



Paulie's Pizza

Business Plan

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Executive Summary

CONFIDENTIALITY STATEMENT: Information contained in this business plan is strictly confidential and is being presented to specific persons with the understanding that those persons will maintain confidentiality and not disclose or distribute any part of this plan to third parties without the prior written permission of the author(s). Information includes any data, reports, schedules, or attachments that may be contained in or referred to in this document.

Introduction/Statement of Purpose

The Paulie's Pizza will be a moderately priced 35 seat Pizza offering hand-tossed New York style pizza, chicken wings and toasted subs for takeout, dine-in, and delivery. Paulie's Pizza will be a family owned and operated by Paul Longorio.

Paulie's will emulate the family owned Pizzas that are synonymous with the Northeast. In fact, the signature crust and mouthwatering sauce featured at Paulie's are from family recipes that have been passed down from generation to generation. Background music consisting of popular Italian tunes while the décor for Paulie's Pizza will feature wood accented construction adorned with paintings and props blended with an Italian theme decor. Diner style tables will be surrounded by heavy wooden chairs and accompanied by leather-covered booths.

Mr. Longorio is seeking additional financing of \$274,866 to supplement his contribution of \$150,000 to fund the concept. Mr. Longorio has a proven track record of successful restaurant management over the past twelve years.

Intense market research and target market evaluation suggest that Paulie's Pizza is ideally situated to cater to an unfulfilled market segment. Moreover, years of operational and marketing experience have been organized and documented to create a comprehensive blueprint for success. Proven marketing techniques and operational systems will allow management to be proactive rather than reactive to the conditions and obstacles associated with opening a new restaurant concept.

Having a sound operational plan allows management to focus on building sales rather than profit. The managing partners have an extremely high degree of confidence that the systems and controls incorporated in the business plan will yield a calculated return for a given sales volume.

Sales projections for Paulie's Pizza assume a modest weekly sales projection of just under \$18,000, or \$930,000 per year. This equates to around \$621 per sq. ft. in sales annually which positions Paulie's Pizza as a highly desirable concept for ownership in a table service market where \$400 to \$500 per sq. ft. is considered moderately profitable and therefore a good investment. Expectations are that Paulie's Pizza will yield a net cash

flow of between 13.5% - 14.5% of sales, after debt payment, during the first five years of operation.

Total capitalization will amount to \$424,866, \$150,000 of which will be contributed from the owner and the balance secured through a proposed bank loan.

In closing, we feel the business plan for Paulie's Pizza represents a realistic expectation of success for all parties involved. Moreover, we will be providing a benefit to the community by providing a great product and secure jobs to community residents.

Company Description

Paulie's Pizza will be owned and operated by Paulie's Pizza, LLC, a limited liability company with the sole member being Paul Longorio.

Location

Paulie's Pizza will be located at 1525 Wilson Blvd. in Arlington, VA. Paulie's Pizza, LLC, will maintain a corporate office at the same address

The facility is a pre-existing lease space of approximately 1500 square feet. We are proposing to enter into a 10 year lease with Shopping Center Landlords, Inc. which owns the center.

Capitalization

The proposed restaurant will cost an estimated \$424,866 to open. A detailed cost breakdown is provided in the Financial Projections section of this business plan. Funding for the venture will be provided by \$150,000 in contributions from the owner and \$274,866 in proceeds from bank financing. The proposed sources of funds are as follows:

Source of Funds	Amount
Paul Longorio	\$ 150,000
Bank Loan	\$ 274,866
Total	\$ 424,866

Please refer to the Operating Agreement found in the Appendices for further explanation of member equity and profit sharing.

Concept Description and Statement

Paulie's Pizza will be a family owned pizza restaurant featuring hand-tossed New York style pizza, chicken wings and toasted subs. The restaurant will offer a dine-in buffet, carryout and delivery to the surrounding neighborhoods and area businesses.

Name for its owner, Paul (Paulie) Longorio, Paulie's will emulate the family owned Pizzas that are synonymous with the Northeast. In fact, the signature crust and mouthwatering sauce featured at Paulie's are from family recipes that have been passed down from generation to generation.

Patrons will have the opportunity to enjoy Paulie's as either a dining out experience or in the comfort of their own home or business. Restaurant diners for lunch will have their choice of buffet service or ordering off the menu, ensuring plenty of time to get back to work. Background music will include upbeat Italian tunes that support a faster paced environment.

The dinner atmosphere will be slightly more intimate with candle lit tables and softer Italian background music designed to create a relaxing, laid back dining experience. The décor for Paulie's Pizza will feature wood accented construction adorned with paintings and props blended with an Italian theme decor. Diner style tables will be surrounded by heavy wooden chairs and accompanied by leather-covered booths.

The restaurant will have approximately 35 seats in the dining room. Additionally, Paulie's Pizza will offer other services such as catering and delivery.

This location desired should be 1200 to 1500 sq. ft. in a neighborhood shopping center or similar type lease space. The restaurant will require a minimum of 20 parking spaces available to meet the demands of anticipated customer traffic.

Paulie's Pizza will be open 7 days a week. The restaurant anticipates serving continuously during the lunch and dinner meal periods. The expected hours of operation are as follows:

	Lunch & Dinner
Monday	11:00am-10:00pm
Tuesday	11:00am-10:00pm
Wednesday	11:00am-10:00pm
Thursday	11:00am-10:00pm
Friday	11:00am-11:00pm
Saturday	11:00am-11:00pm
Sunday	11:00am-10:00pm

Sample Menu



Pizza

	12"	14"	16"
Paulie's Special	\$12.99	\$14.99	\$16.99
1 Topping	\$ 8.99	\$10.99	\$12.99
2 Topping	\$ 9.99	\$11.99	\$13.99
3 Topping	\$10.99	\$12.99	\$14.99



Buffet Lunch - \$6.99 Dinner - \$8.99

Wings

Basket (10 wings, celery or carrots, dressing)	\$ 5.99
Tub (25 wings, celery or carrots, dressing)	\$12.99
Bucket (100 wings, celery or carrots, dressing)	\$44.99

Hot Subs

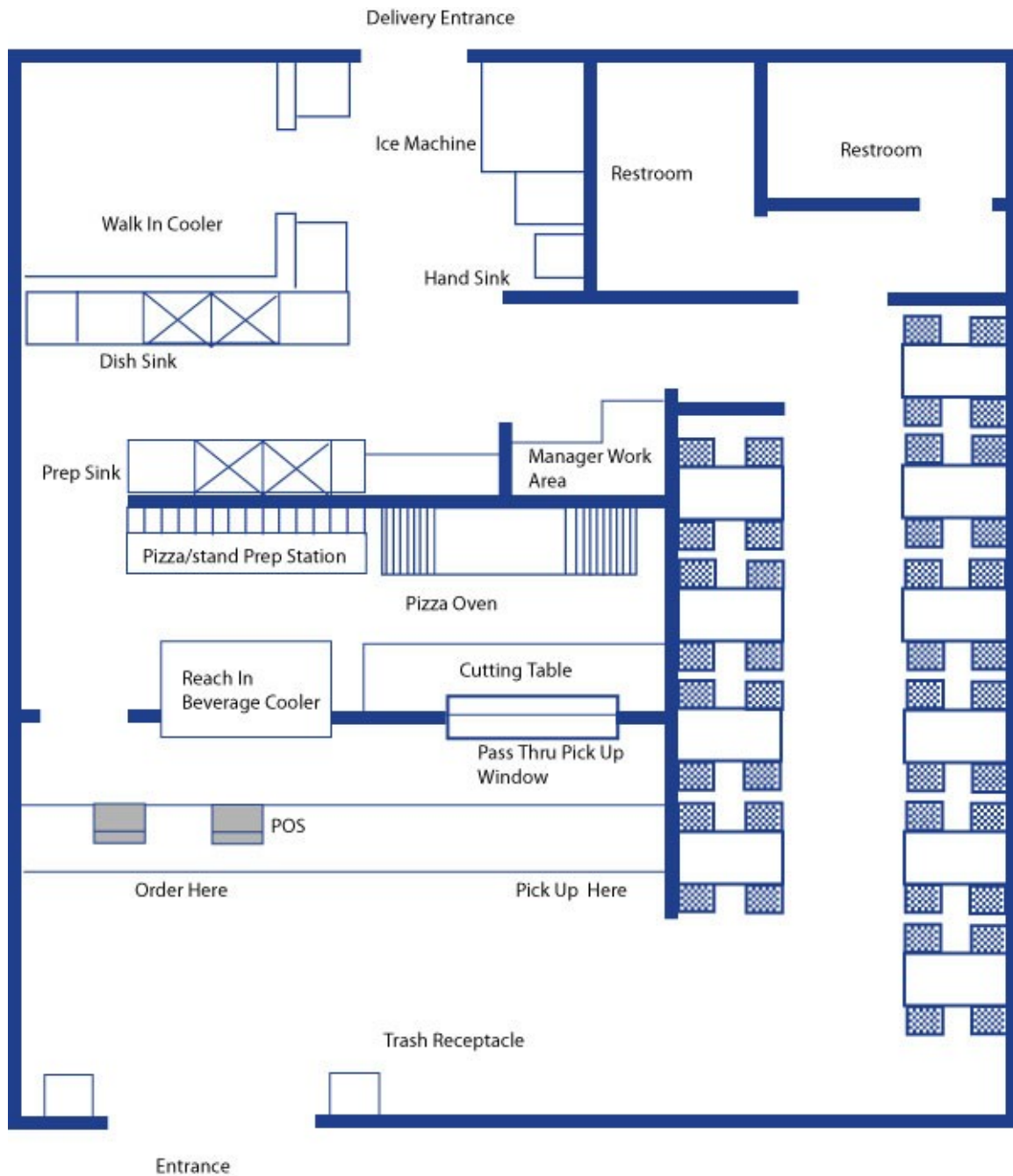
	6"	12"
Italian Sausage	\$ 4.99	\$ 7.99
Meatball	\$ 4.99	\$ 7.99
Chicken Parmesan	\$ 5.99	\$ 8.99

Cold Subs

	6"	12"
Ham & Cheese	\$ 3.99	\$ 6.99
Italian Combo	\$ 4.99	\$ 7.99
Turkey & Swiss	\$ 3.99	\$ 6.99

Design/Layouts

The finished design of the restaurant will be subject to changes. The figure below depicts the preliminary design of the restaurant.



