

Korean BBQ Restaurant

Adress:
Phone Number:

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1. Business Introduction

1.1 Business structure and purpose.

The business structure would be Limited Liability Company (LLC), based on following reasons:

- 1) The business itself is not taxed. Instead, all federal income taxes are passed on to the LLC's members and are paid through their personal income tax.
- 2) Limited liabilities: If the LLC incurs debt or is sued, members' personal assets are usually exempt. Members are not necessarily shielded from wrongful acts, including those of their employees.
- 3) Less registration paperwork, and smaller start-up costs.
- 4) Members themselves to decide who has earned what percentage of the profits or losses.

The purpose of the business is opening a Korean BBQ restaurant serving fresh and high quality meat and vegetables to all customers live in State College and surrounding area.

1.2 Our products

Our main products will be high quality beef, pork, and traditional Korean dishes. For beef, we will provide boneless short rib, ribeye, bulgogi, etc. For pork, we will provide berkshire pork belly, jowl, trimmed butt, etc. For traditional dishes, we will serve spicy rice cake, cold buckwheat noodle, bibimbap, etc. We will also provide great services and culture to our customers.

1.3 Overall marketing strategy, and who will be our customers?

Marketing strategies:

- 1) Maintain high quality meat and vegetables to attract customers.
- 2) Keep in touch with different student organizations, in order to advertise for us among people in different nationalities.
- 3) Promote the "opening" discounts.
- 4) Promote lunch special and meat buffet as the alternative choice.

Targeting market: We are mainly focusing on Korean and Chinese people, but also including the local American customers.

1.4 Who will be in the business, and who will be on our management team?

For now, our partners include Jingyao Chen, Zhilin Jia and Yikang Liu, and Jingyao Chen and Zhilin Jia also belong to the restaurant management team.

1.5 What's the amount needed financing and what will it be used for?

The total estimate amount is about \$150,000 to start our business and we will have the cash ready in advance without any financial aid or loans.

1.6 Identify opportunities and threats that we face.

The current food industry development in State College could provide us a great environment, because we don't have any competitors, who provides Korean BBQ. Meanwhile, State College could provide us enough customer demand, which could allow us get the profit from the market.

The threats that we face are although there is no restaurant does the Korean BBQ business, there are 3 other restaurant provide the Korean food. They are Kimchi, Seoul Garden and Say Sushi, which could influence our business. Second, until now we are still looking for the chef, and all people involved in the business don't know the Korean BBQ recipes. Third, opening a business like this is very costly. Until now, we are still in the stage of fundraising, and the high investment means high risk.

1.7 Significant related party transactions should be disclosed?

Until now, we have several options for locations, and we are working with the brokers and several restaurant owners in order to find the best location. The locations that we're working on right now are W Hamilton Ave (a previous hair styling school), Paneng, Yummy Cafe, Hundreds Degrees Hot Pot, and Golden Wok. Based on the information that I got right now, the average monthly rent for the property with around 2200 sq ft will be \$4000 - \$5000. After the restaurant opening, the main expenses will be utilities, monthly rent, inventory and labors.

1.8 The facility requirements (land, equipment, and labor)?

The equipment we need in customer area is tabletop BBQ grill, smoke exhausting system for each table, soda fountain, casier system, air conditioning system. For kitchen, we need commercial hood, walk-in refrigerator, walk-in cooler, meat slicer, stoves, sink, dishwasher and kitchenwares. Tablewares including plates, forks, chopsticks, water cups, napkins, etc. are also required.

2. The Market Analyzation

2.1 Industry

2.1.1 Industry strengths and weaknesses

The food industry on the BBQ aspect is very popular nationally. The market of BBQ restaurant in New York City has been reviewed. Three main BBQ restaurants Miss Korea, Jongro BBQ flushing, Kang Ho Dong Baek Jeong Flushing has been researched on its scales, decoration style, menus, customer categories, cost per person, etc. The customer needs are large. There are about ten BBQ restaurants in Koreatown in Manhattan, and every one of them are so crowded in lunch and dinner time. Locally at State College, there is not such a restaurant doing BBQ business, which means we will not have any competitors in town. Asian students especially Chinese students are willing to drive for more than three hours to Baltimore to eat at Honey Pig which is a

Korean BBQ restaurant. To open a Korean BBQ restaurant here at State College, we will definitely have a very big market. But considering the different regulations from state to state, town to town, there will be a challenge for us to pass the code office permission on building this BBQ restaurant involving flame and smoke. Find a chef to cook for the restaurant can also be a big challenge. The status of worker in law must be a US citizen or a Green Card holder in order to work at the restaurant.

