in working out the details with you. Get an impartial. knowledgeable second opinion. Your banker, or other advisor may see weaknesses that failed to appear as you went over the plan details. These experts may see strong points that your plan should emphasize.

Put Your Plan Into Action

When your plan is as thorough and accurate as possible you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a wishful dream. A successful owner-manager does not stop after gathering information and drawing up a business plan, as you have done in working through this Guide. use the plan.

At this point, look back over your plan. Look for things that must be done to put your plan into action. What needs to be done will depend on your situation and goals. For example, if your business plan calls for an increase in sales, you may have to provide more funds for this expansion. Have you more money to put into this business? Do you borrow from friends and relatives? From your bank? From your suppliers (through credit terms?) If you are starting a new business, one action may be to get a loan for fixtures, stock, employee salaries, and other expenses. Another action will be to find and to hire capable employees.

Now make a list of things that must be done to put your plan into action. Give each item a date so that it can be done at the appropriate time.

To put my plan into action, I must:

1. Do (action) _________ By _________(date)

2. etc.

Keep Your Plan Current

Once you put your plan into action, look out for changes. They can cripple the best business no matter how well planned. Stay on top of changing conditions and adjust your business plan accordingly. Sometimes the change is within your company. For example, several of your sales persons may quit. Sometimes the change is with the customers whose desires and tastes shift and change or refuse to change. Sometimes the change is technological as when products are created and marketed.

In order to adjust your plan to account for such changes, you the owner-manager, must:

Be alert to the changes that come about in your line of business, in your market, and in your customers.

Check your plan against these changes.

Determine what revisions, if any, are needed in the business plan.

The method you use to keep your plan current so that your business can weather the changing forces of the market place is up to you. Read trade and business papers and magazines and review your plan periodically. Once each month or every other month, go over your plan to see whether or not it needs adjusting. Certainly you will have more accurate dollar amounts to work with after you have been in business for a time. Make revisions and put them into action. You must be constantly updating and improving. A good business plan must evolve from experience and the best current information. A good business plan is good business.

Go to Top

3. Complete Sports Bar Business Plan Template

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The Business Concept

[BUSINESS NAME] ([BUSINESS NAME] or the Company) is a sports bar and pub serving all types of people. It will serve alcohol as well as food and will offer televised sporting events. The Company is located in Reynoldsburg, Ohio.

The Company will provide a fun and enjoyable atmosphere. It will offer a menu of fried and baked food, interactive vending (i.e. billiards, darts, music, arcade, etc.) and Ohio Lottery Keno. [BUSINESS NAME] will also provide all televised sporting events (i.e. NFL, MLB, NBA, NHL, etc.) to include pay per view events (i.e. the Ultimate Fighting Championship, boxing, etc.)

The Company's facility has a very unique floor plan that offers a private "at home" experience with a gas burning fire place in the billiards room and a loft area that will be equipped with sofa sectional seating and two (2) 50 inch plasma television entertainment centers. The focus will be on direct personal service allowing patrons to comfortably enjoy every play of the game without interruption.

In addition, the bar will be equipped with five (5) 47 inch flat panel plasma televisions that will display all current televised sporting events. The current bar is being redesigned to add more seating area. The current flooring is being resurfaced with a decorative non-slip concrete.

[BUSINESS NAME] will coordinate various competitive leagues and tournaments such as billiards, electronic darts, beer pong and keno. Televised sporting events will include pay per view and televised game. Additionally, electronic touch screen skill games, corn hole leagues, and offer private theme based parties (i.e. birthday, anniversary, bachelor, bachelorette, college graduations, etc.) will be offered.

Excellent Market Opportunity [BUSINESS NAME] will take advantage of numerous factors to drive its growth. Customers will frequent the Company for its fun atmosphere and pleasant, personal service. They will seek out [BUSINESS NAME] for its mainstream sporting events. The Company will train its staff to provide genuine hospitality and attentive service seldom used in today's bar/pub industry. The Company will also be providing a food menu that is also not available at other locations.