Management Team

Owner/Operator – Paul Longorio

Paul Longorio is a 12 year veteran of the restaurant industry. His most recent employment has been with the California Pizza Kitchen (CPK) where he has thrived as both a General Manager and District manager for the last 5 years. During his tenure as District Manager for CPK, Mr. Longorio twice achieved the distinction for highest gross profit margin for regional units having greater than \$2,000,000 in annual sales.

His previous employment includes management positions with McDonalds and various front and back of the house positions with several independent restaurants.

Mr. Longorio is a graduate of the University of Houston with a bachelors' degree in Foodservice Management. He was born in Trenton, New Jersey and has recently located to Arlington, VA.

Assistant Manager – Virginia Johnson

Virginia Johnson has worked for Pizza Hut restaurants for the last 3 years as both an hourly employee and a manager. Her training during this tenure uniquely qualifies her as a management candidate for Paulie's.

Ms. Johnson has also worked as a waitress, hostess and counter server for several restaurants while attending college at Wharton Junior College where she took business courses that helped her to prepare for management.

Management Agreements

A Management Agreement will be executed between the company and the General Manager. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

A sample agreement can be found in the Appendices section.

Confidentiality Agreements

Paulie's Pizza will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our recipes, operating systems, policies and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

A sample agreement can be found in the Appendices section.

Industry Assessment

Positive Sales Increases Expected

According to the National Restaurant Association, industry sales for 2011 are expected to rise above the \$580 billion dollars posted in 2010. That figure is a 2.5% increase over 2009 sales. Restaurant industry sales account for 4% of the GNP for the United States.

Positive economic indicators and hopeful increases in consumer's disposable income give rise to expectations that 2011 will be a slight but steady growth year for the industry. However, as the nation continues its recovery from the recession, the total number of locations did not grow and remained at 945,000 for 2010. However, recent economic indicators give hope to positive economic growth and expectations are that the number of restaurants in 2011 could reach 1 million locations by the year 2012. Likewise, 2011 could turn out to be a good year for the industry.

Eating places, defined as full-service, limited service, cafeterias, social caterers and snack bars by the NRA, contribute the bulk of industry food and drink sales. Of that segment, full-service restaurant sales for 2010 are projected to reach \$184 billion, an increase of 1.2% over 2009. Quick-service sales are set to top \$164 billion in 2010.

The following chart illustrates segment sales for 2011 as defined by the National Restaurant Association 2011 Industry Forecast.

Ethnic Diversity

Restaurants have long been considered among the most diverse workplaces with foreign-born employees making up roughly 25% of the workforce. This diversity ratio spills over into restaurant ownership as well, with one in four eating and drinking establishments being owned by African-Americans, Hispanic-Americans or Asian-Americans — a ratio that is higher than the national average. Furthermore, the number of minority-owned restaurants is growing faster than the industry as a whole.

Leading Employer

The restaurant industry is the nation's largest private-sector employer with approximately 12.7 million workers in 2010 representing almost 9% of the total U.S. workforce. According to the National Restaurant Association, the industry has created, on average, approximately 250,000 jobs per year for the last ten years and is slated to add 2 million new jobs during the next ten years.

Nevertheless, the industry remains far behind other retail segments, posting \$61,000 in annual sales for every full time equivalent employee. Furthermore, and even though the labor shortage is not as severe as it was in the mid to late 1990s, a sizeable proportion of restaurant operators report that the lack of labor is causing problems.

In a National Restaurant Association Survey, forty-six percent of quickservice operators and roughly one-third of fullservice restaurants reported that they were seeing fewer applicants for hourly positions than they had two years before. Restaurant operators reported an even greater decline in the number of qualified job applicants. Sixty-eight percent of quickservice operators and nearly half of fullservice operators surveyed said that they were seeing fewer qualified job applicants than two years earlier. Many restaurateurs say it's taking longer to fill job vacancies than it did two years ago.

Operators, in their effort to combat labor shortages, are expected to dedicate more resources to employees training, offer health benefits, and take measures to step up recruiting.

Meeting Challenges

In addition to labor concerns, operators report that rising wholesale costs, energy cost, healthcare insurance and liability insurance costs have negative impacts on their business. As a result, the National Restaurant Association has slated these issues as part of their public policy agenda. They have pledged to take an active role in affecting commodity prices and trade and support current legislation for healthcare reform. They also support an effective energy policy and are in favor of legal reform to reduce frivolous lawsuits against the industry.

Consumer Trends

Approximately 48% of all food dollars spent by consumers is spent in eating and drinking establishments. That figure is up dramatically since 1955 in which only 25% of all consumers spending for food and drink went to restaurants. 43% of adults are of the opinion that eating away is as cost effective as cooking at home and cleaning up.

Expenditures on food away from home rise dramatically for households with income before taxes of \$30,000 or more. Household incomes of greater than \$75,000 have increased to 28%. Higher income households tend to spend more of their food dollar in meals away from home.

According to the National Restaurant Association's Restaurant Spending the typical American household spent \$2,634 on food away from home, a per capita expenditure of \$1054. Households in metropolitan areas tend to spend more than households in non-metropolitan areas. Households with income over \$70,000 spent an average of \$4,544, \$1,466 per capita on food away from home. Other trends noted in the report showed that adults between 35 and 54 spend more on food away from home as a result of their higher incomes. Of that group, households headed by 35-44-year-olds spent an average of \$3,234 for food away from home.

Flourishing economic growth, changing lifestyles and a diverse ethnic population have contributed to the variety of cuisine and restaurant concepts, making the U.S. a world leader in restaurant innovation. Ethnic cuisines have mingled with traditional restaurant fare resulting in varied menus at every industry segment.

The baby boomer population, the demographic segment that has the most significant impact in terms of marketing and menu mix, is getting older. By the year 2010, 19% of the population will be between the ages of 50 and 64. The changing dining habits of this group will greatly influence menus and restaurant concepts in the coming years.

Statistics show that the average adult purchased a meal 5.3 times per week in 2004. Public awareness of health issues continues to prompt operators to provide more health conscious menu items. Entrée salads saw the most significant increase across all industry segments. Low-carb items, healthful options for children, and locally produced foods and produce have become more prevalent.

Operators expect to see continued interest in ethnic foods, high flavor items such as bold and spicy foods, sandwiches and seafood.

Beverage trends were characterized by the continuing popularity of bottled water, specialty coffees and iced tea, and increasing wine sales at full service restaurants. 69% of quick service operators reported that bottled water sales had significant increases.

Operation Trends

Greater use of technology and more reliance on staff training will be used to increase productivity and gain higher revenues. More than two-thirds of restaurant operators say they are more productive than they were two years ago. Nearly thirty percent of food-service operators say they are increasing their budget for technology spending.

Nearly two thirds of all restaurants now have websites including 9 out of 10 fine dining restaurants. In addition to posting information such as menu and location, an increasing number are expected to offer other services such as reservations, delivery and takeout ordering.

Menu prices for 2011 are not expected to increase substantially during 2011. 2009 and 2010 rose at a rate of 3.6%, slightly lower than the 4.4% growth seen in 2008, the strongest menu price increase since 1990. The 2009 increase was due in part because for the third consecutive year since 2008, restaurant operators battled soaring food costs. After rising 7.6 percent in 2007, wholesale food prices increased an even stronger 8 percent in 2008, the largest increase in nearly 3 decades.

Gift cards and gift certificates in restaurants continue to be the number one preference by consumers as compared to other retail industries. Gift card (and gift certificate) sales account for roughly 5% of annual restaurant sales. Expect a continued increase in the number of restaurants offering gift cards in 2011.

Banquet, catering, delivery and takeout continue to be on the rise in full service restaurants as operators take advantage of assets already in place. Half of family- and casual-dining operators and two thirds of fine-dining operators now offer catering. Nearly 40% of operators surveyed by the NRA say that takeout sales are a larger proportion of revenue than it was two years ago.

Menus will be strongly influenced by the health-conscious diners as well as the adventurous. The growing sophistication of American diner’s palates as well as the ethnic diversity in the U.S. will continue to challenge operators to roll out new menu items and ingredients.

