



Pizzeria

Coastal Pizza

41558 Brown Ave.
Corpus Christi, TX 78412

Tony Tecce

This plan raised \$30,000 for the prospective owner of a coastal Texas pizza operation aiming to capitalize on both resident and tourist appetites for tasty, East Coast-style pizza.

EXECUTIVE SUMMARY

Corpus Christi, Texas, is a typical coastal Texas small town. There are a large number of second homes and the economy is tourist based. Corpus Christi has all of the amenities of any destination town, as well as the thrill of 24-hour gambling. What Corpus Christi lacks is a true pizza delivery business. We, the partners of Coastal Pizza, believe that now is the time to give Corpus Christi what it wants.

In short, Coastal Pizza is aiming to become Corpus Christi's first chain of delivery-only, pizza restaurants covering the Corpus Christi area. Coastal Pizza wishes to raise \$40,000 from a private investor(s) to take advantage of the opportunity explained in the plan.

Coastal Pizza will become Corpus Christi's first, fast and free delivered pizza. For quite a while, Corpus Christi has had only one pizza deliverer who charges for a delivery which takes an average of one hour. It is time the residents and visitors of Corpus Christi have access to a pizza that is made fresh, hot and delivered free.

This is not a new concept. Every town in the country has some form of "Domino's". They all earn large profits; the reason being the lack of necessary space and overhead required to operate a delivery-only business.

Corpus Christi is not only ready for a true pizza delivery operation-Corpus Christi needs one, especially an operation that will focus on quality, price and convenience.

We seek \$40,000 to properly ensure a successful enterprise. How the money will be used is covered in detail in the balance of this business plan.

OBJECTIVES

We, the three partners of Coastal Pizza, plan on being open by December 15, 1995. A location will be agreed upon by the end of October 1995. For the first two years of operation, we will be working managers drawing small salaries. This will enable the profits to be used for future expansion. By 1998, new locations will be investigated and will require our total attention.

By 2000 we intend to have a four-location pizza delivery chain throughout the Corpus Christi area. We are confident we can do so because:

1. Pizza delivery is the Number One growth business in the United States,
2. The Corpus Christi area is rapidly growing,
3. Competition is virtually non-existent.

In summary, the primary Coastal Pizza objectives are as follows:

1. Achieve over \$360,000 in gross sales by end of first year of operation.

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2. Begin work on a second location in the early part of 1998.
3. By 2000 we intend to have a fourth location underway.
4. Be the number one growth business in the Corpus Christi area.

MARKET ANALYSIS

Corpus Christi, like every town in the metropolitan area, has a tourist-based economy. The key to a successful business in this area is the ability to capture a healthy local clientele.

Target market

The most recent demographic study of Corpus Christi shows a permanent population of 9,193 growing at a rate of 6% annually. During peak winter and summer months, the population more than doubles. Here lies the bonus of a pizza delivery business: Everyone of all ages loves pizza! Our target market is not a segment of the whole, but indeed the whole. Every single person in the Corpus Christi area is a potential customer and a target of our marketing campaign.

We conducted a market survey of some of the Corpus Christi residents. The results were not so surprising.

- 76% purchase take-out food
- 90% eat pizza
- 38% would have pizza delivered 4 times per month (theoretically, 14,000 pizzas per month)
- 31% would have pizza delivered twice per month (theoretically, 6,000 pizzas per month)

Of course, the theoretical numbers are excessive but good signs nonetheless.

Intermediate Influences

The influences on the local market will differ somewhat from those on the tourist end. Our local market wants quality pizza at a franchise price and free, prompt delivery. The tourist market wants convenience above all else. We can satisfy all of the above needs which is explained in detail later in the business plan.

Competition

Present direct competition is Pepperoni's Pizza, primarily an eat-in pizza restaurant that also delivers. At present they are the only deliverers of pizza in the Corpus Christi area. Their hours of delivery are from 5 to 8 p.m. Delivery time averages one hour and at a \$2 surcharge. Your average three-item pizza, delivered, costs over \$17 from Pepperoni's.

The indirect competition includes Frank's Diner and Wok Buffet Bar. Frank's sells pizza at a very reasonable price, but they do not deliver and you bake it yourself. Their dough is pre-made and not hand tossed. The Chinese place delivers. Again, they charge for delivery (\$4), and only deliver until 10 p.m. nightly.

