



Subway Food Franchisee

"The Place Where Fresh is the Taste"

Business Plan

2020 - 21



John Doe



10200 Bolsa Ave, Westminster, CA, 92683



(650) 359-3153



support@upmetrics.co



<https://upmetrics.co>

Information provided in this business plan is unique to this business and confidential; therefore, anyone reading this plan agrees not to disclose any of the information in this business plan without prior written permission of the Company

Table of Contents

Executive Summary	4
Introduction	4
E-2 Investor Visa Compliance	4
A BON Fide Enterprise	4
Marginal Enterprise	5
Irrevocable Commitment	5
Doctors Associates, Inc.	5
Company Values	5
Business Model	6
Objectives	6
Keys to Success	6
Summary Operating Forecast	6
Subway Menu	8
Menu Description	8
All Day Value — includes the famous \$5 footlong and the \$3 Six Inch Select	8
Featured Products	8
All Sandwiches	8
Fresh Fit Choices	8
Breakfast	9
Salads	9
Flatizza	9
Fresh Fit For Kidz	9
Sides, Drinks, Extras	10
The Subway Secret Menu	10
The Subway Old Cut	10
The Subway PM Sub	11
The WM Meer	11
Industry Analysis	12
Demand Determinants	12
Demographic Trends	12
Health Consciousness	13
Convenience	13
Market Analysis	14
Lithe Rock, AR Demographics	14

Store Operations	15
Customer Service	15
Operating Policies	15
Operating Philosophy	16
Strict Inventory Controls	16
Purchasing Cost Controls	16
Recipe a Portion Controls	16
Sanitation a Food Handling	17
Operating Standards	17
Management's Role	17
Software a Systems	17
Money a Profit Management	18
Training	18
Hiring the Best	18
Training for Excellence	18
Retaining the Best	19
Staff Turnover / Training Costs	19
Marketing Plan	20
Target Market	20
Market Positioning a Branding	20
Marketing Strategies	20
National Advertising	21
Local Marketing	21
Grand Opening Budget	21
Competition	22
Competitive Landscape	22
Direct Competitors	22
Management & Staffing	23
Company	23
History and Structure	23
Professional Services	23
Management Team	23
TAREK EL AMARANI	24
JANE DOE	24
Staffing a Compensation	24
External Issues	25
Financial Plan	26

Pre-Ownership Expenses	26
Revenue Assumptions	27
Direct Costs	27
Income Statement	28
Balance Sheet	29
Cash Flow Statement	30

Executive Summary

Introduction



TIP

Based in Little Rock, AR, Pyramid Enterprises LLC ("PE" or "the Store") was recently formed by a successful Egyptian business executive, Tarek El Amarani. Mr. El Amarani formed the Company for the sole purpose of acquiring one or more Subway® franchises in the Little Rock area. Mr. El Amarani intends to acquire his first Store in Little Rock or a nearby town or suburb.

[Read More](#) ▾

Start Writing here...

E-2 Investor Visa Compliance



TIP

Mr. El Amarani currently resides in Egypt. In order for him to personally manage the Store and live in the United States, he must apply for an E-2 investor visa. One of the requirements of an E-2 visa is a business plan that provides the immigration authority with an understanding of why an E-2 visa is a necessity while at the same time explaining why the business in question complies with the requirements of an E-2 visa. Mr. El Amaranirs Su

[Read More](#) ▾

Start Writing here...



TIP

According to USCIS, a business in which an E-2 investor applicant wishes to acquire or start must be a bona fide enterprise. The immigration authorities define bona fide enterprise as "a real, active commercial or entrepreneurial undertaking which produces services or goods for profit. The enterprise cannot be an idle investment held for potential appreciation in value, such as undeveloped land or securities held by an investor who has no inte

[Read More](#) ▾

A BON Fide Enterprise

Start Writing here...



TIP

Another requirement for an E-2 visa is that the business will not be "marginal." USCIS defines a marginal enterprise as not being large enough to generate enough income for the investor to support a minimal living "for you and your family or to make a significant economic contribution." In other words, you need to be able to support yourself and your family from the business. You must demonstrate that your business is non-marginal through your

[Read More](#)

Marginal Enterprise

Start Writing here...



