



# Fast Food Restaurant

## 1.0 Executive Summary

### 1.1 COMPANY & INDUSTRY

Nudlez, a Washington Corporation, is in the fast-food service industry. The company has developed a unique business model that reduces overhead by utilizing mobile vending units as opposed to brick and mortar stores. This is a very popular alternative to dining in larger business centric cities.

### 1.2 PRODUCTS & SERVICES

Nudlez provides high quality, fast-served Asian-styled meals, based on a central theme of noodles. The meals cater for variety and are delivered fresh faster than other noodle-based products. The meals are provided to the consumer initially through mobile Noodle Vending Units (NVU's), which provide widespread point of sale coverage. The NVU's are state-of-the-art, complying with health regulations. The first trial NVU was tested in Seattle in July 20XX, receiving great response. The NVU will become a product in itself, as Nudlez expands rapidly through franchising. Nudlez is a globally transportable business.

### 1.3 MARKET ANALYSIS

Valued in 20XX at \$105 billion, the domestic market for “fast” food is large and segmented, with Asian style foods representing 1 of the top 3 choices in Seattle at 35% of the market. Nudlez will initially target central business district (CBD) lunchtime crowds, where high-income earning but time-poor individuals are most greatly concentrated. Shopping malls, university campuses, weekend markets, and local business areas will then be targeted. Event catering and supermarket convenience foods will be markets that Nudlez then diversifies into.

### 1.4 STRATEGY & IMPLEMENTATION

Nudlez will build brand recognition through its Noodle Vending Units being placed strategically throughout large cities' business districts. Once brand recognition has been achieved, catering services will be offered, and the Nudlez products will be available in supermarkets. Additionally, Nudlez offers franchise opportunities to help further expand its reach, along with adding an additional revenue stream.

### 1.5 MANAGEMENT

The owners have significant experience in: the hospitality industry, advertising, and business management. The founder previously owned two very successful Thai restaurants in Seattle but grew tired of paying exorbitant rent hoping customers would turn up each night. His Nudlez concept takes the product to the street!

### 1.6 FINANCIAL PLAN

Nudlez has strong financials, and is always cash flow positive. Revenues are projected to grow to nearly \$58,000,000 by Year 5, with EBITDA totaling \$15,000,000. An initial analysis indicates that only 100 meals per day per NVU must be sold to break even. The strong financial plan ensures that the company will be attractive as an acquisition for exit.

### 1.7 FUNDS REQUIRED & USE

The purpose of this business plan is to raise \$1,500,000 from an investor, in the form of a convertible and redeemable note, providing a 32% compound annual return. Nudlez is committed to the rollout of its ‘wok-fresh’ fast food business in 20XX.



## 2.0 Company Summary

### 2.1 LEGAL ENTITY & OWNERSHIP

Nudlez is trademark registered. Nudlez Inc. was incorporated in the State of Washington in March 20XX. Nudlez is currently equally owned by Mr. Dan Billings and Mr. Bill Cook. They have already spent over \$75,000 in direct costs of product testing and development, and will commit a further \$200,000 in 20XX, prior to funds being required from the investor. Both owners will each hold two voting rights on the Board with the investor holding one.

### 2.2 HISTORY

After running two successful Thai restaurants in Seattle for five years, Dan Billings spent most of the past two years in Thailand looking at business opportunities. While living there he ate almost exclusively as the locals did, from street vendor food outlets. Not only was the food freshly cooked in front of him, but the visual entertainment combined to augment the vibrant street culture. His initial thoughts were, “this is what’s missing from our staid cities in the United States.” Using this as his motivator he began to realize that there were also major commercial benefits to running a fast-food network where the majority of outlets were not restricted to one location. For a start, shop fronts in good locations are expensive. The key to making such a venture successful domestically would be to ensure that the vendor outlets are very hygienic, comply with health standards, serviced by an efficient re-supply network producing consistent meals, with professionalism and quality paramount. He spent considerable time designing a purpose built Noodle Vending Unit. He also moved back to Seattle and renewed his ties in the culinary community to elicit the design of fresh and tasty meals to be served from the NVU. The Nudlez brand was born! Realizing the opportunity to seize a market niche through rapid expansion, the inventor also joined forces with an experienced international business team to develop and implement that initiative.