The Company will also focus on developing a good rapport with patrons and purveyors that fosters a genuine, loyal relationship in various areas but focusing on these core elements:

- Outstanding service
- Quality product
- Fun and comfortable atmosphere

[BUSINESS NAME] will also take advantage of the fact that the city of Reynoldsburg is in the process of revitalizing the exact area that the Company is located. This will draw customers that live outside the immediate area and it will give [BUSINESS NAME] a great opportunity to create a growing, loyal, and diverse clientele. The quality of service, products and entertainment that [BUSINESS NAME] provides will support and enhance the city's efforts at improvement.

Profitable Growth

[BUSINESS NAME] expects to gain a profitable market share within a very short period of time. Determinations have been made for the size of the market, amounts of budgeted advertising and promotional dollars and the competitive landscape.

Projections call for the Company to generate revenues of $120,000 in its first twelve months. [BUSINESS NAME] will achieve strong growth over the next several years, reaching $140,000 in revenues and more than $13,000 of net income by the fifth year.

The Opportunity

U. S. Dining Out Continues to Increase

For Americans, eating out has become a way of life. Despite the recession, customers are still eating and ordering out. According to the National Restaurant Association's 2010 Restaurant Industry Forecast, the following trends are expected in 2010:

- With the economic downturn easing, the restaurant industry is expected to show gradual improvement in 2010,
- Restaurant industry sales will grow by 2.5% in 2010 over 2009 and they are projected to reach $580 billion. When adjusted for inflation, 2010 sales will be essentially flat, which is an improvement over the 1.2 and 2.9 percent negative growth in real sales that the industry experienced in 2008 and 2009, respectively.
- The restaurant industry remains one of the nation's largest private-sector employers with its 12.7 million employees, comprising 9 percent of the U.S. workforce.
- Restaurant industry job growth is expected to resume in 2010, and the industry is projected to add 1.3 million career and employment opportunities by 2020.
- Consumers forced to cut back on spending say they aren't dining out as often as they would like, and this pent-up demand will turn into restaurant traffic as economic recovery continues.

The typical American consumer now is almost as likely to spend just as many dollars on food away from home as on food prepared at home. Government statistics show a continuing trend towards dining out as the fast pace lifestyle of today shows no signs of slowing down. According to a report in 2006 from the U.S. Department of Agriculture's Economic Research Service (ERS), Americans spend 48.9 percent of their food dollars away from home– the highest percentage on record. That figure was only 37% thirty years ago.

According to the United States Department of Agriculture, (USDA) there has been a trend toward increased food consumption away from home over the last several decades (see charts below). This trend is attributed to an ongoing increased demand for entertainment and convenience.

Food Away from Home: Total expenditures [9]							
Year	Eating and drinking places[2]	Hotels and motels[2]	Retail stores, direct selling[3]	**Recreational places[4]**	Schools and colleges[5]	All other[6]	Total[7]
	Million Dollars						
2000	**282,235**	**18,003**	**16,932**	**14,662**	**24,468**	**35,157**	**391,457**
2001	**289,331**	**20,813**	**18,056**	**15,316**	**25,394**	**35,794**	**404,705**
2002	**300,753**	**21,812**	**19,753**	**16,235**	**26,735**	**36,169**	**421,283**
2003	**317,522**	**22,049**	**19,701**	**16,635**	**28,077**	**37,762**	**441,745**
2004	**338,147**	**22,543**	**20,012**	**16,797**	**29,287**	**39,368**	**466,153**
2005	**358,816**	**22,923**	**20,519**	**17,336**	**30,271**	**41,581**	**491,445**
2006	**382,193**	**23,093**	**24,257**	**18,163**	**30,897**	**43,153**	**521,758**
2007	**402,176**	**23,178**	**25,357**	**18,988**	**31,859**	**45,692**	**547,250**
2008	**417,064**	**23,772**	**24,198**	**19,691**	**33,130**	**47,429**	**565,284**

— = Not available.
[1]See Developing an Integrated Information System for the Food Sector, AER-575, U.S.

