Lenny Bruce's bar

1528 Dundas St. W – Toronto, Canada - 2025 Business Plan

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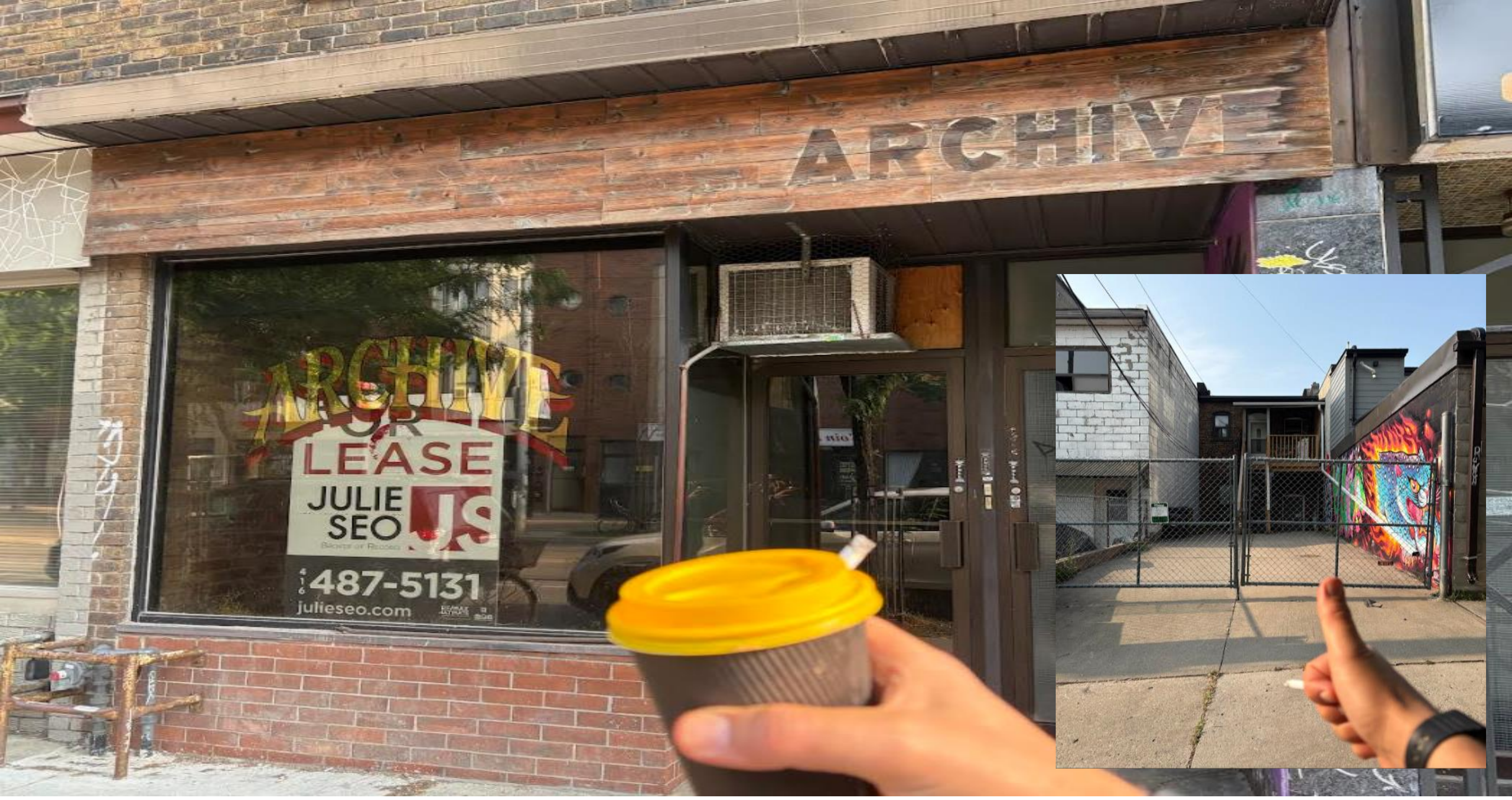


Executive Summary

[redacted] (the coolest secret that was a 1-bed apartment converted into a bar), has devised a proven and exceptionally profitable dive-bar business model that is easily replicable in any urban market.

The model relies on:

- Low rent
- Low prices
- Low overhead (cheap furnishings that are inexpensive to repair/replace)
- No kitchen (massive overhead and staff savings)
- Limited product offering (keeps inventory costs low and increases the speed of service)
- Hotel-grade hospitality

The model delivers:

- Profitability and efficiency that conventional food and beverage operations cannot emulate or compete with.