Any anticipated future competition would be in the form of our present competition playing catch-up. We figure that free delivery will be the first move by the others. Then, possibly a price war with Frank's. Our advantages being lower fixed expenses, a superior ad campaign, a better pizza and the best service. As far as pricing, overall, our prices will be comparative to the franchise delivery outfits that operate in larger areas. Along with low prices, free toppings and free soda are effective sales boosters.

The break even analysis works out to 874 pizzas per month or \$10,925 in sales.



OPERATIONS

Location

There are two ways to go: Either find a great location and build the kitchen from scratch, or find an existing kitchen to lease. Although building a kitchen would allow for a layout designed to our specifications, this option is cost prohibitive. Construction/renovation costs would exceed \$45,000. So, an existing kitchen is the answer and we have found one. This kitchen is currently in limited use and is located in one of Corpus Christi's drinking establishments. The owner has agreed to \$1.80 per square foot in rent (\$900/mo.) and will include garbage pickup and water. Utilities will be based on use.

This location is on Hwy 48, the main road through town, allowing for excellent exposure. Specific terms of the lease have yet to be discussed.

Equipment

The kitchen is fully equipped but lacks a pizza oven, large mixer, and a few miscellaneous items. Also, we will need to purchase a computer. The total equipment costs will be \$9,800, which includes maintenance expenses.

Variable Items

The variable costs involved are for the flour, cheese, vegetables, etc. including the carry-out box; each pizza will cost us an average of \$2.85. Quality control is important, so each topping will be weighed to specified amounts. This will also help in cost control.

MARKETING AND SALES

In the pizza delivery business, aggressive marketing is the key. For the most part, having a pizza delivered to your home is an impulse purchase. So, a lot of reminders are needed to trigger the need for a hot pizza delivered whenever desired.

We will have a complete marketing package which will include extensive advertising, strong resort/condo relations, computerized sales and sponsorship of local sports teams and events.

Advertising

The advertising campaign will consist of a mass-mailing program and print ads.

The mass mailing will cover every box holder in Corpus Christi. There will be a flyer style menu with a circular, fridge magnet affixed to the bottom portion. The magnet will look like a pizza and will have our name and phone number printed on it. This will be the perfect constant reminder. The bottom half-inch of the flyer will always be blank. This will enable us to stamp a coupon with one of four different rubber stamps. Each stamp will have a special deal or price break written on it, saving on added printing expenses. There will be four mailings in the first year of operation: The first, in December, will announce our grand opening and the others will occur in January, July and August.

Corresponding with the mass-mailing dates, we will have an insert in the Corpus Christi Press, a local bi-weekly newspaper with a distribution of 13,000. The insert will be similar to that of the mailing but larger and without magnet. Also, on a weekly basis there will be three 3-inch print ads in the Corpus Christi Press and the Metro Texan, a free magazine dealing with local events and news. The Metro Texan is popular both with locals and tourists, and has a distribution from 18,000 to 30,000 (depending on the season).

Television ads have been considered but have yet to be proven effective in the area due to limited cable



subscribers.

Resort relations

Our collective background in the resort arena is going to be a big plus with Corpus Christi's large number of condo vacation rentals. Of course the competition puts out menus at the few well known, hotel-type establishments, but untapped are management companies and Realtors who deal in short term rentals. These people cater to a large chunk of the tourist trade of Corpus Christi. Our strategy is to develop a relationship with these businesses by offering an incentive program of free pizza and special, preferred rates. If we treat them right they will be more than happy to supply their clients with our menus and a positive recommendation. This will be an ongoing relationship that will not only increase tourism sales but boost our image within the community.

Local relations

This brings us to the sponsorship of local teams and events. Of course, the free publicity and local recognition factor goes without mentioning, but another benefit is a positive image within the community. If they know you ... like you ... they will buy from you. This is true for any small community and we plan to take full advantage.