Alcoholic beverages: Total expenditures [10]									
	Packaged alcoholic beverages at home				Alcoholic drinks away from home				All alcoholic beverages
Year	Liquor stores	Food stores	All other	Total[2]	Eating and drinking places[3]	Hotels and motels[3]	All other	Total[2]	Total[2]
	Million dollars								
1997	**20,864**	**12,798**	**11,024**	**44,686**	**33,522**	**4,258**	**5,102**	**42,882**	**87,568**

Sales of Meals and Snacks Away from Home by Type of Outlet [10]								
Year	Full-service restaurants[1]	Limited-service eating places[1]	All eating places	Hotels & motels	Schools and colleges[2]	Stores, bars, and vending machines	Recreational places	Others, including military outlets
1997	**40.0**	**36.5**	**76.4**	**5.0**	**7.1**	**5.0**	**4.0**	**2.5**
1998	**39.8**	**36.6**	**76.4**	**4.9**	**7.1**	**5.1**	**4.0**	**2.4**
1999	**40.0**	**36.2**	**76.2**	**4.9**	**7.0**	**5.4**	**4.1**	**2.4**
2000	**40.7**	**36.0**	**76.7**	**4.9**	**6.7**	**5.2**	**4.0**	**2.4**
2001	**40.0**	**36.0**	**76.0**	**5.5**	**6.7**	**5.3**	**4.1**	**2.3**
2002	**39.9**	**35.9**	**75.8**	**5.5**	**6.8**	**5.6**	**4.1**	**2.2**
2003	**39.8**	**36.4**	**76.2**	**5.3**	**6.8**	**5.3**	**4.1**	**2.2**

Restaurant Trends

Restaurant sales continue to grow decade over decade. Sales will top $580 billion dollars in 2010. A whopping 59% of adults say there are more restaurants they enjoy going to now than there were two years ago. The following graph shows the growth in restaurant sales. One factor that will fuel this segment of the industry, for decades, is the 78 million baby boomers in the United States, most with disposable income. Many baby boomers are described as savvy diners that possess demanding expectations of dining service and experiences.

It is estimated that for every dollar spent by the consumer at a restaurant adds an additional $1.98 spent in other industries related to the restaurant industry. Furthermore, for every $1 million in restaurant sales 42 jobs are generated for the nation’s economy.

Presently, 7-out-of-10 eating and drinking establishments are independently owned and operated; local restaurants remain as popular as ever and are growing at a substantial rate. The majority of eating and drinking places are small businesses with fewer than 20 employees.

Restaurants also provide management opportunities. The number of foodservice managers from 2006 to 2016 is expected to increase by 12% and 9-out-of-10 of these managers will start as an hourly employee. Impressively, the average salary of 3-out-of-

5 foodservice managers is $50,000 or more; the NRA reports 28% of adults got their first job experience at a restaurant.

Restaurant Facts and Figures

The National Restaurant Association (NRA) has reported the following 2010 overview statistics:

- $580 billion in sales
- 945,000 locations in the U.S.
- One of the largest private-sector employers with 12.7 million employees
- 49% of an American family's food budget is spent on restaurant dining

The NRA goes on to state:

- Restaurant-industry sales on a typical day in 2010 will be $1.6 billion
- The average household expenditure for food away from home in 2008 was $2,698
- 40% of adults agree that purchasing meals from restaurants and take-out and delivery places makes them more productive in their day-to-day life
- 73% of adults say they try to eat healthier now at restaurants than they did two years ago
- 57% of adults say they are likely to make a restaurant choice based on how much a restaurant supports charitable activities and the local community
- 78% of adults say they would like to receive restaurant gift cards or certificates on gift occasions
- 52% of adults say they would be more likely to patronize a restaurant if it offered a customer loyalty and reward program
- 57% of adults say they are likely to make a restaurant choice based on how much a restaurant supports charitable activities and the local community
- 56% of adults say they are more likely to visit a restaurant that offers food grown or raised in an organic or environmentally friendly way
- 78% of adults agree that going out to a restaurant with family or friends gives them an opportunity to socialize and is a better way to make use of their leisure time than cooking and cleaning up

Bar and Nightclub Industry Growth

The bar and nightclub industry, according to the National Club Industry Association of America (NCIAA) has a combined annual revenue of approximately $18.8 billion, consisting of a highly fragmented market in about 50,000 locations. This industry includes varying state liquor laws which creates a competitive landscape.