[redacted] There is an opportunity to capitalize on this model in Toronto's West Side – Little Portugal, <u>with a back lot convertible into a patio capable of accommodating forty (40) patrons</u> – or an additional 400sqft seating area.

Business Model Appeal

Cheap drinks are always a **draw** and have high profit margins.

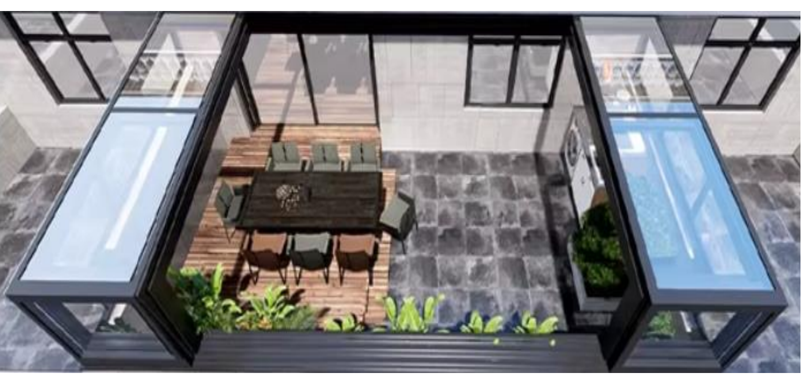
Cheap drinks served by an engaged owner genuinely trying to add value to an evening and the thing called life, is a draw that gets **promoted** by word of mouth.

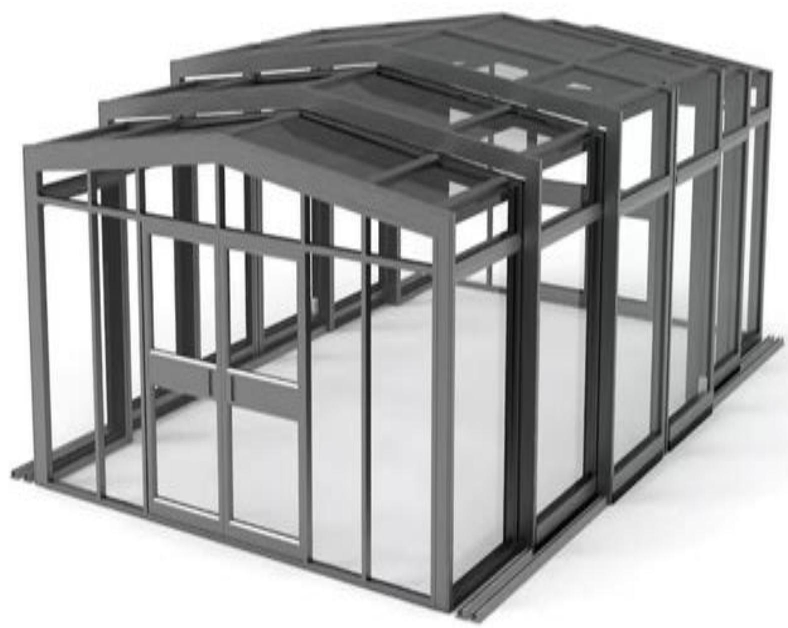
Cheap drinks served with ***rock music*** played at a volume where people can still converse is an environment people want to **return** to.

Given the inflationary and economic pressures currently in place across Canada, venues serving cheap drinks over the next 5-year period will retain and/or establish the loyal customer bases required to ensure consistent **profitability**.

Canadians are experiencing extreme inflation and love patios. A dive-bar with cheap drinks and outdoor space has a high likelihood of gaining popularity and **consistent business**.

A patio that could be shielded from the elements could provide **year-round additional capacity**.





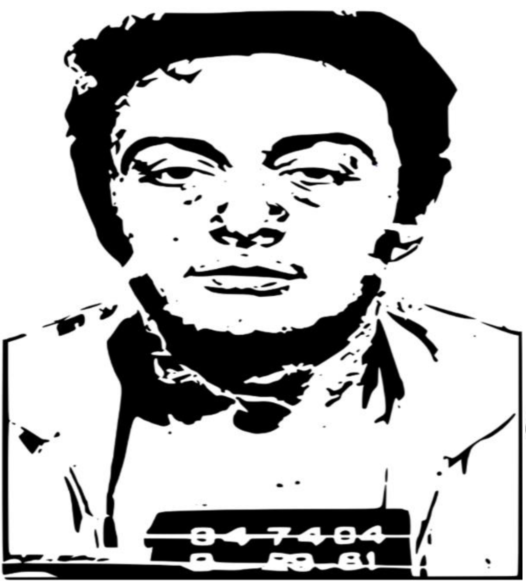
A custom retractable sunroom, as seen in illustrations, is not feasible within the first year of operation, but could be financed by year two (2) of operation. An initial patio will be promoted and operational by Spring of 2026.