### 2.3 FACILITIES & LOCATIONS

During the start-up phase of the business, food sales revenue will come from NVU lunchtime customers in busy Seattle CBD locations. A small office will be setup in Seattle that will serve as the headquarters of the company.

## 3.0 Products and Services

### 3.1 PRODUCT DESCRIPTION

The principal product of Nudlez is fast-served, quality, Asian-styled individual meals. The meals are based on a central theme of noodles, but have a flexible degree of customization to suit the purchasers’ tastes. The second, but equally important supporting product, is the mobile cooking unit used to prepare the individual meals. This Noodle Vending Unit (NVU) has been specifically designed to produce the Nudlez meals in the shortest time possible. While Nudlez will own and operate some NVU’s, the bulk of the fleet will be purchased and operated by franchisees.

These two products symbiotically solidify the Nudlez brand name. Nudlez is a state-of-the-art stir-fry noodle street vending system. While Nudlez’s footprint in the three major metropolitan cities in Washington will be underpinned by the NVU fleet and a smaller number of strategically placed Nudlez stores, the aim in year-3 is to diversify the revenue stream by selling the meal product alone in supermarkets for home preparation and consumption.

### 3.2 FEATURES & BENEFITS

Fast & Affordable Meals



The NVU operator cooks the meals in front of the customer within sixty seconds, using fresh ingredients. As implied by the Nudlez tagline ‘wok fresh’, each serving of noodles is a taste sensation, freshly cooked-to-order and served piping hot in a convenient cardboard pail. Customers are invited to create their own noodle dish following three easy steps: Step 1: Select Noodle Type; Step 2: Add Sauce; Step 3: Choose Protein. Compared to the meals offered by competitors, Nudlez offers a fresh, tasty, nutritious alternative. Nudlez may be slower than some fast food from the point of order, but it is significantly fresher, more nutritious, and almost 50% more profitable.

One secret to the speed of Nudlez meals is that the meats and vegetables are pre-blanching and hygienically sealed in the same pail that the customer eventually receives. The operator simply removes from the fridge, and combines with noodles and sauce in the wok.

### Noodle Vending Unit

Each NVU is completely self-contained, mounted on wheels and totally mobile. It is delivered on-site each day by a custom designed mini-van and simply wheeled into position. Stabilizing legs are deployed, the roof pops up and it is ready to go! At the end of the day it is simply wheeled back into the mini-van and returned to base for cleaning and waste removal. Ensuring the speed of the NVU operation is the Nudle-Rac. The Nudle-Rac is essentially a lightweight grid that is packed in the meal production facility with the various meal options. The Nudle-Rac is self-leveling and designed to fit perfectly in the NVU’s fridge.

Each NVU cart is immaculately presented in stainless steel and branded in strong colorful graphics. At night the noodle stand benefits from its own internal lighting. Construction is of the highest quality kitchen-grade stainless steel. It is designed to be versatile for use in just about any place where it is legal to sell food from a temporary stall. In comparison to standard ‘caravan-type’ vendor units, the NVU has major advantages in that it is: cheaper to produce, smaller size for better site access, self-sustaining power (no mains required short-term), easily moved by one person, unique look, hygienic and cheap to service.