Computerized sales

The computer is going to be one of our great marketing tools. To capture the office lunch crowd, we will take orders by fax. Also, we will advertise with the fax by hooking up a modem to the computer. Everyday at 11 a.m. the computer will fax the day's specials with an order form to be faxed back to us. We will also have a complete database of our customers. So complete, it will aid in creating charge accounts for local businesses and personalize our relations with our customers. When someone calls to order a pizza, and he has been a customer before, we will have all his information logged by his phone number. The customer's name, address, ordering history, preferred method of payment, etc. will instantly appear on the computer screen. Here is an example of how a typical order would be taken:

Us: Thanks for calling Coastal Pizza, may I have your phone number please?

Customer: 831-1234

Us : Thank you. (The number is entered and the customer's file appears.) Is this Mr. Smith?

Customer: Why yes.

Us: Would you like to order your usual large pepperoni & olive pizza and charge it to your Visa card?

Customer: Sure, why not.

Us: Thanks for your order Mr. Smith, we'll see you in a little while.

Also, the database will aid in forecasting, accounting and inventory.

Product features

Of the great selling points our product will have, hand-tossed dough and the secret sauce are going to be the biggest. The other top-selling points are the price, free delivery, available wheat dough and flavored crust.

Everyone agrees that the best pizza comes from out East: New York, Chicago, Boston. As of yet, there are not many great pizzas made in this area. Along with our desire to succeed, we are bringing tried- and-true recipes into this business-recipes that have launched some of the biggest pizzerias on the East Coast.

Price is going to surprise many. Our average large pizza will be priced between \$13 and \$14, delivered. The

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competition can not deliver a large pizza for less than \$17. Along with the great prices, there is the free delivery. Until every other deliverer follows suit, this will be a large selling point.

More and more, people today want to eat healthier. So, as an option, we will offer wheat dough at no additional charge. Along those same lines, there will be an added choice of five crust flavors. They will be called "crust toppings": garlic, butter, cheese, poppy and sesame seed. This will be a unique feature to Coastal Pizza, and again, offered at no extra charge.

As well as delivery, we will provide slices on premise in conjunction with bar sales. Our hours of operation will be between 11am until midnight (2am on weekends).

Sales results. Earlier in the plan, we mentioned the results of our market survey which were quite impressive. Although those numbers would be more than welcome, we do not foresee selling 4,000 pizzas in a month during our first year. To achieve a more realistic picture of sales, we based our numbers on the 2,963 permanent residential households in Corpus Christi. The following is a projection of pizza sales per household.

- 5 percent will order one pizza per week for a total of 7,704 pizzas per year
- 8 percent will order two pizzas per month for a total of 5,689 pizzas per year
- 15 percent will order one pizza per month for a total of 5,333 pizzas per year
- 9 percent will order six pizzas per year for a total of 1,600 pizzas per year
- 63 percent will order no pizzas

That comes out to 20,326 pizzas per year or 56 pizzas a day. The above numbers show that 56 pizzas sold per day will yield \$254,000 in gross sales. When weekends and tourism are added into the picture, these numbers will increase. For example, 56 pizzas a day equates to roughly five per hour of operation. Non-holiday weekends, between 7pm and 1am, we figure on 10 pizzas per hour. During the peak months, (January, February, July, and August) 100 pizzas per day will be a minimum. Then there are the "in-between" months (second half December, first half September and March) where tourism is either picking up or starting to slow down-90 pizzas per day should be the norm. These added pizza sales (8,760 pizzas) total \$109,000. Therefore, along with the previous sales estimate, we will have \$363,575 in gross sales. This is a moderate projection; those numbers could easily be doubled.

ORGANIZATION

The management will consist of three people:

Jon Anthony is currently the Resident Manager at Timberwoods Resort. He has extensive experience in computers such as creating database and reservation programs for resorts plus spreadsheets to track marketing and sales. He has a strong sales background which includes two years of door-to-door sales and three years as a life insurance representative, servicing 300 clients in Southwestern Texas. His marketing experience consists of budgeting, design and execution of numerous advertising campaigns for two resorts in the Jubilee area, as well as handling public relations and special events. He has participated fully in the preparation of this plan. Jon Anthony is 38 years old, has a degree in business and minored in computers at Texas A&M University.

Adam Smith is currently the front desk manager of Waterways Resort. His experience includes starting, from the ground up, an upscale deli at the Hilton in Corpus Christi. He supervised all aspects of floor design, purchasing, menu pricing, forecasting, hiring and scheduling of employees. He has a broad based management background that includes very large, four-star resorts to a smaller, hands-on resort. Adam is 32 and has a degree in business with emphasis in resort management from Ohio State University.