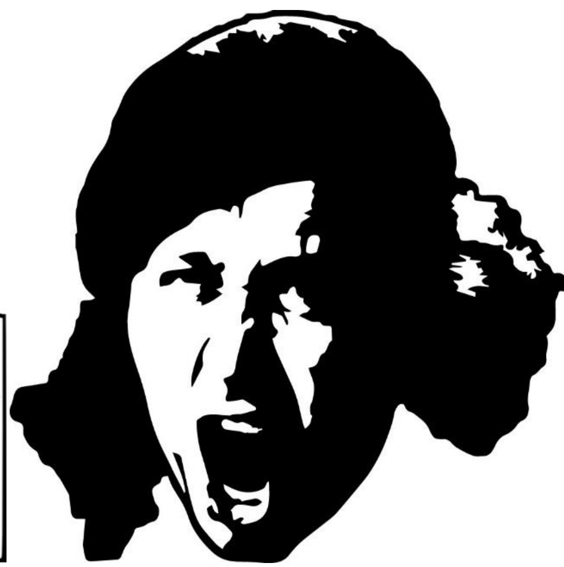
What's with The Dead Comedians?

The intent of naming bars after comedians is to help foster an environment reflective of the artists who prized free expression and free association with anyone and everyone – in good humor.

Lenny Bruce single handedly broke down illogical legal barriers which held back core tenants of individuality and humanity; the right to express oneself while not, i) inciting violence or issuing threats, or ii) causing harm to property or others.

A business named after notable public figures also serves as a helpful associative marketing tactic, especially in the age of a public overly reliant on google for suggestions and recommendations.





To send things over the top, particularly from a marketing perspective, the back patio will be called Sam Kinison's. Sam Kinison is still, and always will be, regarded as the funniest thing to have ever held a microphone; his work would have been impossible without the struggle of Lenny Bruce before him.

Revenue Projection Based on Overtly Conservative/Precautionary Estimates

Sam Adams Boston Lager 355ml can

$48.50 for 24 = $2.02 per = $1.97 after deposit.

Cost @ $4.00 = $1.97 + $00.52 (HST) = $2.49

Profit @ $4.00 - $2.49 = $1.73 profit.

Cost @ $5.00 = $1.97 + $00.65 (HST) = $2.49

Profit @ $5.00 - $2.49 = **$2.51**

Total case profit = **$60.24**

Guinness 500ml can

$69.95 for 24 = $2.91 = $2.86 after deposit.

Cost @ $6.00 = $2.91 + $00.78 (HST) = $3.70

Profit @ $6.00 - $3.70 = **$2.30** profit.

Total case profit = **$55.20**

Wayne Gretzky Lager 30L Kegs

$154.95 for 30L (Price includes $50.00 revolving keg deposit).

AFTER 1-time $50 revolving keg deposit = **$104.95** for 30L

30L keg = 1014 ounces. Factoring in spillage, a 30L keg can reliably pour 900 ounces or 60, <u>15 ounce pints</u>.

∴ Cost of pint = $104.95 ÷ 60 = **$1.75** per pint

Cost @ $6.00 = $1.75 + $00.78 (HST) = $2.53

Profit @ = $6.00 - $2.53 = **$3.47** profit.

Total Keg Profit = 60 x $3.47 = **$208.20**

Selling only one draft in volume will likely see the bar become the Great One's top selling licensee; an outcome that will lead to discounts and cool marketing/swag offerings for customers.

<u>ATM</u>: The bar is CA$H only with an ATM on site charging a $4.00 fee, of which $2.00 is profit. 240 transactions per month = 240 x $2 = **$480.00** (This money is not counted as profit and is saved for maintenance and/or bar improvements).

Yup Lite Lager 355ml can

$42.94 for 24 = $1.79 = $1.75 after deposit.

Cost @ $4.00 = $1.75 + $00.52 (HST) = $2.27

Profit @ $4.00 - $2.27 = $1.73 profit.