Research reflects sales are divided into:

- Beer (40%)
- Distilled spirits or hard liquor (30%)
- Food and non-alcoholic beverages (10%)
- Wine (7%)

A typical bar or nightclub often includes:

- Specialized beverages
- Craft beers
- Martinis
- Mixed drinks
- Entertainment
- Dancing
- Adult entertainment
- DJs
- Live music

Types of bars including sports and country-western can include:

Microbreweries

Taverns

Pubs

Wine bars

Martini bars

A typical nightclub has a range from 3,500 to 7,000 square feet often grossing between $24,000 and $64,000 per month; larger nightclubs in the U.S. support as much as 10,000 to 30,000 square feet and gross $100,000 and $260,000 per month.

Bars designate areas for table seating and serve quick-food menus. NCIAA states, "*A sports bar may have numerous large screen TVs and sports memorabilia to draw sports fans, while a nightclub may have expensive lighting and sound systems to draw the dance crowd. In addition, a friendly bartender or a popular DJ can help develop a loyal customer base*."

There is a large opportunity to build a dominant and respected sports bar in this market space.

Operations of the Business

[BUSINESS NAME] will target prospective clients within a close radius of its location. The Company will generate revenues from sales of drinks, food and various games.

The Company will offer convenient hours, opening Sunday - Wednesday 4:00 PM to 2:30 AM and 11:00 AM to 2:30 AM on Thursday - Saturday.

Marketing efforts of the Company will focus on several activities. These include print advertising, signage, referrals, and its web site.

Product and Service Offerings

[BUSINESS NAME] provides a wide range of drinks, food and entertainment for its customers. These include:

- Alcohol
  - Liquor, bottled beer, keg beer, wine
- Soft drinks
- Fried and baked food

- Entertainment
  - Pool tables, dart boards, juke box, , electronic video games,

The Company will also offer offsite sales in its original packaging.

[BUSINESS NAME] will be offering interactive drink specials throughout the week that will reflect the current sporting event entertainment. For example when the Cleveland Cavaliers score 100 plus points a drink special will be offered. When the Cincinnati Reds are televised, the Company will offer the American Lager Red Dog beer at a special discounted price. When the Cincinnati Bengals are televised, [BUSINESS NAME] will offer Budweiser at a special discounted price.

THE COMPANY

Mission of the Company

[BUSINESS NAME] will become a leading destination in Reynoldsburg for drinks and a fun time. We will continually provide the best and most superior sports entertainment atmosphere in the area. Our drinks will be sought after for their great taste and fair pricing. We will treat each customer with respect and we will be known for our outstanding customer service.

Company Structure

1. Legal Status
    a. [BUSINESS NAME] is a Subchapter S Corporation organized in the state of Ohio in 2010. The Company is owned by Mr. Bill Smith.

2. Physical Location
    a. The Company will operate out of facilities at Your Address Will Appear. The Company will lease ~3,000 sq. ft. of suitable business space to support its operations. This space will include an entrance area, bar counter, tables and chairs, kitchen and storage areas.

    b. The site is located directly in front of a 288 unit apartment complex with which it shares a parking lot. That provides ample parking for patrons of the business as well as a close-to-home location for the residents in the area.

    c. The building itself offers a second floor loft that will be furnished with overstuffed couch seating and 50” plasma television screens for a comfortable “at-home” viewing experience of sports programs and a unique atmosphere for special events and private parties. The building also is furnished with a gas-burning fireplace that offers an even more “at-home” living room feeling.

3. Intellectual Property

   a. [BUSINESS NAME] intends on building a website at www.YourDomain.com to market its services. There is no other proprietary intellectual property owned by the Company.

Company History

[BUSINESS NAME] is an existing venture.

Historical Financials ($1,000's)				
	2006 *actual*	2007	2008	2009 *actual*
Revenues	$132,194	$106,782	$96,799	$108,260
COGS	$51,927	$41,145	$38,263	$27,265
Total Income	$80,314	$74,143	$69,957	$80,995
Total Expenses	$78,094	$72,551	$71,824	$54,860
Operating Income	$2,220	$1,592	($1,867)	$26,135

The Company is being purchased by the Mr. Smith. He has already accomplished several significant steps to get the business moving:

- Established relationships and contracts with property owners
- Met with financial institution
- Negotiated with current owner
- Connected with vendors
- Designed a new business logo

- Designed and planned interior remodeling
- Registered domain names of Cedricssportsbar.com and Cedricsbar.com
- Retained legal representation with over 30 years experience in the liquor establishment business

In addition, the founder has performed extensive research to determine the market viability and operational challenges of this type of business. Questions that were addressed include:

- What is the market opportunity (is there a need for the business)?
- What type of competition is there?
- Can the targeted market support the business?
- What types of customers will the business attract?
- Are there suitable facilities in the area?
- How much funding is needed?
- How much monthly revenue is needed to achieve break even?