### 3.3 COMPETITION

The range of competitors here spans the market dominants like McDonalds, to sandwich and sushi bars, to ‘vendor’ foods like kebabs. However, when looking for closer similarity to Nudlez’s offering, we arrive at the specialized noodle-based products provided by such companies as ‘Noodlist’. A storefront operation located close to Pioneer Square in Seattle, the meal variety at ‘Noodlist’ is slightly broader. However speed of preparation is significantly slower than Nudlez, necessitating the addition of standard pre-cooked, oily and somewhat bland Asian fare to satisfy the ‘time-poor’ consumers. It is only this time constraint that is satisfied though, as taste and nutrition are compromised. The lack of speed in the fresh cooked Asian fast food market is emphasized by another competitor, ‘Hot Wok’, offering noodle-based meals in the Sea-Tac International Airport, where a sign on the counter informs consumers that meals may take up to thirty minutes to prepare. A captive consumer group is not being exploited here. Nudlez will change that.

‘Wok in a Box’ is an Oregon competitor that intends to open stores in Washington beginning in 20XX. The company currently operates 16 stores in the Pacific Northwest. Market research indicates company revenue for 20XX reached \$5 million, representing a growth rate of 78 percent over the prior year. This growth is encouraging to Nudlez, which through the use of its NVU’s and its other competitive advantages will gain broader exposure. The existence of such competitors makes Nudlez an attractive acquisition or merger proposition.

### 3.4 COMPETITIVE EDGE/BARRIERS TO ENTRY

- Unique modality of fast-food availability, with unmatched preparation times
- Lower capital costs and overheads and high margin unit sales through broad exposure.
- Healthy, fresh, fast, quality, price competitive alternative
- New funky, identifiable brand, professional approach and solid management
- Aimed at segment of large market not currently exploited by the competition



### 3.5 DEVELOPMENT

The founders of Nudlez have invested a total of \$75,000 in development of the NVU, and plan to spend an additional \$200,000 over the next year on development of the second generation NVU. The ‘Generation-2’ NVU is currently under design, maintaining versatility yet improving with the introduction of inventions such as the Nudle-Rac.

## 4.0 Market Analysis Summary

### 4.1 TARGET MARKET

With Nudlez, the term “customer” holds two meanings; firstly as a reference to “consumers” who may purchase a meal from a Nudlez point of presence, and secondly as “entities” with an interest in owning a Nudlez franchise. The primary target “consumer” group for the first phase of Nudlez fits the profile of a medium to high-income earner, with a healthy and fresh lifestyle orientation. The first phase of the business plan is about growing brand awareness quickly with customers of this profile. Shortly after growing the brand awareness, as part of the Nudlez rapid growth plans, franchisee customers looking for a self-employment opportunity providing good income relative to the hours worked will be targeted. Institutions such as university campuses will also be targeted as potential franchisees.

The profile will then extend through catering to the customer who is looking for a relatively low cost, value-adding product to support private or corporate events. This customer will be served at both the supermarket (DIY) and event catering levels.

### 4.2 MARKET SIZE

With sales in excess of \$105 billion, the market for fast food is substantial, and the opportunity to build and grow a new exciting product with a strong brand is real. Asian style food represented approximately 35% of this revenue. Although the market is mature with heavy buyer/seller saturation, it is heavily segmented on quality, style, modality and price, presenting opportunity for niche market products such as Nudlez. Customers’ perception of ‘healthier’ is an important value proposition. Nudlez provides this, with the added bonus of serving the meal quickly.

The idea that desirable food could be prepared in a quick fashion appeals to a sizeable portion of the market; those in tourism, people engaged in a commercial capacity, busy homemakers and students. These few examples are indicative of a large and growing collection of “time poor” individuals placing increasing value on every spare moment of their day. Nudlez has the ability to match the ravenous need for convenience with the utility that modern, fast paced lifestyles drive. Nudlez negates boundaries of culture, age and preference, through a daily mission to satiate appetites.

### 4.3 MARKET TRENDS

Today the contemporary food outlet must maintain its appeal within an increasingly health-conscious market. Worldwide the “diet” continues to gain momentum and this means that products with less appeal to the diet-conscious will suffer reduced success. Entrepreneurs continue to derive extraordinary profits from ‘health-conscious’ ventures, for example ‘Jamba Juice’ (Jamba Juice is a fruit-based snack e.g. smoothies and drinks, which offers a fresh and healthy alternative to the major players’ product. Jamba Juice expects \$70 Million in revenue from its 150 stores in 20XX.) Nudlez is designed to make the most of the public’s increasing nutritional conscience.

