



Pizzeria

1.0 EXECUTIVE SUMMARY

1.1 COMPANY & INDUSTRY

Olympic Pizzeria will become Seaside's first, fast and free delivered pizza restaurant. The pizza restaurant industry in Seaside is minimal, with only one other pizza place. Olympic Pizzeria is conveniently located for both tourists and locals, and a complete restaurant with low lease terms has already been secured. The owners all bring business management background, as well as hospitality industry experience.

1.2 PRODUCTS & SERVICES

Olympic Pizzeria offers fast and free delivered pizza. The pizza, made with unique, East Coast based recipes and a secret sauce, include a vast array of topping selections, as well as healthy alternatives. The company also will offer mobile beach vending carts to allow tourists on the beach a quick and easy dining option without leaving the beach.

1.3 MARKET ANALYSIS

Seaside has approximately 6,000 full time residents, which more than doubles during the tourist season. Olympic Pizzeria targets both the local segment and the tourist segment. In addition, the healthy menu items provide an alternative dining option for many tourists. It has been estimated that at least 25% of households will order pizza for delivery at least once per month.

1.4 STRATEGY & IMPLEMENTATION

Olympic Pizzeria will implement an effective marketing and advertising campaign, consisting of direct mailings, community and event sponsorships, and coupons. Additionally, the company has formed partnerships with area resorts and hotels to inform guests about Olympic Pizzeria and its dining options. Sales are expected to double during the tourist season, at which time a complete staff consisting of cooks, drivers, and wait staff will be hired.

1.5 MANAGEMENT

Olympic Pizzeria has a strong management team consisting of its three owners. Each owner brings education in business management. Additionally, each owner has experience working in either the resort industry or the food industry. The management team has successfully started one other restaurant in nearby Portland.

1.6 FINANCIAL PLAN

Olympic Pizzeria has a strong financial plan with first year earnings exceeding \$30,000 and cash flow positive by month 5. It is expected that the company will have losses during the five months that tourism is slow, however during the busy months monthly profits will exceed \$10,000. Yearend cash balances will exceed \$30,000, and the bank loan will be paid off within two years.

1.7 FUNDS REQUIRED & USE

Olympic Pizzeria requires \$85,000 in capital to begin operations. The three owners have personally invested \$60,000 into the company. The remaining \$25,000 will come from a bank loan that has already been secured. Funds will be used for building renovations, marketing and advertising, and daily operations for the first five months until the company becomes cash flow positive.



2.0 COMPANY SUMMARY

2.1 COMPANY & INDUSTRY

Olympic Pizzeria will become Seaside's first chain of delivery oriented, family pizza restaurants. Although this is not a new concept, Seaside does not have a pizzeria that offers fast, free delivery along with a family dining atmosphere. Seaside is not only ready for a true pizza operation – it needs one, especially an operation that will focus on quality, price, and convenience.

2.2 LEGAL ENTITY & OWNERSHIP

Olympic Pizzeria is currently registered with the Secretary of State (Oregon) as a limited liability company under the name "Olympic Pizzeria LLC". The company is owned equally by its three managing partners.

2.3 HISTORY

Each of the founding partners brings different experience to the company. Having experience in the hospitality industry, management, and pizza making, the three partners have teamed up to create Olympic Pizzeria to fill the current need in the market.

2.4 FACILITIES & LOCATION

Olympic Pizzeria is located in a prime location in Seaside, Oregon, at the corner of Broadway and Highway 101. Not only does this appeal to all of the tourists, being centrally located on the main street in town, but also attracts travelers on the highway driving through.

At this location, an existing vacant restaurant has been secured. The building is fully built out to accommodate the needs of the pizzeria, including complete kitchen, dining, and office areas. 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.

2.5 KEY ASSETS

The most significant assets will be the kitchen equipment, including the oven, mixer and prep tables. As the reputation for our pizza grows, our most important assets will become our recipes and the Olympic Pizzeria brand.

3.0 PRODUCTS & SERVICES

3.1 PRODUCT DESCRIPTION

Olympic Pizzeria provides premium pizza with fast, free delivery to the Seaside area. Olympic Pizzeria specializes in making superior pizzas, with proven recipes that have successfully launched pizzerias in other parts of the country. The restaurant combines hand-tossed dough, along with a secret sauce, that entices customers to return. Menu items are priced marginally higher than pizzerias in other towns, as the primary customers are tourists, whom expect to spend more while on vacation. This allows for free delivery, as well as additional menu options, such as whole-wheat dough.

3.2 FEATURES & BENEFITS

Olympic Pizzeria offers a wide menu selection to appeal to many different customer preferences. As more people are beginning to eat healthy, whole wheat options are available for pizza crusts and breadsticks. Additionally, Olympic Pizzeria is the only restaurant that provides vegan options to customers. Multiple flavored crust options (cheese, garlic, etc.) along with an array of pizza toppings, also sets Olympic Pizzeria apart from the current competition. Finally, expanded operating hours and fast, free delivery, allow customers multiple dining options.