GROWTH STRATEGY

Business Objectives

The Company is planning on strong growth in the next twelve months. It plans on achieving the following objectives:

- Grow its local customer base
- Build a staff of loyal employees
- Grow twelve month revenue to $120,000

In succeeding years, [BUSINESS NAME] will continue to grow its business and will achieve these objectives:

- Grow the annual number of new customers each year

- Develop a reputation that will exceed competitors in every area
- Achieve excellent customer loyalty by placing strong emphasis in the areas of outstanding service and support
- Maintain an experienced and loyal staff
- Attain $140,000 in annual sales in Year 5

Targeted Customers

[BUSINESS NAME] has identified a clear and substantial target market. Targeted customers will include:

- Ages 21 years and older
- Men and women
- Single or married
- Visitors to local sports events or entertainment complexes
- Lower to middle income levels

The Company will target these types of customers within the cities of Reynoldsburg and Columbus, Ohio.

Key Initiatives

[BUSINESS NAME] has developed the following key initiatives to achieve its growth goals:

- Launch its marketing efforts to reach its target audience
- Establish an aggressive program to attract and secure customers
- Hire and train qualified staff
- Provide the best services at the most competitive pricing
- Provide a satisfying experience for every customer

With the proper financing and adherence to this business plan's objectives, the Company believes it can complete these initiatives and achieve success.

Competition and Competitive Advantages

[BUSINESS NAME] has identified several competitors. These include:

xxxxxxxxxxxxxx

xxxxxxxxxxxxxx

xxxxxxxxxxxxxxx

The Company believes that it can compete effectively in this market. Several factors driving its competitive advantage include:

- Weekly interactive drink specials related to sporting events
- Unique floor layout that provides an "at home" atmosphere
- Updated and remodeled bar and interior
- Friendliest staff
- Competitive pricing

Size of the Market

[BUSINESS NAME] is focused on obtaining customers in the Reynoldsburg geographic area. This area is large enough to support the Company's business objectives.

Marketing Activities

[BUSINESS NAME] will implement various marketing efforts to attract customers including:

Build and optimize its web site to describe and promote the business

The Company will build and optimize its web site to attract prospective customers. The web site will be attractive and easy to navigate. It will also provide testimonials of satisfied customers.

Print advertising

The Company will take out ads in local publications that are matched to its targeted audiences.

Signage and posters

[BUSINESS NAME] will utilize signage and posters that will be displayed at local sites to promote the Company and establish name recognition.

Flyers

The Company will distribute flyers door to door in the immediate area.

Search engine optimization (SEO)

The Company will optimize its web site so that it will in improve its yield in search engine results. [BUSINESS NAME] will continually improve its SEO scores by optimizing to search words and by establishing link programs whereby the number of sites linking to it increase.

Customer loyalty programs

The Company will develop strong customer loyalty programs. [BUSINESS NAME] will implement and manage programs that reward a customer for repeat business with the Company.

Referrals

[BUSINESS NAME] will develop referral programs whereby existing customers receive incentives to refer friends or associates as customers.

Sales Strategy

The Company will sell through its retail space.

CORPORATE MANAGEMENT

Management

Owner/Operator/Manager: **Mr. Bill Brown**

KEY FINANCIAL PROJECTIONS

Financial Needs and Use of Funds

The Company is seeking a $47,000 loan to execute this business plan as well as a $25,000 credit line. [BUSINESS NAME] intends to use these funds primarily to acquire the business and for start-up expenses such as inventory, equipment, computers, furniture and vehicles. Remaining funds will be used for general working capital needs.