Information Sources

For more information about current trends and statistics, visit the National Restaurant Association website at www.restaurant.org.

2011 Restaurant Industry Forecast; National Restaurant Association
 National Restaurant Association’s *Restaurant Spending*
 U.S. Department of Labor
 U.S. Census Bureau

Target Market

We anticipate that Paulie’s Pizza will appeal to a broad base of consumers. While we expect to be frequented by all types of diners in both the residential and business community, the concept should be particularly suited to specific demographic and market conditions. Paulie’s Pizza is ideally suited to a market with a high industry presence blended with surrounding family based residential and a moderate business environment capable of supplementing a significant lunch business.

The menu, service style and ambiance of Paulie’s Pizza have been created to appeal to the growing tourist market in Arlington as well as residential. The value oriented pricing should especially attract medium income diners with a predominance of family households.

The market should be inhabited by a moderate population, providing a sufficient customer base of which to draw from. The immediate surrounding area should have a blend of single and multi-family housing.

Preferable demographic and market characteristics for Paulie’s Pizza have been identified and summarized in the following table.

Market Characteristic	Preference
Population – City/Local	150,000+
Residential population – 1 mile radius	25,000+
Residential population – 3 mile radius	50,000+
Average age	30-35

Household size	2.0 or more
Ethnic majority	N/A
Location traffic count – daily	20,000 daily
Household income	50,000+
Per capita income	25,000+
Primary diner trait	Traditional
Secondary diner trait	Adventurous; health-conscious
Major Industry base	Business Services
Businesses – 1 mile radius	Multiple office buildings; numerous small businesses
Businesses – 3 mile radius	Same as above
Alcoholic Beverage Service	Beer and wine permitted

Location Analysis

The location for Paulie’s Pizza was selected because of the market similarities that exist between the proposed location and the target market for the concept. Arlington has a population of 189,453 according to the 2000 U.S. Census Report.

The residential population in the immediate area is comprised of a mixture of single family and multi-family housing. The median household income is \$63,001 for the Arlington area. The per capita income of over \$37,700 exceeds the targeted income base of \$25,000 by 50%.

Demographic & Business Characteristics	Arlington
Residential Population	Just under 189, 453
Business Population	526,398
# of Households	86,352
Avg. household size	2.15
Median Age	34
Median family income	63,001
Per capita income	37,706

Competitive Analysis

The proposed location for Paulie’s Pizza is occupied by competitive restaurants which help to draw guest traffic to the area. The majority of existing restaurants is comprised predominantly of casual theme and fast food chain restaurants.

Restaurants that might be considered direct competition for our target market customers are listed in the next table. It is important to note that the restaurants listed are not

necessarily similar concepts to Paulie's Pizza. However, we feel that we are competing for a similar customer base.

Name	Theme	B; L; D	Check Average
Chili's	Full service serving casual fare - CHAIN	[L,D]	\$10-\$18
Papa's Pizza Barn	Pizza & Subs	[L,D]	\$7-\$10
Pizza Hut	Full service serving pizza	[L,D]	\$6-\$10
Leonardos' Sicilian Diner	Full service serving Italian and casual fare	[L,D]	\$12-\$18
Carraba's Italian Grill	Full service serving Italian and casual fare - CHAIN	[L,D]	\$15-\$25
Red Lobster	Full service serving seafood and casual fare - CHAIN	[L,D]	\$15-\$20

Overview

The success of Paulie's Pizza will be achieved by serving great food, providing friendly service and employing an aggressive marketing plan to build customer traffic. Today's market requires more than just good food and service to make a restaurant successful. At Paulie's Pizza we will constantly strive to enthusiastically win more customers by being proactive rather than reactive in our marketing efforts.

Management will endeavor to create and maintain a positive, appealing image for the restaurant. This image will be consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales.

Customer Database

Paulie's Pizza will aggressively seek to build a database of our guests. Guests will have an opportunity to be included in the database so they can participate in our promotions such as birthday or anniversary cards and frequent diner program. The database will be gathered and maintained on a system yet to be decided.

Paulie's Pizza will respect our guest privacy by confidentially protecting personal information we collect. See Appendices for our customer Privacy Policy.

Frequent Diner

The restaurant's marketing plan will include an active Frequent Diner program. The program will allow us to reward our guests for their continued patronage. The program shall have flexibility to allow us to be creative in our reward structure. Additionally, it should allow us to adapt to changing market trends.

We anticipate implementing a Frequent Diner program as a function of our POS (Point of Sale) system. Several of the major POS systems have this feature. Alternatively, there are several stand alone programs that the management team will review. The management team will thoroughly review each program to determine which system most effectively meets the requirements to make Paulie's Pizza successful.

Email Campaign

We anticipate capitalizing on our customer database by instituting an effective email marketing strategy. We will give our customer the option to receive email communications from our restaurant. Customer's privacy will be protected and we will not email our customers without their permission.

Our email marketing strategy will include an awareness not to inundate our guests with email. Promotional content will be developed with the goal of enticement versus quantity.

The program should incorporate tools to measure effectiveness and customer satisfaction.

Mailer campaign

Paulie's Pizza will further take advantage of our customer database by also implementing a consistent direct mail strategy. This strategy will include promotions such as sending a birthday card to our guests and informing them of catering promotions.

We will seek the use of a local mailing service program to assist us in the implementation of the campaign.

Community/Charity Involvement

The general manager will be responsible for identifying community organizations such as churches, sports teams and other clubs located in the market. Paulie's Pizza will have an active role in the promotion of these organizations through participation, donations and sponsorship. Representatives of Paulie's Pizza will be available from time to time to take active leadership roles when feasible.

Business Relationships

The concept of Paulie's Pizza lends itself to obtain favorable benefits from strategic business relationships. Our appeal as a moderately priced full service restaurant positions us as a likely destination for workers during lunch.

We also anticipate a significant carryout and catering business. The general manager will actively pursue business relationships that will be beneficial to Paulie's Pizza.

4 Walls Marketing

In house marketing will be heavily promoted at Paulie's Pizza. Management will constantly find methods to promote the restaurant to our guests on a daily basis.

Our staff will be trained and encouraged to promote suggestive selling techniques. Up-selling to our customers will be emphasized on a daily basis.

Public Relations

The general manager will be entrusted with the task of generating positive PR for Paulie's Pizza. Likely solutions for advancing the restaurant's public image may include the hiring of a public relations consultant or firm as deemed necessary by the general manager. Possible publicity opportunities include the promotion of charitable events, press releases and columnist reviews.

Special attention will be given to connect our community and charity involvement with PR opportunities.

Advertising

Paulie's Pizza does not anticipate using traditional methods of advertising. Management prefers direct marketing over the use on traditional advertising.

Overview

Management will establish sound operating guidelines by which to conduct the day to day operations for Paulie's Pizza. Policies, systems and procedures will be adopted and documented using the combined resources of RestaurantOwner.com and the previous experiences of the management team. Our membership at RestaurantOwner.com provides the management team with valuable, up to date resources to assist in the startup and operation of Paulie's Pizza. The site contains hundreds of articles, downloadable tools and other resources packed with practical insights on marketing, customer service, restaurant startup, business management, menu promotion, staffing and much more. Management will have at their disposal the expertise of thousands of other operators through a member forum.

Staffing

Paulie's Pizza is expected to employ from 16 to 20 employees. Management has adopted an effective interview process designed to staff the restaurant with highly qualified people for each position. Each applicant will be rated and evaluated according to a pre-defined set of standards adopted for each position. Background checks will be utilized for designated positions.

Recruiting efforts will center on referrals and the direct recruiting efforts of the general manager.

Expected staffing levels for both full and part time positions for the restaurant are shown in the following table:

Position	Full Time #	Part Time #	Pay Range
Owner/Manager	[1]		\$40,000/yr + equity
Asst Manager	[1]		\$32,000/yr
Pizza Cooks	[3]	[2]	\$7-\$10/hr
Prep Cooks	[1]	[2]	\$6-\$8/hr
Counter Help	[2]	[2]	\$7-\$8/hr
Delivery Drivers		[5]	\$4.50/hr + Tips

Training

A thorough training program will be adopted for every position in the restaurant. Highly qualified people filling those positions will be provided training materials and personal instruction. They will learn the Paulie's Pizza method of how to operate a successful restaurant.

Newly hired personnel will be instructed in customer service, safety, and health laws in addition to the job functions of their respective positions. Training manuals for each position will be edited to reflect the unique requirements of Paulie's Pizza.

Daily Operations & Production

Paulie's Pizza will be opened 7 days a week for lunch and dinner necessitating multiple shifts. Schedules will be written by the assistant manager and posted every two weeks. The schedules will be written in a manner that allows management to increase or decrease hourly labor according to sales volume in order to maintain a consistent labor cost control.

The menu has been created in a manner to allow the preparation of many recipe ingredients to be done ahead of time. Proper labeling and rotation techniques, accompanied by ample storage facilities will ensure that high quality prepared product will be sufficiently available to meet the demands during peak business hours. Replenishment and ongoing preparation will continue during off peak business hours.

Management will be responsible for ordering, receiving and maintaining sufficient inventory to meet production demands. Ordering schedules will be staggered with perishable products being ordered multiple times per week to preserve freshness. Standard grocery and supply orders will be ordered less often, according to a predetermined schedule and storage capacity.