The economic environment for the successful outlet will take into account the factors and conditions that influence the ability of its target market to afford its product. Consumers today, particularly in business-centric cities, have a relatively high disposable income. Nudlez will be priced competitively with existing alternatives and will strive to attract market share through product differentiation.



## 4.4 SWOT ANALYSIS

### Strengths

- Strong product supported by great tasting meals with a strong focus on quality, healthy and competitively priced meals in addition to the speed of producing meals
- Strong brand, which has been tested before full implementation. Emphasis on a fund brand culture
- Market conditions are favorable with Nudlez offering new niche spark in an otherwise static market
- Low development risk as the product currently exists
- Easy, low risk growth through short time to market and short time for NVU construction as well as low cost per unit
- Transferable business model as a result of similarities in trends and the US culture of street style food vending. Ability to capitalize on brand and concept with expansion through franchise and other market segments
- Low management risk due to experienced team and the strong diversification of skills and expertise = holistic results
- High gross margins on meal products, which can be maximized by negotiating bulk purchase agreements with wholesalers.

### Weaknesses

- Defendability of concept as the meal products cannot be patented; this needs to be addressed by building strong brand awareness and establishing copyright on total quality system. Focus also on rapid growth and securing prime sites in target markets
- NVU restocking logistics is being addressed through NVU design, which ensures breakeven results for a day's trade without restocking. Central production facilities also being established to support restocking
- Site permits for street vending need to be established before implementation of NVU's, but also private sites will be secured to reduce exposure to local government issues
- Product may be vulnerable to weaken over time, which can be minimized through product innovation and diversification

### Opportunities

- Niche-specific opportunities through monopolizing niche market by building strong brand awareness and leading the street food vending culture through being vigilant with other vending business opportunities.
- Low restriction to NVU operating hours means there can be diversity of venues and access to a very diverse target customer group
- Capitalize on diversity of venues and consumer groups to promote and market expansion through event catering and franchise ownership
- International expansion to Europe, which has a strong culture for street food vending and pre-prepared meals. Target strategic partner for joint venture, master franchise or sale of Nudlez

### Threats

- Local government regulations in relation to street vendors means permits secured have minimum life period, however change in this area is slow
- Vulnerability to imitation products from competitors will be reduced through rapid development of Nudlez products and brand.
- Short-term site permits means the Nudlez brand needs to be diversified through catering, franchise and supermarket placement
- Seasonal demand for NVU's meaning inconsistent returns. This can be minimized through diversifying brand through catering, franchising and a supermarket product line.





## 5.0 Strategy & Implementation

### 5.1 PHILOSOPHY

“To forge a new, vibrant, high quality brand in the fast-food sector; to challenge the established market by offering a fresh, tasty and professional alternative; and to build a robust business model founded on high-yield, low capital outlay products.”

It is our vision that Nudlez will expand predominantly through franchising domestically and then to appropriate international markets. It will diversify through catering and product placement in supermarkets. The possibility of trade acquisition or merger also exists.

### 5.2 MARKETING STRATEGY

Given that the United States is positioned 1st in the top 10 global markets for weekly fast food consumption, the marketing strategy is based on penetrating the market rapidly. This will be achieved by placing the NVU's in strategic locations where the likelihood of consuming a takeaway meal is extremely high. Expansion of numbers of NVU's and stores through franchising will ensure that first mover advantage is optimized. The network is supported by an integrated total quality management system ensuring consistency, which will be leveraged in the marketing strategy. Capital outlay for franchisees will be low with owners earning more dollars per hour worked than other franchise options. Expected net profit after tax for franchisees is 20%.