Sources and Uses of Proceeds		
Sources		
	First Loan	$47,000
	Credit Line	$25,000
	Total Sources	**$72,000**
Uses		
	Inventory	$500
	Equipment	$6,500
	Computers/printers	$2,000
	Furniture/equipment	$5,000
	Liquor License Renewal	$3,128
	Legal Startup	$2,000
	Marketing materials	$1,500
	Signage	$1,500
	Other	$500
	Business	$47,000
	Working Capital	$2,372
	Total Uses	**$72,000**

Assumptions

Revenues

Revenue Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	$120,000	$124,800	$129,792	$134,984	$140,383

COGS

Cost of goods is estimated at 25%

Expenses

Expenses					
	Year 1	Year 2	Year 3	Year 4	Year 5
Payroll Expense	$22,000	$22,440	$22,889	$23,347	$23,814
Payroll Taxes & Benefits	$3,300	$3,366	$3,433	$3,502	$3,572
Rent	$24,000	$24,480	$24,970	$25,469	$25,978
Utilities	$8,800	$8,976	$9,156	$9,339	$9,525
Phone	$780	$796	$812	$828	$844
Professional Fees	$1,800	$1,836	$1,873	$1,910	$1,948
Supplies	$200	$204	$208	$212	$216
Marketing Expenses	$500	$510	$520	$531	$541
Insurance	$2,100	$2,142	$2,185	$2,229	$2,273
Total Expenses	$63,480	$64,750	$66,045	$67,365	$68,713