Management will adopt the use of operational checklists to verify that each work shift has been properly prepared for and to insure the operational standards are followed before, during and after work shifts.

The counter service style of Paulie's Pizza easily accommodates both takeout and din-in. The modest size of the dining room will create a cozy atmosphere for guests while maintaining the simplicity of the counter service style of service. The restaurant layout, including the dining room, kitchen and serving line, has been designed for efficiency and flexibility to accommodate the fluctuation in customer traffic and peak meal periods.

Additionally, phone orders will be accepted for both delivery and pickup orders.

The production of our menu for walk-in guests begins with a friendly greeting by the order taker at the service counter. Designated order takers will also be assigned to handle phone orders.

All orders will be entered into the POS system, designated as either dine-in, takeout, or delivery, and then printed at the pizza prep station. Each order will be assigned an order number and tracked through the POS system. Guests will pay immediately upon ordering except for phone orders, in which case the order will be paid at the time of order pickup. Orders will remain open until payment has been received and recorded.

The pizza maker will begin the preparation process by assembling the pizza and sandwich items and then passing to the pizza station for cooking. The pizza station attendant will be responsible for cooking and packaging the finished product, and then placing the order in the pass thru pickup window. A counter server will separate delivery and takeout orders, and place them in the appropriate holding cabinets until delivery the delivery driver has been dispatched or the guest arrives for pickup.

Dine-in orders will be assembled on a service tray and the guest will be notified when their order is ready. Constant monitoring of the table by all staff will ensure that dirty dishes are cleared promptly and drinks refilled regularly. Once the guest has left the table, the service staff will immediately clean the table and prepare it for the next seating.

The kitchen preparation line has been designed to be operated by a minimum staff of 1 and a maximum of 2 cooks. This design allows line staffing to be adjusted to the business volume.

Shift changes for all staff will entail cleanup, restocking and preparation. All monies will be settled at the end of each shift. The closing shift will involve designated closing duties that will leave the restaurant clean and fully prepared for the next day opening crew.

Customer Service

Customer service at Paulie's Pizza will be given special emphasis throughout the operation. Customer surveys estimate that only 1 in 20 customers that have a problem in a restaurant will tell management about it. It will be our goal to provide a product in a manner that exemplifies highly responsive and proactive customer service.

Training programs will include specific material to teach our employees about service attitudes, customer perception and how to deal with guest complaints. Management will conduct periodic staff meetings intended to review policy, increase guest satisfaction and to keep a general line of communication between staff and management.

All guest complaints will be empathetically acknowledged by the staff and immediately referred to management. Programs will be in place to systematically deal with various types of guest complaints. More serious complaints will be documented and kept on file.

Customer feedback will be accomplished by customer surveys or the use of mystery shoppers.

Suppliers

Management will establish relationships with qualified suppliers (vendors) that can provide reasonably priced product, delivered according to the schedule that benefits the restaurant. Alternate suppliers will be identified for use if the regular supplier cannot deliver the products needed. The following table illustrates the suppliers we plan on doing business with:

Product	Main Supplier	Terms	Alternate Supplier
Grocery, supplies	U.S. Food Service	15 days	Ben E. Keith
Pizza Supplies	Little Italy Pizza Distribution	7 days	
Beverage	Coca-Cola Bottling	COD	Restaurant Services, inc.
Alarm Monitoring	ADT	Net 30	N/A
Pest Control	Rollins	Net 30	Integrated Pest Control
Grocery, supplies	Ben E. Keith	15 days	Sysco Food Service

Management Controls

Management will practice sound management procedures in order to control costs, insure quality of product and provide friendly customer service. The following systems will be used by management:

POS System. Careful evaluation and dutiful research will be used in the selection of a POS (point of sale) system that best meets the needs of Paulie’s Pizza. The POS system will be configured with requisition printing, a process which forces food and beverage items to be registered in the system before the items can be prepared. Requisition printing has proven to reduce costs by as much as 3-5%. The POS system will also be the control center to regulate the flow of service and item preparation. Built-in cash controls will help in tracking sales and receipts.

Time & Attendance System. The restaurant will use an automated time and attendance system. Management will evaluate systems that are integrated into the POS system as well as stand alone time clock systems. Hourly labor cost control and the ability to transfer information to our payroll processing will be key factors in system selection.

Scheduling System. Management will adopt a scheduling system that expedites the preparation of schedules, reflects anticipated labor budgets, and helps to regulate labor cost.

Operations Checklists. The restaurant will be managed with the use of various checklists. Consistent use of checklists will help to maintain quality control while ensuring that established procedures are followed. Checklists will be used by various personnel for customer service, purchasing, receiving and storage, preparation, cleaning, shift changes, opening and closings.

Order Guide. The restaurant will use an item specific order guide to track order history and maintain designated levels of product in inventory.

Weekly Inventory. Management will conduct a weekly inventory to determine valuation for use in the preparation of weekly profit and loss reports.

Daily Inventory Tracking. Daily inventory will be taken on specific items. Movement will be compared to sales data to ensure designated products have been properly accounted for.

Cash Audits. Management will conduct periodic cash audits for all cashier stations. Surprise shift audits are an effective tool to determine cashier/bartender under ringing.

Video Surveillance. Video surveillance will be in place to monitor activities and deter crime.

Safety Reviews. Periodic safety assessments will be performed to ensure that employees and guests are not exposed to dangerous or harmful conditions or actions.

Liability Reviews. Periodic assessments will also be done to evaluate the liability exposure of the restaurant. Alcohol awareness, employee relations and guest treatment will be scrutinized from time to time.

Administrative Systems

Daily Cash Control. Sales and receipts recorded by the POS system will be compared to actual cash and credit card deposits on a daily basis. Acceptable over/short amounts will be limited to \$5.00 per day. Discrepancies greater than \$5.00 will prompt management to conduct an immediate audit to account for the difference. Monthly totals will be compared to actual P&L statements for accuracy.

Cash, debit card and credit card receipts will be deposited in a deposit account that is kept separate from the general operating account. Transfers to the general operating account will be made as necessary. Separation of the two accounts is intended to aid in account reconciliation and cash flow management.

Weekly Prime Cost Report. The manager will prepare a weekly report that shows the gross profit margin after cost of goods sold and labor cost has been deducted from the sales revenue. The prime cost for this type of restaurant is expected to range from 60% to 65%. Proper control of the prime cost is the single most effective measure of management's ability to operate the restaurant. Weekly monitoring allows for quick reaction to adverse cost ratios.

Purchasing Records/Payables. A part time bookkeeper will process and record invoices and credits daily. Reports detailing cash expenditures, payments by check, and accounts payable transactions will be readily available. Check disbursements will be prepared by the bookkeeper. Check signing authority for the general operating account will be the sole duty of the owner.

Accounting System/Service. The owner will be responsible for the timely preparation of monthly financial statements, including monthly Profit & Loss and Balance sheet. To accomplish this task Paulie's Pizza will employ a bookkeeping service or CPA.

Payroll Processing. Payroll checks will be issued bi-weekly. The assistant manager will run reports from the time & attendance system, make necessary adjustments, and prepare for transfer to the payroll system. Payroll will be processed by a payroll processing service.

Investment Analysis

Source of Funds

Funding for the venture will be provided by contributions from the partners and proceeds from bank financing. The proposed sources of funds are as follows:

Source of Funds	Amount
Paul Longorio – Owner	\$ 150,000
Bank Loan	\$ 274,866
Total	\$ 424,866

The bank loan will be guaranteed by Paulie’s Pizza, LLC, and by the owner, Paul Longorio.

Capital Contributions

The amount required from the owner, as shown in the Source of Funds section, is dependent upon the successful acquisition of funds from each of the listed sources. The funds will be used to fulfill the projected capital budget requirements as explained in the Financial Projections section. Adjustments to the amount of funds needed by each source may be necessary in the event of unforeseen circumstances.

-Investment Member. Owner Paul Longorio will contribute \$150,000 to the capitalization. He will also guarantee the bank loan. As the sole investment Member, Mr. Longorio will receive 100% of cash distributions.

-Operating Member. Mr. Longorio will also be the sole Operating Member of the LLC.

Return on Investment (ROI) Analysis

Invest- ment Role	How many of each	Amount of Contribu- tion	Anticipated Recovery Time on Original Investment	Cash Distribution Share Until Original Investment is Recovered	Cash Distribution Share After Original Investment is Recovered	Average Annual Rate of Return on Investment (Over 5 years)
Paul Longorio	1	\$150,000	1.5 years	100%	100%	81.2%

Growth Plan/Exit Strategy

Expansion Plans

Although Paulie's Pizza' appealing menu, comfortable atmosphere and reasonable prices will position the concept for broad customer appeal in a wide range of markets, there are currently no plans to expand the concept beyond a single store.

