

BUSINESS PLAN

Palace City Pizza

DATE PREPARED
12/12/2023

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EXECUTIVE SUMMARY

We are looking for an investment to introduce a wood-fired pizza restaurant in the City of Mitchell, South Dakota. Our vision is to provide a desirable family dining experience with pizza and traditional Italian meal options made fresh in a Wood-Fire oven and excellent customer service. We are seeking a 2-million-dollar investment that will be utilized to complete a restaurant build-out, startup costs, and initial operating expenses and provide a cushion for working capital for approximately 18-24 months.

Key features that we are offering that are unique to this location are:

- Wood-fired pizzas and Italian meals: Mitchell has no competing entities within a 30-mile surrounding area radius.
- Inviting and comfortable ambiance catered to the different demographics within Mitchell, including Families, Students, Travelers, and more.

We estimate that we should begin to show a return on investment after the initial 2-year period.

COMPANY OVERVIEW

Palace City Pizza's mission is to provide the community of Mitchell with a unique dining experience that offers wood-fired pizza and a selection of traditional Italian meals in a city that needs fresh dining options. We plan to provide an indoor and outdoor dining experience with our patio, which will be furnished with fire pits and gas flame heaters. Palace City Pizza will also include a full bar and televisions for entertainment, allowing us to gain market share with the crowds that usually go to other local sports bars, including Blarney's, Thirsty's, or Scoreboard. We will be a family-friendly restaurant with plenty of seating to accommodate families and large groups.

Our authentic wood-fired pizza ovens can make 7-10-inch pizzas per hour. This will allow our staff to keep up with busy dinner rushes. With a focus on community, as we attempt to create a loyal customer base, we plan to show as many local team games as possible; this will help attract students as they can watch their friends compete while enjoying great pizza and drinks.

PROBLEMS & SOLUTION

THE PROBLEMS

A problem needs to be fixed and overlooked, especially in a business, for it to run smoothly. A business's Specific challenges can vary widely based on industry, size, location, and other factors.

Some weaknesses and threats I noticed in our SWOT analysis were food costs, competition, seasonal variations, staff turnover, and pricing pressure for weaknesses. Then threats include an economic downturn, health regulations, negative reviews, changing tastes & trends, and supply chain disruptions.

Weaknesses:

Food costs: Imported Italian ingredients can be expensive, impacting profit margins.

Competition: Facing competition from other Italian restaurants or other types of cuisine.

Seasonal variations: Fluctuations in customer traffic due to seasonality or weather conditions.

Staff Turnover: High turnover in the restaurant industry can lead to training and consistency challenges.

Pricing Pressure: Balancing the need to charge reasonable prices with the cost of authentic ingredients.

Threats:

Economic downturn: Reduced consumer spending during financial crises.

Health Regulations: Compliance with health and safety regulations can impact operations.

Negative Reviews: Online reviews and word-of-mouth can significantly affect the restaurant's reputation.

Changing Tastes/Trends: Shifting consumer preferences for diverse cuisine or dietary restrictions.

Supply Chain Disruptions: Disruptions in the supply chain for Italian ingredients due to numerous factors.

OUR SOLUTIONS

These problems have solutions, but we will not know if they are effective until they are implemented. The answers can help restaurants thrive in a competitive industry by addressing essential operation and customer satisfaction areas. However, it's necessary to tailor these strategies to the specific needs and goals of the restaurant.

Solutions for Weaknesses:

Food costs: This issue can be fixed by going through local farmers and local groceries but using suppliers for bulk items.

Competition: We would need to stand out from the competition, and we will do this by offering wood-fired pizzas and custom pasta dishes.

Seasonal variations: We can overcome this by offering discounts and deals to continue the foot traffic through the winter low time.

Staff Turnover: Overstaffing can be a weakness, but I believe we will not experience staff turnover as much by partnering with the MTC culinary program.

Pricing Pressure: I believe this price pressure weakness will not be a problem unless another COVID hits; if so, we will focus on delivery options.

Solutions for Threats:

Economic downturn: With the economic recession, we will focus on discounts, lower prices, and focus more on delivery options.

Health Regulations: We will partner with state regulations to understand their standards and meet their needs.

Negative Reviews: The focus will be on customer service. If an order is messed up or an extended wait time, we'll hand out discounts to try and fix the problem.

Changing Tastes & Trends: Understanding what is popular or trending will help our business thrive with more foot traffic. We must understand what is trending and how we can implement it.

Supply Chain Disruptions: If there's a supply chain disruption, we'll need a plan of action ready, such as going to Sioux Falls for items or supporting our local groceries until the issue is fixed.

Food Waste: Palace City Pizza plans to offer pizza by the slice. This will help draw the college crowd in, who may have more budgetary constraints. However, it is vital to learn when the college crowd typically arrives so that Palace City Pizza does not have to throw out excessive amounts of old Pizza.