### 5.3 SALES STRATEGY

The marketing objective of Nudlez is to position itself so that consumers of fast food are confident they are purchasing and consuming a healthy and fresh product, enhanced by the overall delivery experience. The marketing objectives are to:

- Rapidly establish a recognized brand through street vendor points of sale supported by a smaller number of strategically placed hardstand stores
- Position itself as a fresh, tasty and healthy alternative to traditional fast food
- Maintain high gross margins on meal products
- Capitalize on the brand through expansion using franchising and product diversification, which will include catering and supermarket placement

Nudlez's initial strategy will be focused within Washington, commencing in Seattle then within 18 months expansion into Spokane and the Vancouver/Portland metropolis. Beginning with company owned NVU's and central production facilities, rapid expansion will then be achieved through franchising in all target areas.

### 5.4 OPERATIONS

NVU production will be outsourced to a manufacturer in Seattle and has been estimated at \$12,500 per NVU. Each city will have company owned NVU's, shops, a central kitchen premises and support kitchens (hubs).

#### Product Production and Preparation

Raw product has been sourced from selected Seattle suppliers. It is a competitive quality market, with room for a number of suppliers to diversify risk. The secret to Nudlez' fast delivery to the customer from moment of order is the blanching and preparation process of the raw product at the central kitchen premises and hub sites. This will be overseen by our master-chef teams, adhering to strict health regulations. All ordering, stocking and quality controls will be managed on an in-house computer based system enabling usage patterns to be monitored maintaining ordering efficiency and minimizing wastage.

### 5.5 NVU Stocking

A unique system for NVU and store restocking, the Nudle-Rac is currently under design. Essentially providing completely removable internal sectioning to the refrigerators to hold the different meals available, it is spring-



loaded so that when one meal is removed, the next meal raises to the top for easy access. At the beginning of each day, a franchisee will arrive at their support kitchen where the Nudle-Rac, preloaded with the day's meals, will be loaded directly into the NVU's fridge without having to remove the NVU from the van providing an efficient stocking system and minimizing the time meals spend out of refrigeration. For large catering events, support vans will provide additional pre-stocked Nudle-Racs to onsite NVU's.

## 5.6 EXIT STRATEGY

It is Nudlez objective to be acquired by another fast food company within five years by posting large revenues and a substantial EBITDA. Additionally, merger options, as well as an IPO may be considered at that time.

# 6.0 Management Summary

## 6.1 ORGANIZATIONAL STRUCTURE

Nudlez will be lead by Bill Cook, CEO. He will report to the founders and investors, which will make up the board. The CEO will oversee the CFO, CIO, Food and Human Resources departments.

## 6.2 MANAGEMENT TEAM

With over 80 years of sector diverse, international strategic and operational combined experience, professionally qualified and with energetic personalities critical to ensuring the Nudlez values, the owners and the management provide the skills to deliver:

- Bill Cook has run start-up business operations, with broad management skills
- Dan Billings has owned and managed 2 successful restaurants and an advertising firm
- David Noor is a financial wiz with broad entrepreneurial appreciation
- Angela Gates is not your typical CIO, with a creative flair and eye for efficiency
- Sheila Arch brings the important HR skills combined with a marketing bent

Bill Cook - CEO & Director (Systems, Strategy & Finance)

Bill is a Seattle boy, born and bred, with an intimate knowledge of the cultural and niche diversities of Seattle. Originally with an honors degree in Civil Engineering, Bill worked in the Seattle construction industry from the 80's boom time through the recession of the early 90's. From there he traveled overseas working in such places as the UK, Bosnia (during the war), Romania and Holland. The bulk of his experience in these eight years centered on strategic management of start-up ventures. These ranged from establishing critical engineering support facilities for the UN in Bosnia, to expending Shell's retail network across Eastern Europe, to property development ventures in Romania. Bill returned to Seattle in 20XX to utilize this broad strategic experience on home soil, initially focusing on the property sector. Bill has known Dan for over 20 years and quickly assessed the potential of his Nudlez idea, convincing Dan that rapid expansion was key to securing the market niche. Bill graduated his MBA with High Distinction in 20XX.