Financial Projections

Project Sources & Uses of Cash

Paulie's Pizza LLC		
Projected Sources & Uses of Cash		
Development & Startup Period		
SOURCES OF CASH:		
Equity Contributions	\$ 150,000	
Loan Financing	274,866	
TOTAL SOURCES OF CASH		\$ 424,866
USES OF CASH:		
Land & Building	0	
Leasehold Improvements	150,000	
Bar / Kitchen Equipment	51,666	
Bar / Dining Room Furniture	12,500	
Professional Services	12,500	
Organizational & Development	17,500	
Interior Finishes & Equipment	30,000	
Exterior Finishes & Equipment	23,500	
Pre-Opening Expenses	62,200	
Working Capital & Contingency	65,000	
TOTAL USES OF CASH		\$ 424,866

Capital Budget (Start-up Cost Projections)

	TOTAL COST	Detail
LAND & BUILDING	0	
Land		
Building - Construction / Contractor Fees		
LEASEHOLD IMPROVEMENTS	150,000	
Construction Contract		200,000
Landlord Contribution		(50,000)
KITCHEN EQUIPMENT (see Schedule)	51,666	
DINING ROOM FURNITURE	12,500	
PROFESSIONAL SERVICES	12,500	
Architect & Engineering		2,000
Legal (lease & incorporation)		2,500
Project Consultant		2,000
Accounting & Tax		5,000
Name, Logo & Graphic Design		1,000
ORGANIZATIONAL & DEVELOPMENT	17,500	
Deposits (utilities, sales tax, etc.)		2,000
Insurance Binder (property, casualty, liability)		3,000
Workers Comp. Binder		750
Building Permits		1,500
Other Licenses & Permits		1,000
Utility Deposits (gas, electric, water)		2,000
Change, Operating Banks & Petty Cash		750
Menus / Menu Boards		1,500
Lease Deposit		3,000
Travel, Research, Concept Development		2,000
INTERIOR FINISHES & EQUIPMENT	30,000	
Kitchen Smallwares		2,500
Artwork & Specialty Décor		4,000
Security System		2,500
Music/Sound/Audio-Visual Systems		1,500
Cash Register / Point of Sale		7,500
Phone System		2,500
Office Equipment / Computer		1,500
Office Supplies		500
Interior Signs		1,500
Drive-Thru Signs & Equipment		4,000
Other		2,000
EXTERIOR FINISHES & EQUIPMENT	23,500	
Landscaping		3,500
Exterior Signs & Decorations		7,500
Resurfacing		8,000
Parking Bumpers		2,000
Parking Lot Striping		1,500
Other		1,000
PRE-OPENING EXPENSES	62,200	
Construction Period Utilities		2,500
Construction Period Building Lease		0
Construction Period Interest		2,000
Uniforms		1,200
Opening Inventories -		
Food & Beverage		5,000
Paper		2,000
Retail Merchandise		0
Other Restaurant Supplies		4,000

	TOTAL COST	Detail
Marketing -		
Advertising	7,500	
Public Relations	10,000	
Opening Parties	7,000	
Personnel -		
General Manager	5,000	
Assistant Manager(s)	4,000	
Hourly Employees	6,000	
Payroll Taxes & Employee Benefits	6,000	
WORKING CAPITAL & CONTINGENCY	65,000	
Working Capital	25,000	
Contingency	40,000	
TOTAL PROJECT COST	\$ 424,866	

Equipment Schedule

Paulie's Pizza LLC Detailed Equipment Schedule

NUM	QTY	DESCRIPTION	MANUF	MODEL	SOURCE	EST \$\$
1		Refrigerated Dough Rolling Table	Bev-Air	WTR - 93	New	\$ 2,769
2	2	Wire Rack Shelving	ISS	SW 0471	New	1,800
3		Dough Mixer	Hobart 60 qt		Used	5,500
4		S.S. Work Table		6'	Used	450
5		3 Compartment Sink	Aero		Used	500
6		Pre Rinse Sprayer / Mixing Valve	Chicago		New	285
7		Slicer	General	SMH 12 L	New	2,822
8		Vertical Pan Stacking Rack	New Age	SWO 480	New	167
9		Culinary Sink	Eagle	416-16-1	New	457
10		Mop Sink			Builder	400
11		Hot Water Heater			Builder	900
12		Can Rack	New Age	SWO 214	New	385
13		Walk In Cooler	Tofco	8 X 10	New	5,468
14		Upright Freezer	Bev-Air	EF-48	New	2,737
15		Desk Top w/ Under File Cabinets			Built on Site	300
16		Employee Hand Sink		SWO 340	New	150
17	2	Pizza Ovens w/ Stand	Bakers Pride	Y-600	New	11,000
18		Class II Exhaust System	EVS	76 HP	New	3,000
19		Pizza Prep Table	Bev-Air	DP 119	New	4,912
20		Menu Board				1,800
21		Hot Pizza Warmer	HVRE	HV 7894	New	675
22		Front Counter		(included in leasehold improvements)		0
23	2	Cash Register & Drawers			New	1,500
24		Pizza Box Shelving, Storage	ISS	24 x 48	New	226
25		Cutting Table Overshelf		(included in leasehold improvements)		0
26	4	Rolling Bun Pan Racks	HVRE	SWO 204	New	565
27		Beverage Refrigerator	Bev-Air	ER - 24	New	1,630
28		Flour Dunnage Rack				150
29	3	Rolling Trash Can	Rubbermaid	20 gal		90
30		First Aid Kit				100
31		Edlund Can Opener	Edlund	#2	New	54
32		Undercounter Refrigerator	Bev-Air	UCR 27	New	874
33		Heated Delivery Hold Area		(included in leasehold improvements)		0
34		Chemical Storage Closet		(included in leasehold improvements)		0
TOTAL						\$ 51,666

Sales Projection

Paulie's Pizza LLC

Weekly Sales Projections

		Dine-In		Carry -		Total \$\$ Sales	% of Week
		Pizza	Buffet	Out	Delivery		
Monday	Lunch Covers	15	20	5	15		
	Lunch Sales	248	121	78	235	682	
	Dinner Covers	20	30	7	20		
	Dinner Sales	330	202	110	313	955	
	Total Sales	578	324	188	548	1,637	9.5%
Tuesday	Lunch Covers	15	25	7	18		
	Lunch Sales	248	152	110	282	790	
	Dinner Covers	20	35	9	23		
	Dinner Sales	330	236	141	360	1,067	
	Total Sales	578	388	250	642	1,857	10.8%
Wednesday	Lunch Covers	20	25	7	20		
	Lunch Sales	330	152	110	313	904	
	Dinner Covers	25	35	10	30		
	Dinner Sales	413	236	157	470	1,274	
	Total Sales	743	388	266	783	2,179	12.7%
Thursday	Lunch Covers	20	30	10	25		
	Lunch Sales	330	182	157	391	1,060	
	Dinner Covers	25	35	15	35		
	Dinner Sales	413	236	235	548	1,431	
	Total Sales	743	418	391	939	2,491	14.5%
Friday	Lunch Covers	25	35	15	35		
	Lunch Sales	413	212	235	548	1,407	
	Dinner Covers	35	45	20	60		
	Dinner Sales	578	303	313	939	2,133	
	Total Sales	990	516	548	1,487	3,540	20.6%
Saturday	Lunch Covers	25	35	15	35		
	Lunch Sales	413	212	235	548	1,407	
	Dinner Covers	30	45	20	50		
	Dinner Sales	495	303	313	783	1,894	
	Total Sales	908	516	548	1,330	3,301	19.2%
Sunday	Lunch Covers	15	30	8	20		
	Lunch Sales	248	182	125	313	868	
	Dinner Covers	20	35	10	40		
	Dinner Sales	330	236	157	626	1,348	
	Total Sales	578	418	282	939	2,216	12.9%
WEEK TOTALS	F&B Sales	5,115	2,965	2,473	6,867	17,220	
	Sales Mix	30%	17%	14%	39%	100%	
	Delivery Fees					710	
	Total Sales					17,930	
ANNUALIZED SALES						\$932,360	

Hourly Labor Projection

Paulie's Pizza LLC Hourly Labor Projection Worksheet

- AM SHIFT -		Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	WEEK
Open 11 AM - 4 PM		20	25	25	30	35	35	30	200
Buffet & Non-Pizza Customers		20	22	27	30	40	40	23	202
Dine-In & Carry Out Pizzas		15	18	20	25	35	35	20	168
Delivery Pizzas		35	40	72	85	110	110	73	625
Total Food & Beverage Sales		\$682	\$790	\$904	\$1,060	\$1,407	\$1,407	\$868	\$7,118
Position	Rate	Hours	#	Hours	#	Hours	#	Hours	#
Kitchen -									
Pizza Makers	\$8.00	8.0	1	6.0	2	8.0	2	8.0	1
Prep Cooks	\$7.50	4.0	1	4.0	1	4.0	1	4.0	1
Other	\$7.50	0.0	0	0.0	0	0.0	0	0.0	0
Dining Room / Counter -									
Counter Staff	\$7.50	4.0	1	4.0	2	4.0	2	4.0	1
Other	\$6.50	0.0	0	0.0	0	0.0	0	0.0	0
Delivery -									
Drivers	\$4.50	6.0	1	6.0	1	6.0	2	6.0	1
Other	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0
Labor Cost Per Shift - \$		\$151	\$151	\$213	\$213	\$272	\$272	\$151	\$1,423
Labor Cost Per Shift - %		22.1%	19.1%	23.8%	20.1%	19.3%	19.3%	17.4%	20.0%