TIP

USCIS also requires that "you must demonstrate that the capital you invest is irrevocably committed to the enterprise and subject to a partial or total loss in the event that the entity fails. The funds you invest must also be your own. Additionally, the invested funds must be substantial in relation to the total cost of either purchasing an established enterprise or creating the type of enterprise you are considering." Mr. El Amarani will invest \$150,000 in permar

[Read More](#)

Irrevocable Commitment

Start Writing here...

Doctors Associates, Inc.



TIP

Doctor's Associates, Inc. is the franchiser of Subway® stores. Subway® was founded in 1965 by Fred DeLuca who, at the time was 17 years old and was looking for a way to earn enough money to finance his college education. The first store was opened in Bridgeport, Connecticut and the first Subway® branded store opened in Wallingford, Connecticut. Between 1965 and 1974 DeLuca opened 32 stores, all company-owned.

[Read More](#)

Start Writing here...

Company Values



TIP

In pursuit of its mission, PE believes the following value statements are essential and enduring.

- Importance of family and having a family atmosphere;
- Maintain high standards;

[Read More](#)

Start Writing here...

Business Model



TIP

Subway is a retailer of food and beverage products that are purchased and consumed on the premises or taken away for consumption at another location. All food and beverages are paid for at the point of purchase. Subway does not provide terms to its retail customers. Subway pays for the food products that go into preparing its menu items in the month they are delivered or in the month following the month they are delivered. In its first year of op

[Read More](#) ▾

Start Writing here...

Objectives



TIP

Subway has established the following goals and objectives for the early years of operations.

- Establish its first Subway franchise in metro Little Rock;
- Sell over \$500,000 per annum in each of the first two years of business and increase same-store sales by at least 5% in each additio

[Read More](#) ▾

Start Writing here...

Keys to Success



TIP

Mr. El Amarani believes that he has the right combination of experience, skill, and vision to quickly put the Company and the Store on a rapid track for growth and profits. The following factors will contribute to the Store's success:

- Recruit and motivate a hard-working staff who share the owner's vision;
- Consistent and on-going staff training;

[Read More](#) ▾

Start Writing here...

Summary Operating Forecast



TIP

PE will acquire an existing Subway store. The financial forecast that can be seen beginning on page 23 assumes that Mr. El Amarani will acquire a store for \$200,000. An above-average Subway store can be expected to produce the following results:

Financial

Year1

Year2

Year3

Year4

Read More

Start Writing here...

Subway Menu

Menu Description



Subway franchisees operate stores in 108 countries. While the basic menu offering is the same from country to country, there are some changes required due to cultural differences. According to its U.S. website, Subway products fall into the following menu categories:

[Read More](#) ▾

Start Writing here...

All Day Value – includes the famous \$5 footlong and the \$3 Six Inch Select



Featured Products



All Sandwiches



Fresh Fit Choices



Breakfast



Salads



Flatizza



Fresh Fit For Kidz



Sides, Drinks, Extras



The Subway Secret Menu



TIP

According to HackTheMenu ([http://hackthefmenu\(dot\)com](http://hackthefmenu(dot)com)), Subway stores have a secret menu. These menu items are described on the website as follows:

[Read More](#) ▾

Start Writing here...



TIP

The Subway Old Cut was once the only way that Subway cut their sandwiches. Now, that was over 10 years ago that they stopped cutting their sandwiches this way. However, you may get lucky and find a Subway artisan who knows this secret menu trick and is willing to cut your sub the Old Cut way. If you happen to find that special person, you sure as heck better stick with them as they show you how a Subway sandwich from their secret menu should be cut.

[Read More](#) ▾

The Subway Old Cut

Start Writing here...



TIP

Introducing the Subway Pizza Sub, the Italian inspired sandwich added to the Subway regular menu briefly during the month of May 2012. However, while Subway does not officially include the Pizza Sub on its regular menu anymore, it is still available on their secret menu. You can still order a submarine sandwich that contains pepperoni, tomato sauce, and cheese. Then, as always at Subway, you can add a variety of vegetables and other toppings

[Read More](#)

The Subway PM Sub

Start Writing here...