3.3 COMPETITION

Currently there is only one direct competitor, Southside Pizza, which is the only pizzeria that delivers in the Greater Seaside area. Typically their deliveries take an average of an hour per order and incur a \$2 surcharge.



Additionally, they only deliver between the limited hours of 5-8 pm. A three-topping delivered pizza will cost over \$17 and take an hour when ordered from Southside Pizza.

The indirect competition includes Bill's Diner and China Wok Buffet. Bill's Diner sells take-and-bake pizza at a very reasonable price; however they do not offer delivery. They also do not offer dough variations. China Wok Buffet does deliver for a \$4 surcharge; however they do not offer pizza in their menu.

3.4 COMPETITIVE EDGE/BARRIERS TO ENTRY

As there is limited competition, Olympic Pizzeria will have a first mover advantage in offering quality pizzas for fast, free delivery. Once established, it will be difficult for another pizzeria to enter the market, as Seaside is not large enough to support three pizza restaurants year-round. Additionally, Olympic Pizzeria has lower fixed costs through negotiations on a long term building lease. The pizzeria also offers a wider variety of menu items, including whole wheat crust options, which the competition does not offer.

3.5 DEVELOPMENT

Olympic Pizzeria plans to open another location near the waterfront, which will serve as a convenient place to eat while tourists are enjoying the beach. This location will act as a hub for several mobile carts strategically located along the beach, which will offer pizza by the slice and drinks to customers. As customer's preferences are further defined, menu items will be added to expand the target market. For example, a healthier alternative, such as wraps, will be added to the menu. Additional locations in other towns along the coastline may also be considered.

4.0 MARKET ANALYSIS SUMMARY

4.1 TARGET MARKET

Seaside, like several other small towns along the Oregon coast line, has a tourist based economy. There are two distinct market segments that Olympic Pizzeria will target: the tourists and the locals. The tourists mainly consist of vacationers with disposable income that are willing to spend more for a quality pizza. The locals consist of either upper-middle class retirees or lower-middle class middle-aged workers, both which enjoy quality pizza 1-2 times per month.

4.2 MARKET SIZE

The full-time permanent population of Seaside is slightly more than 6,000 people, growing at an annual rate of 6%. However, the population doubles during the prime summer and fall vacation months. It is estimated that 90% of the population eat pizza, with 40% eating pizza at least two times per month.

4.3 MARKET TRENDS

The target market is experiencing growth annually in both full-time population and tourist visits. Additionally, a new market segment has begun to appear with people beginning to look for healthier dining alternatives. Olympic Pizzeria's exclusive whole-wheat crust option targets this new market segment.

4.4 SWOT ANALYSIS

Strengths: fast, free delivery; unique recipes and secret sauce; first mover advantage; healthy menu options; low overhead and fixed expenses; prime location; management team

Weaknesses: higher variable costs for ingredients due to better quality; competing pizzeria already operating; three person management team

Opportunities: tourists allow higher margins; mobile beach carts for additional delivery method; capture local delivery market with faster and cheaper delivery

Threats: new pizzeria entering market; existing competition offering fast, free delivery



5.0 STRATEGY & IMPLEMENTATION

5.1 PHILOSOPHY

Olympic Pizzeria will be the premier pizza restaurant in the Seaside area, offering unique, healthy menu options and fast, free delivery.

5.2 PRODUCT DEVELOPMENT

Development of the facility will be minimal, with minor modifications and the addition of pizza ovens being the only major renovation. Proven recipes have already been secured. Delivery drivers will be outfitted with GPS units to aid in fast, efficient delivery. Development of the mobile beach vending carts will be finalized once the main restaurant has been operational for at least six months.

5.3 INTERNET STRATEGY

Although the internet may not play a vital part to the marketing of Olympic Pizzeria, a website will be designed and maintained to promote the company. Along with advertising specials, customers will be able to look through the complete menu, and place orders for takeout or delivery online.

5.4 MARKETING STRATEGY

In the pizza delivery business, aggressive marketing is the key. Typically, having a pizza delivered to your home is an impulse purchase. This requires a strong advertising campaign including direct mailers and coupons placed in newspapers. Additionally, Olympic Pizzeria will develop strategic marketing campaigns to target guests of area resorts and hotels. Sponsorship of local sports teams and events will also be used to broaden reach.

5.5 SALES STRATEGY

Given the target market of tourists, Olympic Pizzeria can charge a premium for its menu items. As dining is often an impulse purchase, it is difficult to estimate sales forecasts, however it is expected that during the tourist season, sales will increase significantly. We have estimated that of the 3,000 full time households, 25% will make at least one order per month, which equals 25 pizzas per day. During the tourist season we expect at least 50 orders per day. This equates to 14,250 pizzas per year, and gross revenues of \$285,000.

5.6 STRATEGIC ALLIANCES

Olympic Pizzeria has formed alliances with area resorts and hotels to allow marketing and advertising of our menu to guests and tourists. Additionally, the restaurant has been given permission to place mobile vending carts on the beach, in exchange for sponsorships of local community events. Partnerships with fresh ingredient suppliers are also being negotiated.