Cost @ $5.00 = $1.75 + $00.65 (HST) = $2.40

Profit @ $5.00 - $2.40 = **$2.60** profit.

Total case profit = **$62.40**

Bar rail 1 ounce

Cost @ $4.00 = $1.50 + $00.52 (HST) = $2.02 per drink.

Profit @ $4.00 - $2.02 = **$1.98** profit.

Figures include the cost of cups, straws and limes. $4.00 rails attracts broads (who generally hate the farting that beer induces) and always encourage a party. Doubles will be $7.00.

<u>Bar Drink Profit Projection</u>

Sunday-Wednesday nights can safely be projected sell 2 cases of beer and 25 mixed drinks per night. $55.20 x 2 = $110.40 + 25 x $1.98 = $49.50 = $110.40 + $49.50 = <u>$159.90</u> x 4 nights = $639.60 per week or **$2,558.40 per month.**

Thursday nights can safely be projected to sell 8 cases of beer and 60 mixed drinks. 55.20 x 8 = $441.60 + 60 x $1.98 = $118.80 = $441.60 + $118.80 = <u>$560.40</u> x 4 nights per month = **$2,241.60 per month**.

Friday and Saturday nights can safely be projected to sell 10 cases of beer, 2 mini-kegs and 100 mixed drinks per night. 10 x $55.20 = $552.00 + $208.20 x 2 = $416.40 + 100 x $1.98 = $198.00 = $552.00 + $208.20 + $198.00 = <u>$1,166.40</u> x 8 nights per month = **$9,331.20 per month**.

Projected Monthly Revenue = **$14,131.20**

<u>Events & Location Usage</u>: Online Birthday & Corporate Party Bookings = $500.00 + drinks.

<u>Monthly Expenses</u>: Rent/TMI $2,500.00 Insurance: $320.00 - Supplies: $1,200.00 – Staff and Security including Payroll Tax: $3,200.00. Accountant: $700.00 – Utilities: $800.00 – Bi-Weekly Vehicle Rental: $200.00 = **$8,920.00**

<u>Net Monthly Income</u>: $14,131.20 - $8,920.00 = **$5,211.2** <u>Annual Net Operating Income</u>: **$62,534.4**

Revenue Projection Based on More Probable Estimates Including Patio

Bar Hours 6PM-2AM or 8 hours of operation. Bar Capacity: 75 + 40 on Patio

People in a party atmosphere and bar marketed as a cheap and cheerful dive order an average of 2 drinks per hour. The average profit for 2 drinks is a combined $4.50. This does not include tips that the owner operator who works 5 nights alone earns as personal income; **income which is claimed and can be used to service debt**.

5 customers = 10 drinks per hour = $22.50
10 customers = 20 drinks per hour = $45.00
20 customers = 40 drinks per hour = $90.00
30 customers = 60 drinks per hour = $135.00
40 customers = 80 drinks per hour = $180.00
50 customers = 100 drinks per hour = $225.00
60 customers = 120 drinks per hour = $270.00
70 customers = 140 drinks per hour = $315.00
75 customers = 150 drinks per hour = $337.50

A bar with a layout that makes it always look inviting (not dead) while having very cheap prices is viewed as one to "warm-up" at, seek out as a destination or "close" an evening. Properly run and marketed, it can be expected that the bar will have **10-20** customers per hour between 10PM-2AM on Sundays-Wednesdays, **30-50** customers per hour between 10PM-2AM on Thursdays and **60 +** customers between 9PM-2AM on Friday-Saturdays.

∴The projection of earning $159.90 every Sunday-Wednesday of operation has a high likelihood of occurrence.
∴The projection of earning $560.40 every Thursday of operation has a high likelihood of occurrence.
∴The projection of earning $1,166.40 every Friday-Saturday of operation has a high likelihood of occurrence.

Patio Capacity 40

40 average occupants per Sunday-Thursday of good weather = 200 customers. (40 x 5 = 200)

80 average customers per Friday and Saturday of good weather = 160 customers. (80 x 2 = 160)

Total customers per week of good weather = 360 customers. (200 + 160 = 360)

360 customers x 2 Wayne Gretzky Lager Pints ($3.47 in profit x 2 = $6.94) = $2,498.40. (360 x $6.94 = $2,498.40)

Each week of good weather on the patio can readily be counted on to generate $2,498.40 in profit. The reality is most people will drink at least three pints as a single $20.00 can purchase them.