2.1.2 Main influences that affect the business and industry

There is not such a restaurant in State College involving hood or smoke exhauster that is right above the customers dining table and flaming the grill equipment on the tabletop will increase the whole thing's complexity. In order to deal with this specific part, we will need several approves and permit to clarify that this equipment is safe and allowed to use. Finding a chef with US citizenship or green card holder to work in the restaurant will also be a challenge. The way to find a chef from overseas, like China, or Korea will cause regulatory problem with risk to let the restaurant closed by Immigration Office, unless we help the chef to apply the legal working visa, which is very costly.

2.2 Marketing Plan

2.2.1 Competitors' strengths and weaknesses

There are three places that you could get the Korean food in town: Kimchi, Seoul Garden and Say Sushi. The most famous and popular one is Kimchi. Kimchi has a longer history than Seoul Garden and Say Sushi in the State College area, which could offer a large variety of stews, denjang, tang, and bibimbap. However, based on the reflection from customers, dishes offered by Kimchi is very sweet which is not as the taste of traditional Korean food. Customers said that if there could be a restaurant selling real Korean cuisine with real traditional taste, they definitely will come to it.

2.2.2 Market scale and the amount of the market we expect to obtain

We consider Korean students and Chinese students as our majority targeting market. Meanwhile, local Americans will also be a big part in our business. There are around 42,000 people in the town with approximately 6.1%, which implies there are around 2500 Asian students and civilians live in town. According to marketing research we have done, there should be range from 50 to 150 people come to a specific Asian restaurant in lunch or dinner time, which implies if we count all the Asian restaurants in State College will give us a large number. Therefore, we are aiming to get \$3750/day, with average cost \$25/person, which give us \$112,500/month for the total gross profit.

2.2.3 Marketing objectives and strategies

a. The product or service selling price

We are going to set price at average cost \$25-\$30 per person per meal. This is a higher price than many existed Chinese and Korean restaurants but less than luxury restaurant like Red Lobster and Texas Roadhouse in our town. We are planning to offer high quality food and great eating environment, which could make our customer really

enjoy their meals. Meanwhile, customers could strongly feel the Korean traditional culture atmosphere.

b. Promotional activities will be pursued at start-up

We will sell reloadable membership card at the beginning of the restaurant opening. Membership card will be divided into three types: Diamond (reload \$500 and get 15% off for each order), Golden (reload \$300 and get 10% off for each order), and Standard (reload \$100 and get 5% off for each order), all information about membership should be synchronization in the restaurant's database in case of customers' membership card is lost or stolen. Members will also have chances to get gifts on holidays or birthdays.

c. How to serve food in the restaurant?

We would continue the other existed Korean BBQ restaurant's operations system to help customers cook the BBQ in front of them on the table but customers will serve themselves by picking up the cooked food from the central stove. Kimchi and side servings will be free in which the cost will be counted in the other orders, and the side servings will also be free to refill.

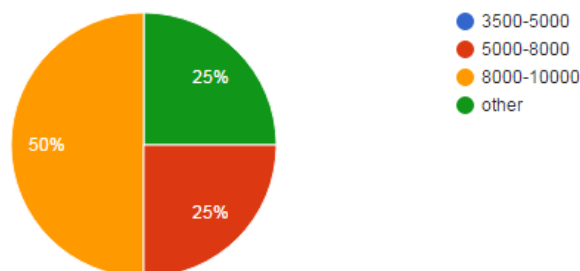
2.2.4 Results of market research

In market research, four popular restaurants are surveyed through questionnaires. The weekly sale range is shown as below:

Restaurant Name (4 responses)

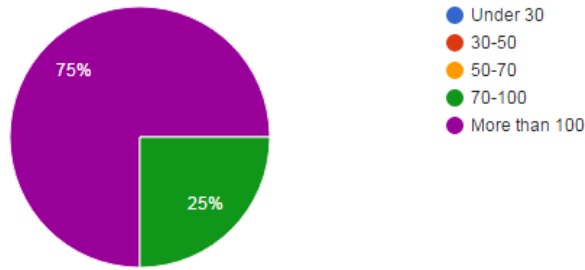
Pho 11
Hunan Wok
Fuji
Galanga

Weekly Sales Range (4 responses)



From the pie chart above, the weekly average from \$8,000 to \$10,000 is the common sales among Asian food restaurants. The weekday sales and weekend sales data is shown as pie chart below:

Weekday Average Order Per Day,, Including Eating-in and Take-out (4 responses)