- PM SHIFT -		Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	WEEK
Open 3 PM - 10 PM		30	35	35	35	45	45	35	260
Buffet & Non-Pizza Customers		27	29	35	40	55	50	30	266
Dine-In & Carry Out Pizzas		20	23	30	35	60	50	40	258
Delivery Pizzas		47	52	100	110	160	145	105	719
Total Restaurant Sales		\$955	\$1,067	\$1,274	\$1,431	\$2,133	\$1,894	\$1,348	\$10,102
Position	Rate	Hours	#	Hours	#	Hours	#	Hours	#
Kitchen -									
Pizza Makers	\$8.00	7.0	1	6.0	2	7.0	2	7.0	2
Prep Cooks	\$7.50	6.0	1	8.0	1	6.0	2	4.0	1
Other	\$7.50	0.0	0	0.0	0	0.0	0	0.0	0
Dining Room / Counter -									
Counter Staff	\$7.50	4.0	1	4.0	2	6.0	2	4.0	1
Other	\$6.50	0.0	0	0.0	0	0.0	0	0.0	0
Delivery -									
Drivers	\$4.50	6.0	1	6.0	1	6.0	2	6.0	1
Other	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0
Labor Cost Per Shift - \$		\$158	\$158	\$227	\$223	\$346	\$331	\$199	\$1,648
Labor Cost Per Shift - %		16.5%	14.8%	17.8%	16.0%	16.2%	17.5%	14.8%	16.3%

- DAY / WEEK TOTALS - HOURLY LABOR (Food & Beverage Sales Only)		Total Sales	Hourly Labor - \$	Hourly Labor Cost - %
Total Sales		\$1,637	\$1,857	\$2,481
Hourly Labor - \$		\$309	\$309	\$618
Hourly Labor Cost - %		18.9%	16.6%	17.5%
WEEK TOTALS - HOURLY LABOR (including delivery fees)		\$17,220	\$3,301	\$3,501
Total Food & Beverage Sales		\$17,220	\$603	\$3,501
Total Delivery Fees		710		
Total Sales		\$17,930	100.0%	
Hourly Labor Cost (before delivery fees)		\$3,071		
Delivery Fees Paid to Drivers		355		
Total Hourly Labor Cost		\$3,426	19.1%	17.8%

Detailed Statement of Income & Cash Flow Year 1

Paulie's Pizza LLC				
Annual Operating Projection - Detail				
First Full Year of Operations				
	MONTHLY AVE		ANNUAL	
Sales:				
Food & Beverage	\$ 74,620	96.0%	\$ 895,440	96.0%
Delivery Fees	3,077	4.0%	36,920	4.0%
TOTAL SALES	77,697	100.0%	932,360	100.0%
Cost of Sales: (as a % of food & beverage sales)				
Food & Beverage	20,147	27.0%	241,769	27.0%
Paper	2,612	3.5%	31,340	3.5%
TOTAL COST OF SALES	22,759	30.5%	273,109	30.5%
Gross Profit	54,938	70.7%	659,251	70.7%
Payroll:				
Salaries & Wages -				
Management	6,000	7.7%	72,000	7.7%
Hourly Employees	14,846	19.1%	178,152	19.1%
Total Salaries & Wages	20,846	26.8%	250,152	26.8%
Employee Benefits -				
Payroll Taxes - Mgt. Incentive	2,251	2.9%	27,016	2.9%
Worker's Comp.	834	1.1%	10,006	1.1%
Group Medical Insurance	750	1.0%	9,000	1.0%
Other	325	0.4%	3,900	0.4%
Total Employee Benefits	4,160	5.4%	49,922	5.4%
TOTAL PAYROLL	25,006	32.2%	300,074	32.2%
PRIME COST	47,765	61.5%	573,184	61.5%
Other Controllable Expenses:				
Direct Operating Expenses				
Auto Expense	0	0.0%	0	0.0%
Cleaning Supplies	200	0.3%	2,400	0.3%
Contract Cleaning	300	0.4%	3,600	0.4%
Extermination	300	0.4%	3,600	0.4%
Kitchen Utensils	250	0.3%	3,000	0.3%
Laundry & Linen	150	0.2%	1,800	0.2%
Licenses & Permits	100	0.1%	1,200	0.1%
Miscellaneous	300	0.4%	3,600	0.4%
Security System	250	0.3%	3,000	0.3%
Uniforms	200	0.3%	2,400	0.3%
Total Direct Operating Expenses	2,050	2.6%	24,600	2.6%
Music & Entertainment -				
Musak & Sound System	150	0.2%	1,800	0.2%
Other	0	0.0%	0	0.0%
Total Music & Entertainment	150	0.2%	1,800	0.2%
Marketing -				
Selling & Promotions	1,000	1.3%	12,000	1.3%
Advertising	250	0.3%	3,000	0.3%
Printed Materials	250	0.3%	3,000	0.3%
Research	0	0.0%	0	0.0%
Total Marketing	1,500	1.9%	18,000	1.9%
Utilities -				
Electrical	1,200	1.5%	14,400	1.5%
Gas	400	0.5%	4,800	0.5%
Water	350	0.5%	4,200	0.5%
Trash Removal	200	0.3%	2,400	0.3%
Total Utilities	2,150	2.8%	25,800	2.8%
General & Administrative -				
Accounting Services	500	0.6%	6,000	0.6%
Bank Charges	50	0.1%	600	0.1%
Bank Deposit Services	300	0.4%	3,600	0.4%
Cash (Over) / Short	50	0.1%	600	0.1%
Credit Card Charges	550	0.7%	6,716	0.7%
Dues & Subscriptions	150	0.2%	1,800	0.2%
Insurance - Auto Liability (delivery)	200	0.3%	2,400	0.3%

Paulie's Pizza LLC
Annual Operating Projection - Detail
First Full Year of Operations

	MONTHLY AVE		ANNUAL	
Miscellaneous	200	0.3%	2,400	0.3%
Office Supplies	100	0.1%	1,200	0.1%
Payroll Processing	150	0.2%	1,800	0.2%
Postage	25	0.0%	300	0.0%
Legal & Professional Fees	300	0.4%	3,600	0.4%
Protective Services	0	0.0%	0	0.0%
Telephone	500	0.6%	6,000	0.6%
Training Costs	200	0.3%	2,400	0.3%
Total General & Administrative	3,285	4.2%	39,416	4.2%
Repairs & Maintenance -				
Building Repairs & Maint.	300	0.4%	3,600	0.4%
Equipment Repairs & Maint.	250	0.3%	3,000	0.3%
Grounds, Landscaping & Parking Lot	250	0.3%	3,000	0.3%
Total Repairs & Maintenance	800	1.0%	9,600	1.0%
CONTROLLABLE PROFIT	19,997	25.7%	239,961	25.7%
Occupancy Costs & Depreciation				
Occupancy Costs -				
Rent & Common Area Maintenance	3,500	4.5%	42,000	4.5%
Percentage Rent	0	0.0%	0	0.0%
Common Area Maintenance (CAM)	250	0.3%	3,000	0.3%
Equipment Rental	0	0.0%	0	0.0%
Real Estate Taxes	700	0.9%	8,400	0.9%
Personal Property Taxes	200	0.3%	2,400	0.3%
Insurance on Building & Contents	900	1.2%	10,800	1.2%
Liquor Liability	300	0.4%	3,600	0.4%
Total Occupancy Costs	5,850	7.5%	70,200	7.5%
Depreciation & Amortization -				
Building	0	0.0%	0	0.0%
Leasehold Improvements	482	0.6%	5,785	0.6%
Furniture & Equipment	1,091	1.4%	13,095	1.4%
Pre-Opening Costs	1,137	1.5%	13,640	1.5%
Total Depreciation	2,710	3.5%	32,520	3.5%
TOTAL OCCUPANCY & DEPREC.	8,560	11.0%	102,720	11.0%
Other (Income) Expense -				
Vending & Telephone Commissions	(100)	(0.1%)	(1,200)	(0.1%)
Delivery Charges	(50)	(0.1%)	(600)	(0.1%)
Misc Other Income	(50)	(0.1%)	(600)	(0.1%)
Interest	1,776	2.3%	21,313	2.3%
Misc Other Expense	200	0.3%	2,400	0.3%
Total Other (Income) Expense	1,776	2.3%	21,313	2.3%
NET INCOME BEFORE INCOME TAXES	\$ 9,661	12.4%	\$ 115,927	12.4%
ADD BACK:				
Depreciation & Amortization	2,710	3.5%	32,520	3.5%
DEDUCT:				
Loan Principal Payments	(1,559)	(24.1%)	(18,705)	(2.0%)
CASH FLOW BEFORE INCOME TAXES	\$ 10,812	13.9%	\$ 129,742	13.9%