As there are roughly 60 days of patio weather in Toronto there are **8.5 weeks for patio profit**.

$2,498.40 x 8.5 = **$21,236.40**

This patio takes the bar's Projected Annual Net Operating Income to **$83,770.80**

This figure **does not consider** the **claimable owner income** earned from **gratuities**.

Understanding Pricing = Understanding Success

Most bars strategize pricing on what customers are willing to pay.

Lenny Bruce's Bar pricing is predicated on what customers would go out of their way, and stay, to pay.

The result of cheap drinks served with hospitality over rock music played at a decibel conducive to conversation - is the creation of a warm environment where people don't think about ordering another round because a $20.00 bill actually does something.

$3.99 mixed drinks keep women happy, while $4.99 cans of beer or $5.99 pints help men calculate they can get a strong buzz for no more than hour's wage. $2.99 shots instigate and sustain a party environment.

Opening a patio would tempt some business owners to raise prices, failing to understand that increased prices lead to reduced traffic and the reputation of an establishment being relegated into the commonplace mainstream of the unremarkable.

As it stands, **no bar in Toronto offers a line-up of** <u>$2.99 shots</u>, <u>$3.99 drinks</u>, <u>$4.99 beers</u> **and** <u>$5.99 pints</u>. Best of all, the prices include tax. These <u>deals draw and maintain crowds</u>.

Understanding Below Market Rent = Understanding Success

Below market rent has been negotiated for the first (1st) year of operation at $2,500.00 inclusive of TMI. The landlord would like $4,300.00 after year one (1), but this figure will be negotiated to $4,000.00 inclusive of TMI with a 5% annual increase. **This business can be run for the cost of a 1-bedroom apartment in year 1 and well appointed 2-bed rental in year 2 and onwards**. The opportunity to start a bar for $2,500.00 inclusive of TMI in year one (1) can be reasonably stated to be a steal. Most importantly, it sets the stage to <u>expeditiously repatriate capital investment</u>.

A successful patio, which can accommodate people in winter months, will more than compensate for the rent increase. <u>The bar's capacity will be 75 and will increase to 110 with an open patio</u>.

The <u>rent rising</u> to $4,000 inclusive of TMI in year 2 (or $43 per foot) with a 5% annual increase is <u>still at the bottom of retail market value</u>. The rent on [redacted] was $1,830.00 inclusive of TMI in its first year of operation in 2014. Adjusted for inflation, the proposed location for Lenny Bruce's Bar is 250 square feet larger <u>+ a 400 sqft patio area</u> for just $100.00 more in year 1 and only $1,600 more in year 2 onwards.

A "basket" of goods and services

...that cost:	$	1,830.00	in	2014
...would cost:	$	2,398.78	in	2025

Startup Costs Inclusive of Tax & Rounded ^

HARD COSTS

Municipal Business License: $600.00

AGCO Application: $1,700.00

Insurance, Accountant and Legal/Incorporation: $1,500.00

RENT: $2,500.00 per month x 2 = $5,000.00

(Rent has been negotiated to not commence until after one (1) month of full operation). 5-year lease. The 60-90 day waiting period to improve the space and wait for AGCO licensing will be rent free. 12 months of rent @ $2,500.00 will commence 30 days after the 1st day of business. This amounts to up to 4 months of free occupancy.

Total Hard Costs = $8,800.00

SOFT COSTS

Signage: $5,000.00

Interior modification/carpentry/electric/plumbing and furniture build: $20,000.00

Simplified Sound System, POS System, TV, and DVD player: $2,500.00

Well, Ice Machine, Fridge & Beer Keg Fridge: $10,000.00

Mirrors, rugs, paint, lighting, ceiling and wall décor, bar build: $8,000.00

Opening Stock, Supplies and Float: $5,000.00

ATM's: Free

Total Soft Costs = $50,500.00

TOTAL Cost from incorporation to opening night = $8,800.00 + $50,500.00 =$59,300.00

Total Startup Cost **= $59,300.00**

Launch Marketing

Contacts at BlogTO and Toronto Life Magazine that were forged through [redacted] will be engaged to help launch and promote Lenny Bruce's Bar.

[redacted]

Launch Marketing CONT'D

[redacted]

Mic'd Up

Ever watched or heard professional althletes being voice recorded as they play? Apply the same concept to two bartenders on a Saturday night and you get Lenny Bruce's Bar **Mic'd Up**.