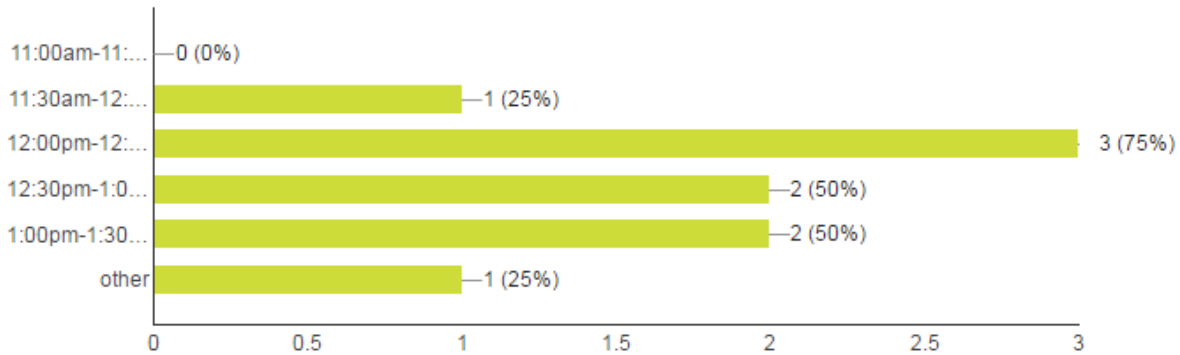
Weekend Average Order Per Day, Including Eat-in and Take-out (4 responses)



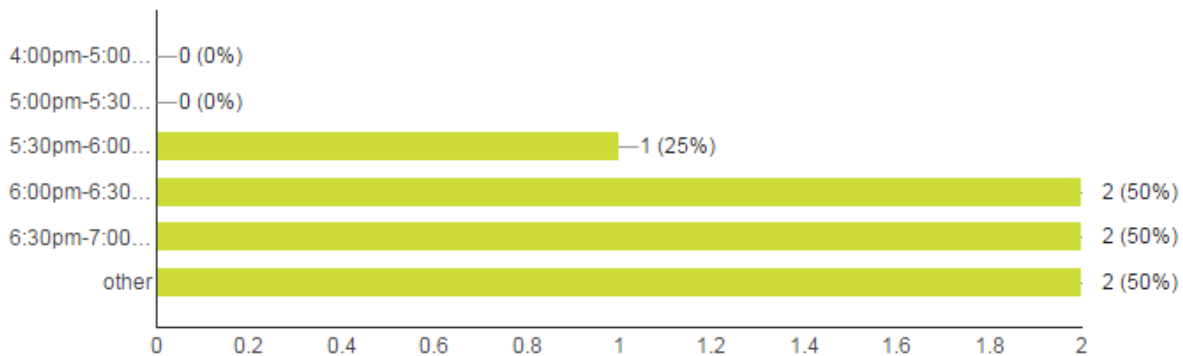
Most of the Asian food restaurants could sale more than 100 orders on weekdays, and almost all of them could definitely sale over 100 orders on weekends. The population in the town of State College is limited at around 42,000, but Asian food is still winning the market. For the potential market, on the Blue and White weekends, which is the big football events in State College during football game seasons, about 100,000 people rush into this small town, and almost every single restaurant will be fully packed. That could be a maximum sales season for our restaurant. But before that, the promotion need to be effective and aim to become popular around the state of Pennsylvania.

The busiest time period is also researched for those four restaurants and data collected was arranged into chart shown as below:

The Busiest Time for Lunch (4 responses)



The Busiest Time for Dinner (4 responses)