TIP

When you're at Subway and you get the urge to see the meat hanging off the edge of your sandwich, flapping in the wind, then you will want to ask for the "Wing Effect". Subway usually tucks in the meat when they make a sandwich, so they'll leave the meat hanging off the sides for you to nibble away at. The Wing Effect is a Subway secret menu trick that is for the extremely particular sandwich connoisseur, or the weirdoes, whichever way you choose

[Read More](#)

The WM Meer

Start Writing here...

Industry Analysis



TIP

The fast-food industry of which Subway is a major player will produce \$200 billion in revenue in 2014 and almost \$10 billion in profit. The industry is made up of 151,000 businesses that employ over 3,700,000 workers who will earn \$49 billion in wages.

Over the past five years, the Fast Food Restaurants industry has grown by 15%. This growth is due to changing consumer preferences moving away from unhealthy food.

[Read More](#)

Start Writing here...

Demand Determinants



TIP

The industry is sensitive to factors that affect the growth in household disposable income, which gives consumers the ability to spend money on out-of-home dining. Household disposable income is sensitive to changes in labor market growth (i.e. the unemployment rate) and movements in tax and interest rates. High gas prices also negatively affect disposable incomes.

[Read More](#)

Start Writing here...



TIP

The changing age structure of the population is influencing change within the industry. Baby boomers are a major group that influences industry revenue growth. Not only do they comprise a significant percentage of the population, but they also generally have the highest amount of disposable income to spend on restaurant meals. US Census Bureau household expenditure data indicates that households with incomes of more than \$50,000 account for 70% of the total household expenditure.

[Read More](#)

Demographic Trends

Start Writing here...



TIP

Rising health consciousness has a direct effect on industry operators as American consumers become increasingly concerned about fat content, fried foods, and salt content, especially when dining out. As such, rising concerns over the nutritional value of restaurant meals are likely to influence demand for certain foods on menus, thus encouraging industry players to alter their product mix. It is also expected to affect overall performance for industry players.

[Read More](#)

Health Consciousness

Start Writing here...



TIP

Convenience and value for one's money and time are other important demand determinants. Recent social trends such as busier lifestyles, heavier workloads, and longer working hours, have helped boost demand for restaurant services and convenience food as time-poor consumers look to cut down cooking time and make better use of their spare time. Moreover, restaurants have become more of a place for a family get-together.

[Read More](#)

Convenience

Start Writing here...

Source: *The foregoing is adapted from a report on the fast food industry by IBIS World dated June 2014*

Market Analysis



TIP

The major markets for the Fast Food Restaurants industry can be segmented based on a number of factors including income, age, geographic location, and family structure. Consumption patterns of fast food differ from full-service restaurants where income is a more important determinant of demand. Consumers of fast food are typically budget-conscious and enjoy the convenience of fast food compared with sit-down restaurants. According to the 2011 National Health and Medical Examination Survey, 60% of Americans aged 18 and over reported eating fast food at least once a week.

[Read More](#)

Start Writing here...

Little Rock, AR Demographics



TIP

Little Rock is the capital and the largest city of the State of Arkansas. The Little Rock-North Little Rock-Conway, AR Metropolitan Statistical Area (MSA) had a population of 724,385 people in the 2013 census estimate. The MSA is included in the Little Rock-North Little Rock, AR Combined Statistical Area, which had a population of 898,683 in the 2013 census estimate. Major corporations headquartered in Little Rock include Dillard's Department Stores, Walmart, and Tyson Foods.

[Read More](#)

Start Writing here...

upmetrics.co

Store Operations



TIP

The successful implementation of the operating standards and policies outlined within this business plan demand proven support tools and professional management. To achieve these objectives, the Store will work with Subway corporate and employ the strategies outlined below.

[Read More](#)

Start Writing here...

Customer Service



TIP

The hospitality industry recognizes that the customer service experience is the key driver to repeat business. The management will provide a superior level of professionalism by hiring, training, and leading a staff that is passionate about accommodating guests. The Store will maintain high levels of customer satisfaction with talented, knowledgeable, and well-trained employees that understand and implement the principles of great service.

[Read More](#)

Start Writing here...

