



Restaurant/Bar

BUSINESS PLAN

THE WATERING HOLE

1019 Oak Lane
Galina, IL 34309

May 1995

The following business plan outlines a bar/restaurant venture that takes advantage of renovations in the surrounding area to help draw in clientele for itself. The business takes an existing venue and updates it, thereby contributing to the urban renewal taking hold in this previously neglected area.

- PURPOSE
- BACKGROUND
- GOALS
- LOGISTICS
- MARKETING
- PROJECTED REVENUE/EXPENSE
- COST BREAKDOWN

PURPOSE

First, to renovate and re-open the Watering Hole tavern in the Oak Lane Hotel into an eastern, urban style corner pub that offers a casual environment and bill of fare as well as live acoustic type of music and/or jazz.

Secondly, to take advantage of the increased entertainment business caused by renovation of the Wolfe and Evergreen Theatres. More business will be garnered with the opening of the Galina Centennial Choir in 1996 (additional seasonal business will be derived from the downtown enhancement project if it is implemented). Other immediate sources of business include Artie's Comedy Club patrons as well as Galina University students.

Thirdly, to provide local residents as well as area workers an alternative to existing restaurants and pubs.

Fourthly, to supplement business for the Broadway Cafe, a deli-style restaurant which is currently situated across the lobby from the proposed bar facility.

Finally, to provide additional support to the City of Galina as it strives to attract new business.

BACKGROUND

The Oak Lane Hotel has been a family-owned business since 1967. The hotel is a full-time residential facility consisting of 170 residents. Over the past several years the hotel has enjoyed consistent occupancy in excess of 90%. The owner, S. Lord Properties, (Steven Lord) provides store front space to Luke Lord to own and operate a deli/cafe known as the "Broadway Cafe". The cafe was renovated with family funds in 1992 and has been run



profitably for the past 2.5 years. Across the hotel lobby from the cafe is an empty room that is 76.6' × 48' × 13.6' × 23'. As mentioned above, the Lords plan to re-open the bar that used to operate in the now-empty room. As of this writing, the family is seeking funds to renovate and equip this facility. Currently, the Broadway Cafe has a multi-year open-ended lease for \$1.00 per month. The same lease provisions will be arranged with the Watering Hole. The Hotel is free and clear of mortgages or any other liens according to a title search by Black Sea Title Co. in December 1994.

GOALS

To recreate and update the original Watering Hole into a profitable business that will benefit both the immediate geographical area and enhance the Oak Lane Hotel's amenities for its residents. The Watering Hole was considered a prominent entertainment spot during the 1940s and 1950s. In short, turn unused street-level space in the Hotel into a profit center.

LOGISTICS

Oak Lane Hotel (hence, The Watering Hole) is located at the corner of Oak Lane and Forrest in Galina. It is located one block west of Goddard Ave., two blocks north of Main St. and one block east of Maple. It is readily visible to pedestrian traffic at street level.

Immediate identifiable customer base:

- Cheezy's Pizza corporate headquarters, which is located one block west. Population of approximately 460.
- Galina Fire Department, which is located across the street (Oak Lane) and has a population of approximately 125.
- Oak Lane Hotel with a population of 170 residents.
- Wolfe Theatre (one block west) has a population of approximately 60.
- Sundry weekend foot traffic generated by events at the Wolfe Theatre, the Evergreen, Diamond Theatre, Artie's Comedy Club and Restaurant, and in 1996, the Galina Centennial Choir.

Size of facility is approximately 76.6' × 48' × 13.6' × 23' ft. with a maximum planned capacity of approximately 155 persons.

Immediate competition is somewhat limited due to customer focus of this establishment (i.e., pub style). Jake's Bar is located at Patricia and Main, and Strikers is located 4 blocks north on Main. Both are within a 1/2 mile radius. Any other similar establishments are located approximately 1.5 miles north in the University area or approximately 1 mile south in and around Galina's central business district. The key difference between the Watering Hole and immediate competition will be live acoustic/jazz entertainment which will make it a true alternative to other pubs in the area. Parking is readily available in the Wolfe Theatre Garage and on the street.

MARKETING

Marketing efforts will consist of advertisement in entertainment section of local publications such as The Galina Post and The Reader, as well as hand bills when appropriate.

A twenty-foot vertical, neon sign affixed to the southeast corner of the Oak Lane Hotel will be highly visible to immediate residents as well as evening foot traffic on Main St.