Brody Pierce is the assistant front desk manager at the Waterways Resort. He has worked with Adam for the last three years, beginning with the deli project at the Hilton in Corpus Christi. From the East Coast, he has experience in the pizza business which consisted of back-line operations such as dough and sauce prep, consistency control, and recipe creation. He has experience as revenue auditor for restaurant, casino and hotel operations. Brody is 29 and has a degree in business administration from Penn State University.



FINANCIALS

Breakeven analysis

Breakeven units (X)

Fixed costs (FC) \$101,228.00

Variable costs (VC) \$2.85 X

Breakeven sales (BES) \$12.50 X

BES FC VC

\$12.50 X \$101,228.00 \$2.85 X

\$12.50 X \$2.85 X \$101,228.00

\$9.65 X \$101,228.00

X 10,490 units per year, or 874 units per month, or 29 units per day (\$362.50 per day).

Fixed costs

Printing:

- Menus	
10,000 @ \$200.00	\$ 2,000.00
Typesetting	40.00
- Circular fridge magnets	
10,000 @ \$1,500.00	1,500.00
- Business cards	
1,000 @ \$35.00	105.00
- Rubber stamps	
\$14.00 each	56.00
- Letterhead & misc.	499.00
	\$ 4,200.00

Advertising:

- Mass mailing	
Bulk rate per year	75.00
Bulk rate one time fee	75.00
\$550.00 per mailing	2,200.00
- Bonanza Newspaper	
Preprinted inserts @ \$206.40	413.00
3" weekly ads @ \$31.38	1,508.00
- North Tahoe Weekly	
3" weekly ads @ \$31.38	1,508.00
- Tahoe Yellow Pages	
\$200.00 per month	2,400.00
	\$ 7,179.00



Rent and utilities:

- Rent	
\$900.00 per month	\$10,800.00
(water and garbage included)	
- Electric	
\$200.00 per month	2,400.00
- Gas	
\$300.00 per month	3,600.00
- Telephone	
Install @ \$82.00/line	246.00
\$54.00 per month	648.00
	\$17,694.00

Insurance and licenses:

- Fire & liability	
\$200.00/mo. for 1st 10 months	\$ 2,000.00
- Licenses & fees	
Health permit	175.00
Misc. fees	200.00
	\$ 2,375.00

Equipment:

- Mixer	\$ 3,500.00
- Oven	2,500.00
- Computer	1,500.00
- Equipment maintenance	670.00
- Hood/exhaust maintenance	330.00
- Food storage box	204.00
- Dough scrapper	38.40
- Bun pan rack	165.85
- Pizza keeper (3)	85.95
- Pizza knife (3)	107.10
- Pizza peel (3)	33.54
- Apron (24)	78.66
- Grease proof mat (5)	459.00
- Storage rack (2)	107.50
	\$ 9,780.00

Labor:

- Salaries for partners	
\$20,000 per year	\$60,000.00

Total projected fixed costs for first year: \$101,228.000

Variable costs



Produce and meats:

- Bell peppers	\$.90/lb
- Tomatoes	.80/lb
- Onions	.50/lb
- Garlic	3.20/lb
- Mushrooms	1.40/lb
- Olives	2.00/lb
- Anchovies	2.85/tin
- Jalapenos	1.47/lb
- Pineapple	2.39/can
- White flour	11.00/50lb bag
- Wheat flour	12.88/50lb bag
- Cheese	1.15/lb
- Pepperoni	3.18/lb
- Canadian bacon	3.36/lb
- Hamburger	1.39/lb
- Sausage	1.59/lb
- Salami	3.18/lb

Delivery containers

- Pizza boxes	
12" @ \$0.28 per box	\$28.00/case
14" @ \$0.37 per box	\$37.25/case
16" @ \$0.38 per box	\$37.65/case

Average cost per pizza:

- Dough	\$ 0.20
- Sauce	.50
- Toppings	.80
- Cheese	1.00
- Delivery box	.35
	\$ 2.85 per pizza

Projected income statement

Revenue

Food sales \$ 363,575

Operating expenses

Labor	\$ 60,000
Rent	10,800
Utilities	6,894
Insurance	2,000
Printing	4,200
Advertising	7,179