Operating Policies



TIP

The management of Subway will be based on operating strategies and policies that Mr. El Amarani has developed, and successfully implemented in other successful restaurant businesses. He has in-depth experience in business and a proven track record of fulfilling customer expectations. The Store will apply the following policies to achieve the greatest productivity and profit:

[Read More](#)

Start Writing here...



TIP

Operating philosophies will be dictated by Subway corporate and will be followed closely.

[Read More](#)

Operating Philosophy

Start Writing here...



TIP

Subway will utilize a computerized inventory system to closely track and manage food and beverage usage, enabling management to accurately determine operating costs and manage against loss. Manual inventories will be conducted on an ongoing basis to verify items on hand and to monitor daily/weekly food costs, beverage consumption, plating costs, breakage, and waste.

[Read More](#)

Strict Inventory Controls

Start Writing here...



TIP

Management will continually monitor supplier bids to gain the best pricing for all foods and other ingredients. Market price fluctuations will guide purchasing, menu composition, and menu pricing to ensure the Store meets and exceeds profit expectations.

[Read More](#)

Purchasing Cost Controls

Start Writing here...



TIP

Food preparation personnel will follow standardized recipes developed by the owner to control food costs and ensure consistency. The Store will offer a menu with nutritious food while achieving the greatest margin yield.

[Read More](#)

Recipe a Portion Controls

Start Writing here...



TIP

Subway will maintain a 100% compliance policy for sanitation and food handling to ensure the safety and health of all guests and employees. The Store will always comply with all city, county, and state Department of Health sanitation and food handling standards. All employees will be certified under applicable food safety certification requirements, and managers will complete training to receive the nationally recognized and accredited "Series

[Read More](#)

Sanitation a Food Handling

Start Writing here...

Operating Standards



TIP

Mr. El Amarani and the Store Manager will be responsible for ensuring that the day-to-day operations will comply with the standards set by Store policy. Weekly management meetings will provide a forum to review and discuss financial and operational performance. Key decisions related to purchasing, human resources, marketing, capital expenditures, and customer service will also be addressed.

[Read More](#)

Management's Role

Start Writing here...



TIP

The Store will utilize "Point of Sale" systems that enable it to accurately track and analyze transactions, minimize labor costs, manage inventory, process payroll, track marketing efforts, and provide real-time entry and reporting functions. The inventory control system will enable the Store to precisely track purchases and yields, analyze and adjust pricing, and perform cost analysis on all food and beverage inventory.

[Read More](#)

Software a Systems

Start Writing here...



TIP

While the quality of the product and dining experience contributes significantly to a Store's profitability, it is attention to business and financial details that can transform small changes into large returns. While all decisions are made with the customer and employee in mind, they will also consider financial benefits and consequences. Each day, key metrics related to sales, cost of sales, labor, inventory, marketing, and overhead are monitored. Trends are evaluated

[Read More](#)

Money a Profit Management

Start Writing here...

Training



TIP

The successful implementation of the concepts outlined within this business plan demands excellence from each and every employee. To achieve excellence, the Store will focus on hiring, training, and retaining the very best employees.

[Read More](#) ▾

Start Writing here...



TIP

Employees with a strong work ethic, an eye for detail, and a passion for providing excellent service will be recruited. All employees will have friendly outgoing personalities and an honest desire to serve guests as a



[Read More](#) ▾

Hiring the Best

Start Writing here...



TIP

An ongoing program of training and education will ensure that each staff member learns and implements Subway' exacting standards for service and operational procedures. Staff meetings will reinforce service standards and principles.

The Store will have detailed work descriptions and training program position, from the entry-level employees to the ongoing development

[Read More](#) ▾

Training for Excellence

Start Writing here...



TIP

The Store embraces the concept of promoting from within. Excellence in one function typically leads to excellence in another. There will be regular staff evaluations to ensure motivation and address key issues.

[Read More](#)

Retaining the Best

Start Writing here...



TIP

Staff turnover rates in the Store industry run at over 100% p.a. Maintaining quality standards with such high turnover rates is an ongoing challenge. Lower than normal staff turnover due to sound management philosophy and a rewarding working environment will help reduce training costs and enhance employee satisfaction. Due to the simplicity of the menu and concept, pre-opening and ongoing training should be greatly reduced. Reduced

[Read More](#)

Staff Turnover / Training Costs

Start Writing here...