PROJECTED REVENUE/EXPENSE

(Quarterly Basis)

	6/1/96 to 6/30/95	
Total Projected Revenue	\$3,600	(1)
Cost of Goods Sold	\$1,470	(2)
Employee Salaries	\$1,008	(3)
Utilities	\$1,000	
Maintenance	\$250	
Lease/Rent	\$1	(4)
P&I (10% @ 15 Yr Amort)	\$2,149	(5)
Operating Expense	\$5,878	
N.P.B.T.	\$(2,278)	
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Notes:

1. The Watering Hole anticipated opening by June 1995. This is a one month projection based on average of 25 customers per day (1.67 customers per hour based on a 15 hour day) with an average order of \$6.00.
2. Represents beverage costs only. All food costs will be borne by the Broadway Cafe and calculated into yearly revenue/expense base of that entity.
3. There will be two employees that will work a 5 hour shift, 6 days per week at \$4.20 per hour. Luke Lord will work daily approximately 8 to 10 hours with no compensation.
4. Lease is \$1.00 per month to S. Lord Properties with an indefinite tenor.
5. Principal and Interest payment is calculated for a \$200M note with an interest rate of 10% and amortization of 15 years.

	7/1/95 to 9/30/95		10/1/95 to 12/31/95	
Tot. Proj. Revenue	\$27,000	(1)	43,200	(2)
Cost of Goods Sold	\$8,820	(3)	14,256	(4)
Employee Salary	\$3,024		3,024	
Utilities	\$3,000		3,000	
Maintenance	\$750		750	
Lease	\$3		3	
P&I	\$6,447		6,447	
Operating Expense	\$22,044		27,480	
N.P.B.T.	\$4,956		15,270	

Notes:

- (1) Revenue base assumes 50 customers daily avg. (3.3 per hour) spending \$6.00 per day over 3 month period.
- (2) Revenue base assumes 60 customers daily avg. (4 per hour) spending \$8.00 per day over 3 month period.
- (3) Cost of Goods Sold represents a 100% increase in dollar volume over June 1995, annualized and totalled over 3 month period.
- (4) Cost of Goods represents a 38% increase in dollar volume over previous quarter (7/1/95 to 9/30/95).

7/1/95 to 9/30/95

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Notes:



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	1/1/96 to 3/31/96		4/1/96 to 6/30/96	
Tot. Proj. Revenue	\$43,200	(1)	54,000	(2)
Cost of Goods Sold	\$8,798		17,820	(3)
Employees Salary	\$3,024		3,024	
Utilities	\$3,000		3,000	
Maintenance	\$750		750	
Lease	\$3		3	
P & I	\$6,447		6,447	
Operating Expense	\$27,480		31,044	
N.P.B.T.	\$ 15,270		22,956	

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Notes:

1. See Notes 1 & 3 for the Previous Quarter
2. Revenues represent an average of 75 customers on a daily basis (5 customers per hour). These customers can be anticipated to spend approximately \$8.00 per day. Increases in spending per customer and daily client base are attributed to familiarity with product and establishment and willingness to spend more time in tavern based on seasonal attitudes.
3. Cost of Goods Sold is a 50% increase over previous quarter.



	7/1/96 to 9/30/96		10/1/96 to 12/31/96	
Tot. Proj. Revenue	\$54,000	(1)	57,600	(2)
Cost of Goods Sold	\$17,820	(3)	19,008	(4)
Employee Salaries	\$3,024		3,024	
Utilities	\$3,000		3,000	
Maintenance	\$750		750	
Lease/Rent	\$3		3	
P & I	\$6,447		6,447	
Operating Expense	\$31,044		32,262	
N.P.B.T.	\$22,956		25,338	

Notes:

- (1) Revenues are based on an average of 75 customers daily (5 per hour) spending an average \$8.00 per day.
 (2) Revenues are based on an average of 80 customers daily (5.3 per hour) spending an average of \$8.00 per day. Estimated increases in customer base for last 6 months of 1996 are predicated on an increased popularity of the Watering Hole. Marginal increase in client base represents a leveling off and steadying of the number of patrons visiting the tavern on a daily basis.
 (3) Cost of Goods Sold is same as previous quarter.
 (4) Cost of Goods Sold represents only a 7% increase over previous quarter.

Notes:

1. Revenues are based on an average of 75 customers daily (5 per hour) spending an average \$8.00 per day.
2. Revenues are based on an average of 80 customers daily (5.3 per hour) spending an average of \$8.00 per day. Estimated increases in customer base for last 6 months of 1996 Hole. Marginal increase in client base represents a leveling off and steadying of the tavern on a daily basis.
3. Cost of Goods Sold is same as previous quarter.
4. Cost of Goods Sold represents only a 7% increase over previous quarter.

	7/1/96 to 9/30/96		10/1/96 to 12/31/96	
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P & I	\$6,447		6,447	
Operating Expense	\$31,044		32,262	
N.P.B.T.	\$22,956		25,338	

COST BREAKDOWN

(Dimensions of Tavern: 76.6' × 48' × 13.6' × 23')

Title	\$5,000.00
Carpeting	\$4,000.00
H.V.A.C.	\$21,200.00
Serving Bar and Bar Back	\$62,333.00
Plumbing	\$5,000.00
Signage	\$12,025.00
Bar Equipment	\$26,505.00
Bar Furniture	\$2,150.00
Electrical	\$42,650.00
Ceiling Panels	\$15,455.00
China & Flatware	\$3,500.00
Total	\$199,818.00

(All costs are based on most recent estimates.)

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