5.7 OPERATIONS

Operations will be managed by the three managing partners. This will include all marketing activities, financial and accounting activities, and operational activities. The restaurant will employ a small staff of waiters, cooks, and delivery drivers. Staff will be trained by the management team to ensure quality and consistency of food preparation.

5.8 GOALS

- Be the premier pizza delivery restaurant with quality menu items
- First year revenues of \$250,000
- Expansion to second location and beach mobile vending carts within 12 months
- Have a strong community involvement
- Open additional locations in other neighboring coastal towns



5.9 EXIT STRATEGY

It is anticipated that within 10 years, there will be 10 Olympic Pizzeria locations in operation. At this time, company valuation is expected to be around \$5 million, which will allow an adequate-sized venture to become interested in acquiring the company.

6.0 MANAGEMENT SUMMARY

6.1 ORGANIZATIONAL CHART

The company will follow a typical hierarchical structure with the management team discussed below as the co-owners., who will be responsible for all operations and management duties early on. Additional staff will be needed for pizza preparation, delivery, and wait staff. Once the company has expanded operations, a general manager will be hired to take the duties of the owners.

6.2 MANAGEMENT TEAM

The initial management team will consist of the following three owners:

Sean Smith is currently the Resident Manager at Oceanside Resort. He has extensive experience resorts operations and management, as well as computer database administration. He also is experienced with resort marketing. His background will aid in resort relations, as well as handling public relations and special events. He has a degree in business from Oregon State University.

Aaron Lambert is currently the front desk manager of Pacificview Resort. He has experience in starting and operating an upscale deli at the Hilton in Portland. He has a broad based management background that includes very large, four-star resorts to a smaller, hands-on resort. Aaron has a degree in business with emphasis in resort management from Azusa State University.

David Crawford is the assistant front desk manager at the Pacificview Resort. He has worked with Aaron for the last three years, beginning with the deli project at the Hilton. David comes from the East Coast, where he has experience in the pizza business. He has background with backline operations such as dough and sauce prep, consistency control, and recipe creation. He has experience as revenue auditor for restaurant, casino and hotel operations. David has a degree in business administration from the University of Ohio.

6.3 PERSONNEL NEEDS

It is estimated that a staff of 10 will be needed to maintain operations. As this industry does not require special training and turnover is typically high, staff wages can be relatively low. Most of the staff will maintain part time hours, as many will be high school students and retirees. This will eliminate the need for expensive benefits and other requirements.

6.4 BOARD MEMBERS & ADVISORS

Olympic Pizzeria's advisory team consists of a certified public accountant, who takes care of all tax accounting requirements, as well as a corporate attorney that is held on retainer in case any legal needs arise.

7.0 FINANCIAL PLAN

7.1 REQUIREMENTS

Olympic Pizzeria has secured a funding in the form of a bank loan for the amount of \$25,000. This is personally guaranteed by each of the owners. Additionally, the owners have invested a total of \$60,000 into the company. Investment contributions were made equally by each of the three partners.

7.2 USE OF FUNDS

Funds will be used primarily for renovation and upgrades to the kitchen (\$55,000), including new pizza ovens, kitchen equipment, and dining room décor. Additionally, advertising expenses and marketing collateral, as well



as initial inventory, insurance, rent, and utilities, will all need to be purchased in the first month of operations. Remaining funds will be used as operating capital.

7.3 INCOME STATEMENT PROJECTIONS

It is projected that first year revenue will exceed \$285,000, with the sale of nearly 15,000 pizzas. Monthly revenues are expected to vary between \$15,000-\$30,000, depending upon tourist seasons. Fixed expenses are projected to be around \$15,000 monthly, which includes wages, marketing and advertising, insurance, rent, and utilities. Variable costs are estimated to be \$3 per pizza. Net losses are anticipated during the non-tourist months, however during tourist seasons the monthly profits are expected to exceed \$10,000. First year earnings are estimated to be \$37,000, with second and third year earnings projections of \$45,000 and \$52,000.

7.4 BREAK-EVEN ANALYSIS

The break even analysis works out to 901 pizzas per month or \$18,020 in sales.

7.5 PROJECTED CASH FLOW

The company is expected to be cash flow positive by the fifth month of operations. The initial owners' investment of \$10,000, along with the bank financing of \$25,000 ensures that free cash never drops below \$2,000, with most months exceeding \$5,000. By the end of Year 1, the bank account balance is expected to exceed \$35,000, which will allow expansion of the company operations.

7.6 BALANCE SHEET

Olympic Pizzeria's balance sheet will show \$85,000 in assets, attributed mainly to equipment, leasehold improvements and cash. Liabilities will be only \$25,000 upon launch and zero within two years. Equity will continue to increase as retained earnings stay positive and debt is paid down.

7.7 IMPORTANT ASSUMPTIONS

- Variable costs (including ingredients, packaging, and delivery) remain at \$3
- Tourist months stay strong April-October
- The tourist economy continues to grow over the next 5 years