Summary Statements of Income & Cash Flow Years 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
Paulie's Pizza LLC					
5 Year Operating Projections					
Sales:					
Food & Beverage	\$ 896,440	\$ 931,258	\$ 968,608	\$ 1,007,248	\$ 1,047,538
Delivery Fees	36,920	38,397	39,933	41,530	43,191
TOTAL SALES	933,360	969,654	1,008,541	1,048,778	1,090,729
	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales: (asa % of food & beverage sales)					
Food & Beverage	241,769	251,440	261,467	282,030	293,311
Paper	31,340	33,938	35,295	36,707	38,176
TOTAL COST OF SALES	273,109	285,377	296,763	318,737	331,486
	29.3%	29.4%	29.4%	30.4%	30.4%
Gross Profit	660,251	684,277	711,778	730,041	759,243
	70.7%	70.6%	70.6%	69.6%	69.6%
Payroll:					
Salaries & Wages	260,162	260,168	270,564	281,287	292,642
Employee Benefits	49,922	51,919	53,996	56,166	58,402
TOTAL PAYROLL	300,074	312,077	324,561	337,453	351,046
	32.2%	32.2%	32.2%	32.2%	32.2%
PRIME COST	573,184	597,455	621,353	636,230	682,531
	61.5%	61.5%	61.6%	62.8%	62.8%
Other Controllable Expenses:					
Direct Operating Expenses	24,600	25,338	26,088	26,881	27,688
Music & Entertainment	1,800	1,854	1,910	1,967	2,026
Marketing	18,000	18,540	19,066	19,669	20,269
Utilities	25,800	26,574	27,371	28,192	29,038
General & Administrative Expenses	39,416	40,598	41,816	43,071	44,363
Repairs & Maintenance	9,600	9,888	10,185	10,490	10,805
TOTAL OTHER CONTROLLABLE EXP.	119,216	127,792	128,476	130,270	134,178
	12.8%	12.7%	12.5%	12.4%	12.3%
CONTROLLABLE PROFIT	239,981	246,407	260,811	262,228	274,020
	25.7%	25.7%	25.8%	25.0%	25.1%
Occupancy Costs & Depreciation					
Occupancy Costs	70,200	71,604	73,036	74,497	75,987
Depreciation & Amortization	32,520	32,520	32,520	32,520	32,520
Other (Income) Expenses					
Other (Income)	(2,400)	(2,472)	(2,546)	(2,622)	(2,701)
Interest Expense	21,313	19,761	18,079	16,268	14,286
Other Expense	2,400	2,472	2,476	2,623	2,701
NET INCOME BEFORE INCOME TAXES	\$ 115,927	\$ 125,522	\$ 136,976	\$ 138,953	\$ 151,227
	12.4%	12.9%	13.6%	13.2%	13.9%
ADD BACK:					
Depreciation & Amortization	32,520	32,520	32,520	32,520	32,520
DEDUCT:					
Loan Principal Payments	(18,705)	(20,268)	(21,939)	(23,760)	(25,732)
CASH FLOW BEFORE INCOME TAXES	\$ 129,742	\$ 137,785	\$ 147,557	\$ 147,713	\$ 158,015
	13.9%	14.2%	14.6%	14.1%	14.5%

Return on Investment Projection

	Year 1	Year 2	Year 3	Year 4	Year 5
PROJECTED INVESTMENT RETURNS					
Distributable Cash Flow Percent*	70%	80%	90%	90%	90%
Distributable Cash Flow	\$90,819	\$110,228	\$132,801	\$132,941	\$142,213
Cash Distribution:					
Investment Member/Owner (LLC)	\$90,819	\$110,228	\$132,801	\$132,941	\$142,213
Net Investment After Cash Distributions - End of Year	\$59,181	\$0	\$0	\$0	\$0
Payback Period	1.5 yrs.				
Annual Return on Investment (before tax)	60.5%	73.5%	88.5%	88.6%	94.8%
Average Annual Return on Investment	81.2%				
* It may be advantageous to retain a portion of the cash flow in the business for working capital, capital improvement reserves or for other reasons.					

Break-Even Cash Flow Projection

Paulie's Pizza LLC				
CASH FLOW Break-Even Worksheet				
Fixed Costs		Annual	Monthly	
Total Management Salaries		\$ 72,000	\$ 6,000	
Minimum Hourly Labor	75%	\$ 133,614	\$ 11,135	
Employee Benefits		\$ 43,331	\$ 3,611	
Direct Operating Expenses		\$ 24,600	\$ 2,050	
Music & Entertainment		\$ 1,800	\$ 150	
Marketing		\$ 18,000	\$ 1,500	
Utilities		\$ 25,800	\$ 2,150	
General & Administrative		\$ 32,700	\$ 2,725	
Repairs & Maintenance		\$ 9,600	\$ 800	
Occupancy Costs		\$ 70,200	\$ 5,850	
Interest		\$ 21,313	\$ 1,776	
Misc Other Expense		\$ 2,400	\$ 200	
Loan Principal Payments		\$ 18,705	\$ 1,559	
		\$ 474,063	\$ 39,505	
Variable Costs		% of Sales	\$	
Cost of Sales		30.5%	\$ 19,113	
Hourly Labor		5.0%	\$ 3,117	
Employee Benefits		0.7%	\$ 461	
Credit Card Expense		0.8%	\$ 470	
		37.0%	\$ 23,162	
		Annual	Monthly	
Percentage Rent		\$ -	\$ -	
		Annual	Monthly	Weekly
Break-even Sales		\$ 752,004	\$ 62,667	\$ 14,462

Census Bureau Demographics

Table DP-3. Profile of Selected Economic Characteristics:

Geographic area: Arlington CDP, Virginia

[Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see text]

Subject	Number	Percent	Subject	Number	Percent
EMPLOYMENT STATUS			INCOME IN 1999		
Population 16 years and over	161,333	100.0	Households	86,474	100.0
In labor force	120,803	74.9	Less than \$10,000	4,485	5.2
Civilian labor force	117,328	72.7	\$10,000 to \$14,999	2,306	2.7
Employed	114,040	70.7	\$15,000 to \$24,999	5,459	6.3
Unemployed	3,288	2.0	\$25,000 to \$34,999	7,914	9.2
Percent of civilian labor force	2.8	(X)	\$35,000 to \$49,999	12,300	14.2
Armed Forces	3,475	2.2	\$50,000 to \$74,999	18,604	21.5
Not in labor force	40,530	25.1	\$75,000 to \$99,999	12,292	14.2
			\$100,000 to \$149,999	13,327	15.4
Females 16 years and over	80,303	100.0	\$150,000 to \$199,999	5,062	5.9
In labor force	55,676	69.3	\$200,000 or more	4,725	5.5
Civilian labor force	55,053	68.6	Median household income (dollars)	63,001	(X)
Employed	53,470	66.6	With earnings	76,171	88.1
Own children under 6 years	11,531	100.0	Mean earnings (dollars) ¹	78,025	(X)
All parents in family in labor force	7,064	61.3	With Social Security Income	11,847	13.7
COMMUTING TO WORK			Mean Social Security Income (dollars) ¹	10,585	(X)
Workers 16 years and over	116,046	100.0	With Supplemental Security Income	1,598	1.8
Car, truck, or van -- drove alone	63,726	54.9	Mean Supplemental Security Income		
Car, truck, or van -- carpooled	13,339	11.5	(dollars) ¹	6,707	(X)
Public transportation (including taxicab)	27,048	23.3	With public assistance income	1,485	1.7
Walked	6,475	5.6	Mean public assistance income (dollars) ¹	2,569	(X)
Other means	1,570	1.4	With retirement income	13,031	15.1
Worked at home	3,868	3.4	Mean retirement income (dollars) ¹	30,472	(X)
Mean travel time to work (minutes) ¹	27.3	(X)	Families	39,903	100.0
Employed civilian population			Less than \$10,000	1,311	3.3
16 years and over	114,040	100.0	\$10,000 to \$14,999	765	1.9
OCCUPATION			\$15,000 to \$24,999	2,215	5.6
Management, professional, and related occupations	69,912	61.3	\$25,000 to \$34,999	3,212	8.0
Service occupations	12,868	11.3	\$35,000 to \$49,999	4,434	11.1
Sales and office occupations	20,613	18.1	\$50,000 to \$74,999	6,951	17.4
Farming, fishing, and forestry occupations	105	0.1	\$75,000 to \$99,999	6,128	15.4
Construction, extraction, and maintenance occupations	6,645	5.8	\$100,000 to \$149,999	8,050	20.2
Production, transportation, and material moving occupations	3,877	3.4	\$150,000 to \$199,999	3,377	8.5
			\$200,000 or more	3,460	8.7
			Median family income (dollars)	78,877	(X)
			Per capita income (dollars) ¹	37,706	(X)
INDUSTRY			Median earnings (dollars):		
Agriculture, forestry, fishing and hunting, and mining	188	0.2	Male full-time, year-round workers	51,011	(X)
Construction	6,299	5.5	Female full-time, year-round workers	41,552	(X)
Manufacturing	2,694	2.4			
Wholesale trade	1,088	1.0			
Retail trade	6,334	5.6			
Transportation and warehousing, and utilities	2,807	2.5			
Information	7,931	7.0			
Finance, insurance, real estate, and rental and leasing	8,073	7.1			
Professional, scientific, management, administrative, and waste management services	26,769	23.5			
Educational, health and social services	14,395	12.6			
Arts, entertainment, recreation, accommodation and food services	9,402	8.2			
Other services (except public administration)	9,059	7.9			
Public administration	19,001	16.7			
CLASS OF WORKER					
Private wage and salary workers	81,195	71.2			
Government workers	27,418	24.0			
Self-employed workers in own not incorporated business	5,244	4.6			
Unpaid family workers	183	0.2			

¹Represents zero or rounds to zero. (X) Not applicable.