Marketing Plan

Target Market



TIP

The Company's target customers are on-the-go adults and their children who enjoy delicious, healthy foods and beverages and live or work in the neighborhood. Many of them will stop by to pick up something to go and others will want to meet friends at a friendly place and hang out. Many of these customers will choose both options from time to time. Subway will be the kind of place that attracts repeat customers. Other characteristics that

[Read More](#)

Start Writing here...

Market Positioning a Branding



TIP

Subway core values are the foundation of the Store's atmosphere. In each and every activity in which Subway participates, it will establish or reinforce its brand. In doing so, every aspect of Subway's communications with customers, employees, vendors, and other partners will be based on establishing and supporting the following branding marketing messages:

[Read More](#)

Start Writing here...

Marketing Strategies



TIP

Subway's marketing strategies will be split between those strategies that are executed on a national level by the franchiser and those strategies that are executed on a local level by Mr. El Amarani.

[Read More](#)

Start Writing here...



TIP

The Store will pay the franchiser 4.5% of revenue as a national advertising fee. This fee will be deposited into an advertising fund that contains all of the advertising contributions paid by all of the franchisees in the U.S. Subway corporate will disburse money from the advertising fund for the benefit of all franchisees. Traditional expenditures include TV, radio, newspaper, couponing, and billboard advertising.

[Read More](#)

National Advertising

Start Writing here...



TIP

Subway corporate does not require franchisees to market or advertise locally although, they naturally encourage each franchisee to do so. The Store will market itself every day through a carefully conceived local marketing strategy that will include at least the following strategies:

- Deliver cookies or a sub-platter to an office at least once a week to remind the office staff that "your Subway" can cater to any

[Read More](#)

Local Marketing

Start Writing here...



TIP

Subway requires that each new owner spend \$2,000 in a grand opening event or campaign.

[Read More](#)

Grand Opening Budget

Start Writing here...

Competition

Competitive Landscape



TIP

IBIS World estimates that in 2014, the top four players account for about 41.2% of the available market share of the fast-food industry, giving this industry a medium level of concentration. Given the diversity of food styles and operations, nearly 48.0% of establishments are small- business operators that have nine or fewer employees. An additional 55.0% of establishments have between 10 and 99 employees. Over time, the industry's concentra

[Read More](#)

Start Writing here...

Direct Competitors



TIP

For purposes of this document, the Company will consider that its direct competitors are quick to serve branded restaurants that prepare and sell food ready to eat at affordable prices. Little Rock, AR, which is the community in which Mr. El Amarani would prefer to have his first Subway location includes the following zip codes: 72205, 72204, 72201, 72211, and 72209. The table below lists the approximate number of stores for a representative

[Read More](#)

Start Writing here...

Management & Staffing

Company



TIP

Pyramid Enterprises LLC is a new entity formed for the purpose of owning one or more Subway franchises in Little Rock, Arkansas. The Company is owned 100% by Tarek El Amarani. As of the date of this document, the Company has no assets and no liabilities. Mr. El Amarani serves as the Company's Managing Member.

[Read More](#)

History and Structure

Start Writing here...



TIP

Pyramid Enterprises will utilize the services of the following professional services providers:

- Attorney - Sarah Lewis, Brown & Lewis Law Firm, Little Rock, AR
- Accountant - Robert Smith, CPA, Little Rock, AR

[Read More](#)

Professional Services

Start Writing here...

Management Team



TIP

Tarek El Amarani will be responsible for the overall management of the Subway franchise that is the subject of this document. He is a successful, experienced business executive who brings a number of important skills and experiences to the Company, including:

- Extensive experience as a financial executive;

[Read More](#)

Start Writing here...