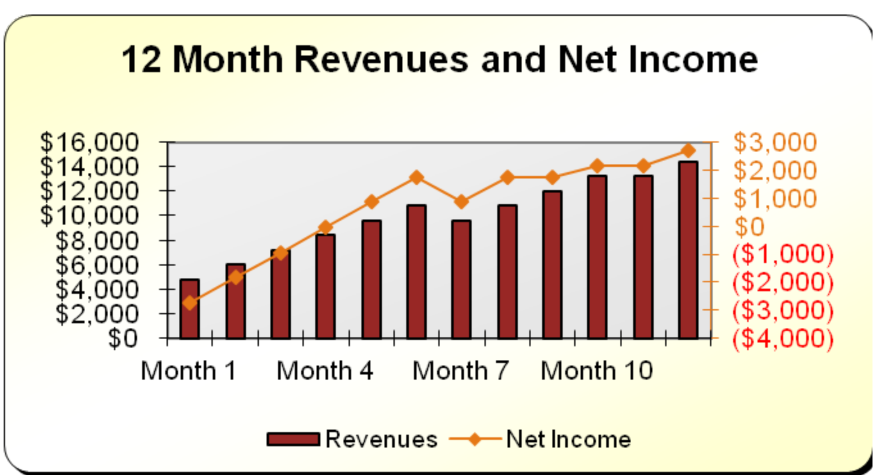
Cash Flow

Receivables average 15 days

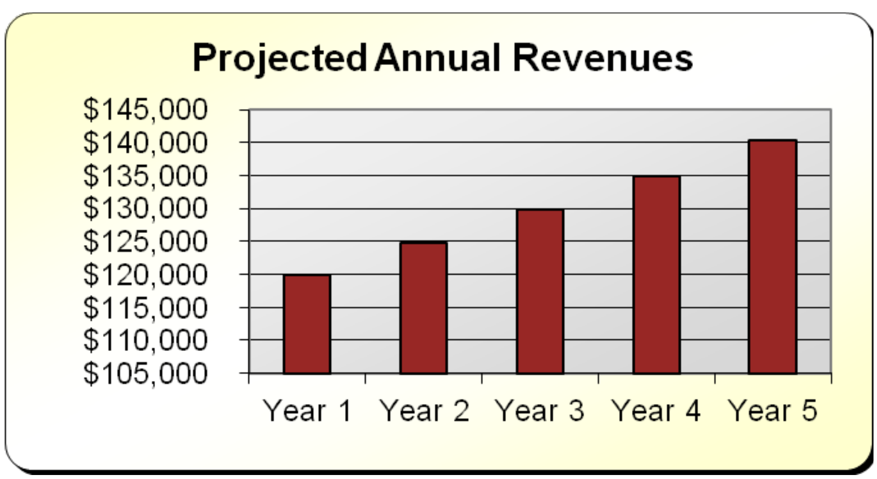
Payables average 30 days

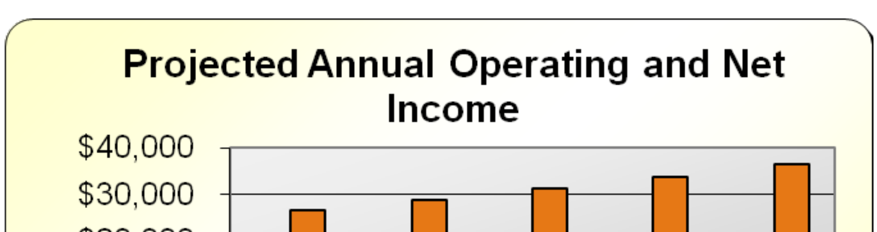
Projected Profit and Loss

[BUSINESS NAME]'s revenues are projected to grow significantly in the next twelve months. Monthly revenue will increase to $14,400. For the 12-month period, revenues will total $120,000 and this will yield an operating profit of $26,520 and a net income of $8,415. The monthly projections are illustrated in the following graph:



The next two graphs show [BUSINESS NAME]'s projected annual revenues and annual net profit over a five-year period.

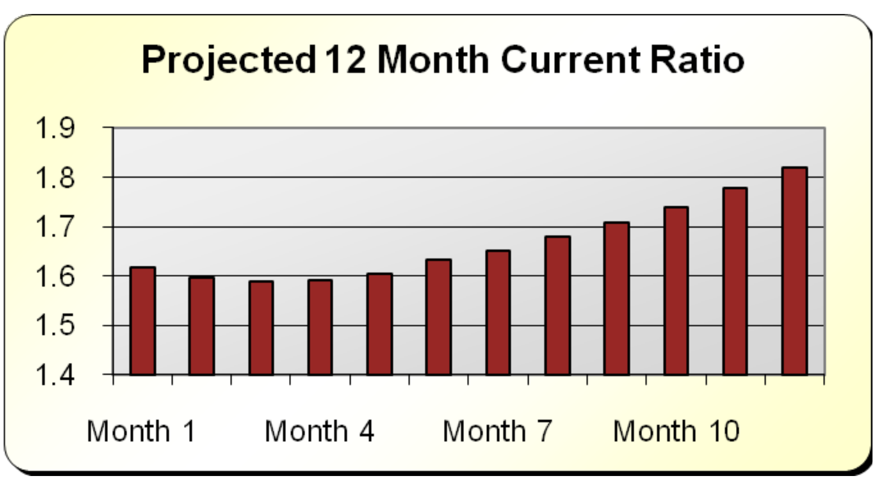


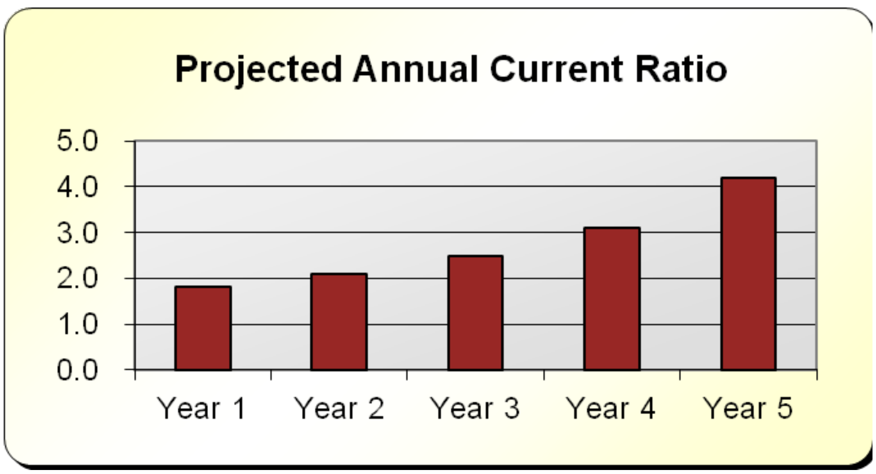


Detailed profit and loss projections are presented in the Appendix.

Projected Balance Sheets

Based on projected revenues and expenses, the Company anticipates maintaining a strong balance sheet.