²If the denominator of a mean value or per capita value is less than 30, then that value is calculated using a rounded aggregate in the numerator. See text.

Source: U.S. Bureau of the Census, Census

Daytime Employment

BUSINESS-FACTS: DAYTIME EMPLOYMENT			
Prepared For: Sample			
Project Code: Sample			Order #: 962184562
Type: Radius	1525 WILSON BLVD	Site: 01	
Coord: 38.894834 -77.074646	ARLINGTON, VA 22209-2411		
1.00 Mile Radius			
Business Employment By Type	# Businesses	# Employees	# Emp/Bus
Total Businesses	2,889	59,406	21
Retail Trade	487	7,201	15
Home Improvement Stores	2	86	43
General Merchandise Stores	5	81	16
Food Stores	41	638	16
Auto Dealers and Gas Stations	15	101	7
Apparel and Accessory Stores	58	625	11
Furniture and Home Furnishings	60	864	14
Eating and Drinking Places	181	4,016	22
Miscellaneous Retail Stores	125	790	6
Finance-Insurance-Real Estate	220	2,538	12
Banks, Saving and Lending Institutions	23	166	7
Securities Brokers and Investments	31	645	21
Insurance Carriers and Agencies	17	75	4
Real Estate-Trust-Holding Co	149	1,652	11
Services	1,872	35,869	19
Hotels and Lodging	18	1,316	73
Personal Services	113	1,365	12
Business Services	564	13,688	24
Motion Picture and Amusement	59	651	11
Health Services	69	533	8
Legal Services	300	3,519	12
Education Services	48	7,242	151
Social Services	79	897	11
Other Services	622	6,658	11
Agriculture	1	1	1
Mining	2	15	8
Construction	48	898	19
Manufacturing	98	7,003	71
Transportation, Communication/Public Utilities	90	3,495	39
Wholesale Trade	39	817	21
Government	32	1,569	49
Daytime Population	59,406		
Daytime Population/Businesses	21		
Residential Population	26,631		
Residential Population/Businesses	9		



Prepared on: September 18, Page 1 of 3
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BUSINESS-FACTS: DAYTIME EMPLOYMENT

Prepared For: Sample

Project Code: Sample

Order #: 962184562

Type: Radius
Coord: 38.894834 -77.074646

1525 WILSON BLVD
ARLINGTON, VA 22209-2411

Site: 01

3.00 Mile Radius

Business Employment By Type	# Businesses	# Employees	# Emp/Bus
Total Businesses	30,053	526,398	18
Retail Trade	4,042	54,559	13
Home Improvement Stores	38	325	9
General Merchandise Stores	34	3,198	94
Food Stores	338	4,375	13
Auto Dealers and Gas Stations	138	1,862	13
Apparel and Accessory Stores	393	3,170	8
Furniture and Home Furnishings	387	5,038	13
Eating and Drinking Places	1,548	29,200	19
Miscellaneous Retail Stores	1,166	7,391	6
Finance-Insurance-Real Estate	2,162	42,002	19
Banks, Saving and Lending Institutions	354	19,739	56
Securities Brokers and Investments	336	4,898	15
Insurance Carriers and Agencies	201	2,960	15
Real Estate-Trust-Holding Co	1,271	14,405	11
Services	20,451	313,402	15
Hotels and Lodging	170	19,093	112
Personal Services	1,221	7,607	6
Business Services	4,405	82,887	19
Motion Picture and Amusement	456	5,251	12
Health Services	1,593	22,755	14
Legal Services	4,253	51,799	12
Education Services	532	35,239	66
Social Services	1,191	20,010	17
Other Services	6,630	68,761	10
Agriculture	67	372	6
Mining	12	107	9
Construction	354	4,225	12
Manufacturing	1,022	39,487	39
Transportation, Communication/Public Utilities	799	26,988	34
Wholesale Trade	367	5,778	16
Government	777	39,478	51
Daytime Population	526,398		
Daytime Population/Businesses	18		
Residential Population	245,806		
Residential Population/Businesses	8		



Prepared on: September 18, Page 2 of 3
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BUSINESS-FACTS: DAYTIME EMPLOYMENT

Prepared For: Sample

Project Code: Sample

Order #: 962184562

Type: Radius
Coord: 38.894834 -77.074646

1525 WILSON BLVD
ARLINGTON, VA 22209-2411

Site: 01

5.00 Mile Radius

Business Employment By Type	# Businesses	# Employees	# Emp/Bus
Total Businesses	47,400	817,944	17
Retail Trade	7,162	92,311	13
Home Improvement Stores	100	1,519	15
General Merchandise Stores	89	5,395	61
Food Stores	785	9,361	12
Auto Dealers and Gas Stations	364	4,697	13
Apparel and Accessory Stores	654	4,875	7
Furniture and Home Furnishings	730	8,611	12
Eating and Drinking Places	2,473	44,216	18
Miscellaneous Retail Stores	1,967	13,637	7
Finance-Insurance-Real Estate	3,406	71,441	21
Banks, Saving and Lending Institutions	615	28,111	46
Securities Brokers and Investments	426	6,168	14
Insurance Carriers and Agencies	358	14,079	39
Real Estate-Trust-Holding Co	2,007	23,083	12
Services	30,983	462,728	15
Hotels and Lodging	225	22,831	101
Personal Services	2,589	14,339	6
Business Services	6,505	107,132	16
Motion Picture and Amusement	825	8,930	11
Health Services	3,300	51,949	16
Legal Services	4,814	54,936	11
Education Services	1,008	67,189	67
Social Services	1,987	32,562	16
Other Services	9,730	102,860	11
Agriculture	147	1,796	12
Mining	15	120	8
Construction	856	9,365	11
Manufacturing	1,437	48,793	34
Transportation, Communication/Public Utilities	1,335	46,117	35
Wholesale Trade	733	9,451	13
Government	1,326	75,822	57
Daytime Population	817,944		
Daytime Population/Businesses	17		
Residential Population	648,007		
Residential Population/Businesses	14		



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Arial View for Proposed Location

Project Code: Sample	Aerial Map Prepared For: Sample	Order #: 962107688
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1525 WILSON BLVD.
ARLINGTON, VA 22209

Claritas Income Report

Pop-Facts: Demographic Snapshot Report

Prepared For:

Order #: 962319753

Project Code:

Site: 01

Trade Area: 1525 WILSON BLVD, ARLINGTON, VA 22209-2411, Total

Description	0.00 - 1.00 Miles		0.00 - 3.00 Miles		0.00 - 5.00 Miles	
	Radius	%	Radius	%	Radius	%
2005 Est. Households by Household Income	14,715		123,366		290,264	
Income Less than \$15,000	1,432	9.73	13,082	10.60	33,791	11.64
Income \$15,000 - \$24,999	846	5.75	7,837	6.35	20,162	6.95
Income \$25,000 - \$34,999	1,239	8.42	9,079	7.36	23,687	8.16
Income \$35,000 - \$49,999	1,872	12.72	15,993	12.96	38,533	13.28
Income \$50,000 - \$74,999	2,771	18.83	22,504	18.24	51,541	17.76
Income \$75,000 - \$99,999	2,108	14.33	15,813	12.82	35,600	12.26
Income \$100,000 - \$149,999	2,302	15.64	18,795	15.24	42,362	14.59
Income \$150,000 - \$249,999	1,439	9.78	12,497	10.13	28,290	9.75
Income \$250,000 - \$499,999	407	2.77	4,801	3.89	10,235	3.53
Income \$500,000 and more	300	2.04	2,966	2.40	6,063	2.09
2005 Est. Average Household Income	\$92,953		\$97,863		\$93,036	
2005 Est. Median Household Income	\$67,762		\$67,433		\$64,047	
2005 Est. Per Capita Income	\$50,496		\$51,376		\$43,124	
2005 Est. Household Type, Presence Own Children*	14,715		123,366		290,264	
Single Male Householder	4,340	29.49	31,566	25.59	59,895	20.63
Single Female Householder	3,884	26.39	34,920	28.31	72,816	25.09
Married-Couple Family, own children	905	6.15	10,096	8.18	33,708	11.61
Married-Couple Family, no own children	2,236	15.20	19,354	15.69	49,778	17.15
Male Householder, own children	86	0.58	824	0.67	3,297	1.14
Male Householder, no own children	255	1.73	2,106	1.71	6,856	2.36
Female Householder, own children	285	1.94	3,067	2.49	14,422	4.97
Female Householder, no own children	317	2.15	3,390	2.75	14,737	5.08
Nonfamily, Male Householder	1,339	9.10	10,252	8.31	19,715	6.79
Nonfamily, Female Householder	1,068	7.26	7,791	6.32	15,039	5.18
2005 Est. Households by Household Size*	14,715		123,366		290,264	
1-person household	8,224	55.89	66,486	53.89	132,711	45.72
2-person household	4,511	30.66	35,201	28.53	82,536	28.43
3-person household	1,055	7.17	10,617	8.61	32,761	11.29
4-person household	540	3.67	6,341	5.14	22,220	7.66
5-person household	229	1.56	2,702	2.19	10,755	3.71
6-person household	111	0.75	1,201	0.97	4,984	1.72
7 or more person household	45	0.31	817	0.66	4,296	1.48
2005 Est. Average Household Size	1.68		1.80		2.08	



Prepared on: April 11,

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