Dan Billings - Director (Marketing & Food Technology)

After a successful career in advertising culminating in the establishment of his own Seattle based agency, Dan entered the hospitality industry. His first venture, Pad Real Thai, a Thai restaurant and takeaway situated on bustling Pine Street, was an instant hit. An innovative and funky menu, supported with clever marketing (including the use of real Bangkok Pad's for delivery vehicles) saw the business achieve critical acclaim. Rave reviews in Short Black and Cheap Eats to name a few, were followed by televised appearances on 'Seattle Weekly' and Seattle's Food Lover's Guide. A second Pad restaurant opened in Bellevue, and was awarded the prestigious 'Bent Fork' award. Dan sold the Pad enterprise in 20XX to pursue business interests in Thailand. It was here, while enjoying Bangkok's vibrant street food culture, where the Nudlez concept was born. Dan has a degree in Science from the University of Washington.



## 6.3 PERSONNEL NEEDS

In the long term, the employee/income ratio will be approximately \$125,000 per employee. Nudlez will run a lean operation with an emphasis on sales and food production. In years two and three the sales staff will grow from 20 to 110 people, and the production staff will grow from 12 to 277 people. Administration will grow as needed.

## 7.0 Financial Plan

### 7.1 REQUIREMENTS

Nudlez will require \$1,500,000 from an investor. The funds will be used primarily for the completion of one central and five suburban meal production facilities. The funds will be expected in two rounds, \$750,000 to begin operations, and a further \$750,000 seven months later (four months after revenues have commenced).

The investor's \$1,500,000 will be structured as a redeemable note, convertible to 15% shareholding in Nudlez at the end of year-3. Alternatively, redemption can be done at this time providing a return of \$3,450,000 (2.3 times investment), equating to a compound annual return of approximately 32%. The end of year-3 is good point for possible investor exit, as decisions on product expansion into supermarkets will be made at this time.

### 7.2 USE OF FUNDS

Funds will be used to initially finish development of the NVU and to establish fit out central premises in Seattle, including IT infrastructure. 5 hubs and 5 sites will initially be established in Seattle, following that expansion into Vancouver/Portland and Spokane will begin.

### 7.3 INCOME STATEMENT PROJECTIONS

Nudlez will be profitable by the end of its first fiscal year, as shown in the attached financial statements. The business will grow dramatically in years two and three.

#### Break Even Analysis

A break even analysis, assuming zero catering and acquisition stores, reveals less than 100 meals per NVU and 150 per store need to be sold per trading day to achieve break even.

### 7.4 ASSUMPTIONS

- Number of average rain days for the 3 cities is 12 per month. This equates to approximately 40% of the month, which we have conservatively applied, despite its low probability. The conservatism also allows for logistics accidents, staff truancy, etc. to arrive at 13 trading days/month for NVU's. (Exclude catering)
- Total employment in the expanded Seattle CBD areas is estimated at over 350,000. Nudlez expects to capture less than 2% of this daily market from CBD NVU's and stores
- Seattle and Portland/Vancouver are similar sized markets, with Spokane being approximately half the size. Revenue estimates reflect these ratios.
- Gen-1 and first Gen-2 NVU, testing and development costs totaling around \$75,000 already spent by inventor are not included in financials.
- First Gen-2 NVU will obtain homologation, meaning that the design has blanket pre-approval with local government, reducing time and cost for individual site permits.
- First 10 NVU's cost \$125,000, including homologation.
- Wastage is estimated at 15% across all food related product (validated in Seattle trials). This will reduce once the 'Nudle-Rac' and associated IT systems are in place
- Training, Quality Management Systems and Franchise Operations Manuals will be completed effectively for \$220,000 by the end of year 1.