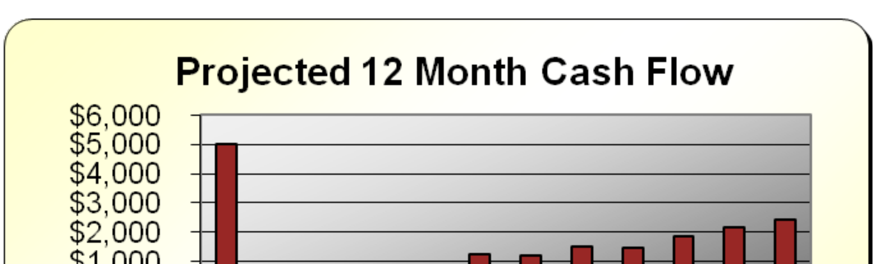


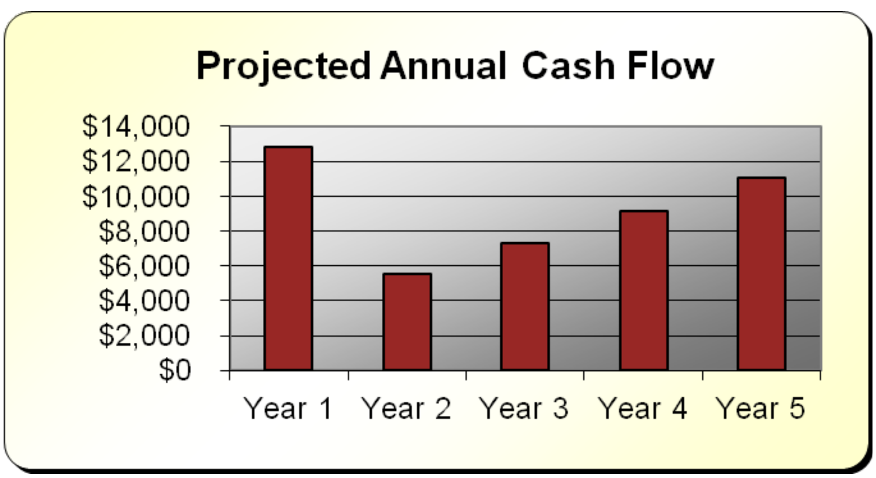


Complete projected balance sheet details are shown in the Appendix.

Projected Cash Flow

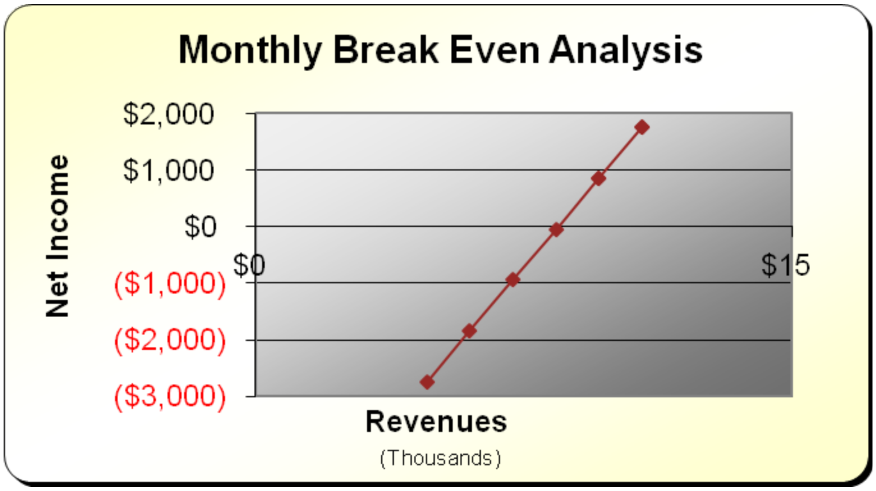
The Company's cash flow projections show that [BUSINESS NAME] will have sufficient cash to support the business. The following graphs present a view of projected cash flow of the business.





Break Even Calculation

[BUSINESS NAME] achieves break even with about $8,500 in monthly revenues. This is shown in the following graph.



Summary of Lender Return and Risk

[BUSINESS NAME] is requesting a $47,000 loan to execute this business plan. In addition, the Company is also seeking a $25,000 credit line. These funds are sufficient to allow the Company to achieve its business goals and they provide a satisfactory cash safety cushion for the Company.

The Company will make both interest and principle payments monthly to the lender. Projections in this plan assume a 5.4%% interest rate on the loan with an 7 year amortization period. Cash flow projections support the Company's ability to meet monthly payments.

Management believes the business plan and projections presented in this plan show that the lender has minimal risk with this loan.

Go to Top