Lics & fees	375
Equipment	9,780
Direct materials	82,895
Total operating expenses	184,123
Income before taxes	\$ 179,452

Cash flow projection 1994–1997

	December	January	February	March	April	May
Beginning cash balance	\$ 40,000	\$ 25,298	\$ 53,536	\$ 75,569	\$ 89,852	\$ 97,095
Cash receipts:						
Cash sales for the month	7,875	37,500	37,500	30,000	21,000	18,000
Cummulative sales	\$ 7,875	\$ 45,375	\$ 82,875	\$ 112,875	\$ 133,875	\$ 151,875
Cash disbursments:						
Accounts payable	2,000	1,769	8,550	8,550	\$ 6,840	\$ 4,788
Rent	900	900	900	900	900	900
Utilities	746	554	554	554	554	554
Insurance	200	200	200	200	200	200
Printing	3,200	0	0	0	0	0
Advertising	1,376	813	263	263	263	263
Lics & fees	375	0	0	0	0	0
Equipment	8,780	0	0	0	0	0
Maintenance	0	0	0	250	0	0
Salaries	5,000	5,000	5,000	5,000	5,000	5,000
Total disbursed	\$ 22,577	\$ 9,263	\$ 15,467	\$ 15,717	\$ 13,757	\$ 11,705
Cash +/- from operations	(\$ 14,702)	\$ 28,238	\$ 22,033	\$ 14,283	\$ 7,243	\$ 6,295
Balance carried over	\$ 25,298	\$ 53,536	\$ 75,569	\$ 89,852	\$ 97,095	\$ 103,390

	June	July	August	September	October	November
Beginning cash balance	\$ 103,390	\$ 124,789	\$ 147,127	\$ 168,610	\$ 186,893	\$ 190,481
Cash receipts:						
Cash sales for the month	33,750	37,500	37,500	33,750	18,000	18,000
Cummulative sales	\$ 185,625	\$ 223,125	\$ 260,625	\$ 294,375	\$ 312,375	\$ 330,375
Cash disbursments:						
Accounts payable	4,104	7,695	8,550	8,550	7,695	4,104
Rent	900	900	900	900	900	900
Utilities	554	554	554	554	554	554
Insurance	200	200	200	0	0	0
Printing	1,000	0	0	0	0	0
Advertising	263	813	813	263	263	263
Lics & fees	0	0	0	0	0	0
Equipment	0	0	0	0	0	0



	June	July	August	September	October	November
Maintenance	330	0	0	200	0	0
Salaries	5,000	5,000	5,000	5,000	5,000	5,000
Total disbursed	\$ 12,351	\$ 15,162	\$ 16,017	\$ 15,467	\$ 14,412	\$ 10,821
Cash +/- from operations	\$ 21,399	\$ 22,338	\$ 21,483	\$ 18,283	\$ 3,588	\$ 7,179
Balance carried over	\$ 124,789	\$ 147,127	\$ 168,610	\$ 186,893	\$ 190,481	\$ 197,660

	December	1995	1996	1997
Beginning cash balance	\$ 197,660	\$ 219,619	\$ 460,040	\$ 871,040
Cash receipts:				
Cash sales for the month	33,200	N/A	N/A	N/A
Cummulative sales	\$ 363,575	\$ 436,290	\$ 800,000	\$ 1,300,000
Cash disbursments:				
Accounts payable	4,104	99,474	182,400	296,400
Rent	900	10,800	21,600	32,400
Utilities	554	8,094	16,000	24,000
Insurance	200	2,000	4,000	6,000
Printing	0	4,000	8,000	12,000
Advertising	263	8,000	16,000	24,000
Lics & fees	0	500	1,000	2,000
Equipment	0	2,000	18,000	20,000
Maintenance	220	1,000	2,000	3,000
Salaries	5,000	60,000	120,000	180,000
Total disbursed	\$ 11,241	\$ 195,868	\$ 389,000	\$ 599,800
Cash +/- from operations	\$ 21,959	\$ 240,422	\$ 411,000	\$ 700,200
Balance carried over	\$ 219,619	\$ 460,040	\$ 871,040	\$ 1,571,240