TAREK EL AMARANI

Founder & CEO tarek@example.com

Mr. El Amarani was born and raised in Cairo, Egypt. He was educated in England where he graduated from the University of Birmingham in Birmingham. He graduated with a Bachelor's of Science degree in Chemistry. After completing his studies, he returned to Cairo to find that at the time, there were few opportunities to work in his field. As a result, Mr. El Amarani opened a small restaurant that sold Mediterranean food in a residential neighborhood. In time, the restaurant prospered and within 5 years, he opened a second location and soon thereafter, a third. The restaurants were called Subway. Over the 22 years that the Subway restaurants were open, Mr. El Amarani served thousands of hungry patrons breakfast, lunch, and dinner 6 days a week. In March 2014, El Amarani sold the restaurants and joined his brothers and their families in Little Rock. During his time in Little Rock, he has been volunteering his time at a homeless shelter where he has been preparing meals for homeless vets.

Mr. El Amarani has been in discussions about purchasing an existing Subway store in Little Rock. Subway has pre-approved him as a franchise based on his prior restaurant experience in Egypt.



JANE DOE

Store Manager jane@example.com

Ms. Doe will be responsible for the daily Store operation. In addition to enforcing all policies of the Store as outlined, the Store Manager will oversee daily operations concentrating primarily on ensuring standards are adhered to during all times of the day. He or she will be responsible for hiring, training, disciplining, and terminating service staff, with assistance as needed from Mr. El Amarani. During meal service, the Store Manager will be expected to control the flow of all activities overseeing, service staff, and communicating with the kitchen to ensure a smooth flow to the Restaurant and will be expected to maintain clean and organized ordering and dining areas.

Staffing a Compensation



TIP

Subway aims to create a successful and rewarding work environment. It is Mr. El Amarani's firm belief that employee satisfaction represents a key contribution to customer satisfaction. Subway will be staffed as follows:

Mr. El Amarani and the Store Manager will be the only full-time, salaried employees. They will be paid an annual salary with commensurate benefits such as vacation and employer-paid health insurance. All other em

[Read More](#)

Start Writing here...

External Issues



TIP

There are no regulatory issues related to EPA, OSHA, IRS, or other governmental agencies. There are no unions represented at the Company and there is no pending or anticipated litigation.

[Read More](#)

Start Writing here...

Financial Plan

Pre-Ownership Expenses



TIP

Mr. El Amarani will incur the following expenses prior to opening the Store under his ownership:

[Read More](#)

Pre-Opening Cash Outlays

Buildout/Tenant Improvements	
Tenant Improvements	-
Total Buildout/Tenant Improvements	-
Fixed Assets	
Acquisition	-
Franchise Fees	-
Total Fixed Assets	-
Inventory	
Food	8,000
Total Inventory	8,000
Capitalized Start-Up Expenses (Pre-Opening)	
Acquisition Expenditures	200,000
Franchise Fees	15,000
Consulting	3,000
Employee Expenses	2,000
Owner Training	7,500
Grand Opening	2,000
Legal Fees	5,000

Miscellaneous	2,500
Other	1,500
Payroll Company	500
POS System	3,000
Working Capital	30,000
Total Capitalized Start-Up Expenses (Pre-Opening)	272,000
Total Start-Up Costs	280,000

Revenue Assumptions

The revenue forecast is based on the following assumptions:

Revenue Model		
Revenue Growth - Year-O-Year	0	
2014 Actual Revenues	525,000	
Income		
Sales (Food, Drinks, and Misc)	1	551,250
Other Revenue	-	-
Total Revenues	1	551,250

Direct Costs



TIP

The forecast that follows assumes that direct costs incurred in producing revenue are 26% related to food and beverages and 1% for comps and promotions.

[Read More](#)

Start Writing here...

Income Statement

	Year1	Year2	Year3	Year4	Year5
Revenue					
All Day	551,250	578,813	607,753	638,141	670,048
Comps and Promotions	(25,218)	(29,934)	(30,832)	(31,756)	(32,709)
Total Revenue	526,032	548,879	576,922	606,384	637,339
Cost of Sales					
Food & Beverages	143,325	150,491	158,016	165,917	174,212
Total Cost of Sales	143,325	150,491	158,016	165,917	174,212
Gross Profit	382,707	398,388	418,906	440,468	463,126
Operating Expenses					
Employee Expenses					
Restaurant Employees	175,833	187,975	193,614	199,423	205,406
Total Salaries and Wages	175,833	187,975	193,614	199,423	205,405
Payroll Taxes and Benefits	20,221	21,617	22,266	22,934	23,621
Total Employee Expenses	196,054	209,592	215,880	222,356	229,027
Non-Employee Operating Expenses					
Accounting	2,400	2,448	2,497	2,547	2,598
Local Advertising	3,000	3,060	3,121	3,184	3,247
Bank Charges	600	612	624	637	649
Credit Card Fees	8,269	8,682	9,116	9,572	10,051
Health Permits	268	273	279	284	290
insurance	6,000	6,120	6,202	6,367	6,495
Office/Misc	900	918	936	955	974