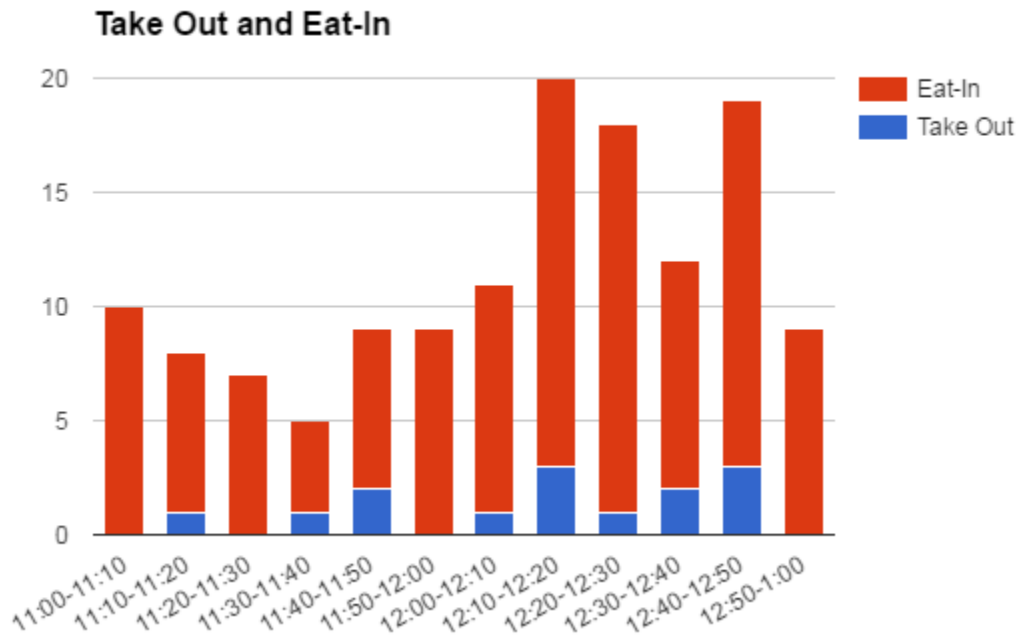


The busiest time for a restaurant in State College should be 12:00pm to 1:00pm at noon, and 6:00pm to 7:30pm in the evening. The cost per person for researched Asian food restaurants are below \$20 on average. But the stereotype for most Asian restaurants, especially the Chinese restaurants, is that, food are cheap and customers' needs is just eating. For our Korean BBQ restaurant, we aim to breakthrough this stereotype, and build a good environment with food culture to allow customers enjoy being in our restaurant, and enjoy the environment and culture more than just eating the food. Our cost per person is set to be a little higher than those Asian restaurants at around \$25 per person.

The percentage of delivery of order weekly is various from each restaurant, and the data is not accountable. Payment methods to employees has the base salary at under 500 plus the tips and hourly paid as the two main methods for those restaurants. Monthly salary of the employees is also very dependable on different restaurants. We consider those employee's income would also be impacted by the profit of the restaurant for that specific month or time period.

In researching the market, one of the most popular restaurant in State College and especially for Chinese students, the Little Szechuan, is the model that we want to study.

The Eat-in and Take-out customer number is researched and studied individually, the chart is shown below:



Our guess for the Little Szechuan is that it could have a retained profit at about \$8000 per week with a total gain at about \$30,000 per month. (Based on the average profit margin for restaurant)

3. The Financial Plan

3.1 Financial projections

- Projected Profit and Loss (Income) statements for the first 3 yrs.

	Kitchen Exhaust System	Fire protection system	cooler and freezer	meat slicer	other
Equipment	15000	15000	10000	1500	5000
Decoration	80000				
Total	126500				
		year 1	year 2	year 3	
Preparation prior to the opening	Equipment and decoration	110000	5000	5000	
Income					
	Food Sales = # of Weeks * # of people per week * \$25 per person	700000	800000	800000	
Cost of Good Sold	CoGS = # of Weeks * # of people per week * \$ 15 of cost per person	420000	480000	480000	
Gross profit	GP = FS - CoGS	280000	320000	320000	
Expense					
	Payroll Expenses = payment per person per month * 12 months per year	60000	60000	60000	
	Rent = Rent per month * 12 months per year	60000	60000	60000	
	Utilities	12000	12000	12000	
	Restaurant supplies	2400	2400	2400	
	Others (Bank Service Charges, Online Order Service)	7200	7200	7200	
Total Expense		141600	141600	141600	
Net Income		138400	178400	178400	

3.2 Assumptions that were made in preparing the above statements

1. 700 customers per week in first year, 800 customers per week in the second year, and 800 in the third year averagely. (Only 40 weeks are calculated per year considering vacations.)
2. Average cost would be \$25 per customer and COGS would be \$15 per customer.
3. Two chefs would be hired with salary of \$2500 per month each.
4. Salaries of waiters and waitresses come from tips.

3.3 Expected Returns

Profit margin = Net Income / Net Sales, which gives us 19.77%

If we expect to get all the investment back in one year, we need to have 96 customers every day on average. If it is two years, we will need to have 73 customers one day on average. Based on the research we did, the expectation should be reached easily.

4. Appendix

A. Resumes or backgrounds of owners and key employees

B. Personal financial statement of owner(s)

C. Any relevant information that supports and substantiates claims made in the business plan, possibly including:

- Market research

- Contracts, leases, and other business documents (fictitious name, EIN, Articles of Incorporation, partnership agreement)
- Advertisements, articles, promotional literature
- Letters of support
- Patents, trademarks, copyrights, or licensing agreement
- Previous income tax returns

****Notes:**

- This business plan is a draft of the basic material in the Korean BBQ plan. However, site selection, fitments, and fund utilizing may have slight differences. Reference to future amendments.