	Year1	Year2	Year3	Year4	Year5
Other Operating Expenses	2,403	2,448	2,497	2,547	2,598
Phone/Internet	3,300	3,366	3,433	3,502	3,572
POS Subscription	2,220	2,264	2,310	2,356	2,403
Rent	42,000	42,840	43,697	44,571	45,462
Repairs and Maintenance	3,000	3,060	3,121	3,184	3,247
Royalties & Natl Advertising	68,906	72,352	75,969	79,768	83,756
Uniforms	600	612	624	637	649
Water	1,500	1,530	1,561	1,592	1,624
Utilities	6,000	6,120	6,242	6,367	6,495
Total Non-Employee OpEx	151,363	156,705	162,270	168,068	174,110
Operating Profit	35,290	32,090	40,756	50,043	59,989
Interest	5,259	4,186	3,066	1,898	680
Amortization	27,200	27,200	27,200	27,200	27,200
Depreciation	-	-	-	-	-
Net Income (loss)	2,831	704	10,489	20,945	32,110
Retained Earnings, Beginning	-	2,831	3,536	14,025	34,970
Retained Earnings, Ending	2,831	3,536	14,025	34,970	67,079

Balance Sheet

The projected balance sheet for years 1 to 5 appears below:

	Year1	Year2	Year3	Year4	Year5
Assets					
Current Assets					
Cash	25,058	27,607	38,839	59,375	89,877
Inventory	8,000	8,000	8,030	8,000	8,000
Total Current Assets	33,058	35,607	46,839	67,375	97,877

	Year1	Year2	Year3	Year4	Year5
Capitalized Start-Up Expenses	244,800	217,600	190,400	163,200	136,000
Total Assets	277,858	253,207	237,239	230,575	233,877
Liabilities & Equity					
Current Liabilities					
Accounts Payable	14,785	15,262	15,756	16,268	16,797
Total Current Liabilities	14,785	15,262	15,756	16,268	16,797
Term loan	110,241	84,409	57,458	29,338	(0)
Total Liabilities	125,026	99,671	73,214	45,606	16,797
Members Equity					
Common Stock	150,000	150,000	150,000	150,000	150,000
Retained Earnings	2,831	3,536	14,025	34,970	67,079
Total Members' Equity	152,831	153,536	164,025	184,970	217,079
Total Liabilities & Members Equity	277,858	253,207	237,239	230,575	233,877

Cash Flow Statement

The projected statement of cash flows for years 1 to 5 appears below:

	Year1	Year2	Year3	Year4	Year5
Cash Inflows					
Collections of revenue	526,032	548,879	576,922	606,384	637,339
Proceeds from the sale of stock	150,000				
Proceeds from Term Loan	135,003				
Total Cash Inflows	811,032	548,879	576,922	606,384	637,339
Cash Outflows					
Start-up Expenses	272,000				
Payments for Acquisition & Franchise					
Payments for inventory	151,325	150,491	158,016	165,917	174,212
Payments on accounts payable	332,631	365,820	377,656	389,913	402,607

	Year1	Year2	Year3	Year4	Year5
Payments of Interest-Term Loan	5,259	4,186	3,066	1,898	680
Payments of Principal-Tenn Loan	24,759	25,832	26,951	28,119	29,338
Total Cash Outflows	785,974	546,330	565,690	585,848	606,837
Net Cash Flows	25,0513	2,549	11,232	20,537	30,501
Cash, Beginning of Period		25,058	27,607	38,839	59,375
Plus: Cash Inflows	811,032	548,879	576,922	606,384	637,339
Less: Cash Outflows	(785,974)	(546,330)	(565,690)	(585,848)	(606,837)
Cash, End of Period	25,058	27,607	38,839	59,375	89,877