TARGET MARKET

MARKET SIZE & SEGMENTS

Our target market is meant to include the entire Mitchell Area Community, its student population, and interstate travelers. With our location close to Dakota Wesleyan University, we look to get the students involved, whether dining in or having a job within the restaurant. During long family road trips, we hope families look to get a break and a bite to eat and visit Palace City Pizza. Our primary target market is the citizens of Mitchell, as they will now have an Italian restaurant and an absolute advantage within the community with wood-fired pizza.

COMPETITION

CURRENT ALTERNATIVES TARGET BUYERS ARE USING

The current competitors for our organization are the following organizations in order of competitive advantages, however, they do not offer the same unique experience and dining options that we are proposing, and the nearest comparable competitor is located seventy-five miles away in Sioux Falls, SD.

- Pizza Ranch Restaurant is located just 1 City Block North of Interstate 90 and offers a family dining experience, an arcade, and community rooms.
- Ruby Tuesdays Restaurant is located 1 City Block South of Interstate 90 near the top hotels and offers a family-dining restaurant with American cuisine and a full bar.
- Blarneys a Sports Bar located 1 City Block South of Interstate 90 near the top hotels and offers a family-dining experience, with American cuisine and a full bar, a limited selection of arcade games, and community rooms.
- Marco's Pizza is located approximately 1 mile Northwest off Interstate 90 and offers an in-store family dining option.
- God Father's Pizza, a smaller dine-in option located 1 Block South of Interstate 90 and attached to a Gas/Fuel station for quick and convenient access that is primarily known for its takeout option.

OUR COMPETITIVE ADVANTAGES

We will be located 5 City Blocks Northwest of Interstate 90 (exit 332) and approximately ½ a mile Northeast of Interstate 90 from the other City of Mitchell interstate access point (exit 330). We are conveniently located near the University campus and several hotels. Our plan is to provide access to patio seating in the warmer seasons, allowing our guests the enjoyment of an open-air experience. We will have a full bar and occasional Live Music on Weekends to provide one-of-a-kind entertainment.

For the family looking for a place to take their children comfortably, there will be a kid zone where kids can play and color, giving parents peace of mind. Daily we will provide Pizza-by-the-Slice options that will assist in regulating the time that customers are dining, alleviating the wait staff service commitment, and not sacrificing quality and costs.

PRODUCT OR SERVICE OFFERINGS

PRODUCT OR SERVICE

Palace City Pizza will be offering a wood-fired pizza alongside traditional Italian cuisine. The pizza will be available by the slice, or in a small size at 12 inches, a medium at 14 inches, or a large at 16 inches. The option to choose a particular pizza will also come with the option to craft our own specialty customized pizzas. The Italian cuisine will be essential upon our first opening but significantly expand as we develop as a business. Eventually, the restaurant plans to offer build-your-own pasta with various noodles, sauces, meats, and cheese choices. Offering carry-out is a must for the company in order to keep up with serving customers if the wait time becomes too long or the customers are unable to sit down inside the restaurant. Operating with DoorDash to deliver food when our customers are unable to come into the restaurant will be a supplementary service Palace City Pizza will offer.

MARKETING

MARKETING PLAN

Short-Term Objective

- Build brand recognition by utilizing local advertising channels including social media, newspapers, local billboards, and distribution to residences, and local hotels.

Long-Term Objective

- Become a preferred dining establishment in Mitchell, SD by providing a great dining experience and excellent customer service.
- Obtain market share in communities surrounding Mitchell, SD
- Utilize social media platforms and websites that encourage customer engagement and reward promotions.

Product Strategy

- Offer menu options that satisfy the community's desire for something new and fresh by including Pizza, Salads, and Traditional Italian
- Utilize high-quality ingredients.

Grand Opening

- Plan a grand opening event to attract locals.
- Offer promotional items like hors d oeuvres to encourage alternative menu selections.

TIMELINE & METRICS

TIMELINE

ACTIVITY	COMPLETION DATE
Restaurant Build-Out	8/31/2024
Hiring and Training	9/15/2024
Grand Opening	10/1/2024
Anniversary	10/1/2025

MILESTONES

MILESTONE	COMPLETION DATE
Menu Development	7/1/2024
Grand Opening	10/1/2024
Online Presence	11/1/2024
Expansion	TBD

KEY PERFORMANCE METRICS

ACTIVITY	KEY METRIC
Sales and Growth	Revenues
Customer Satisfaction Ratings	Surveys
Customer Retention	Revenues
Expansion Options	Revenues and Investors options

FINANCING

SOURCES & USE OF FUNDING

We ask for a \$2,000,000 loan to help us get off the ground and open our doors. Funds will be used to build a restaurant facility and to provide operating capital for approximately 18-24 months. Preliminary build-out costs can be found below and are estimated at \$420,000.

Another portion of the two million dollars will pay for our kitchen and décor. To create our wood-fired pizza, we need an elite-level wood-fired oven, which is estimated to cost \$10,000. We are hoping that the investment in the wood-fired oven will pay off in sales. We also have \$13,000 set aside to create a one-of-a-kind dining experience. This is something we can easily adjust overtime by adding more décor or seating options based on the interests and feedback of our customers.

We hope to obtain \$800,000 in food sales and \$250,000 in liquor and wine sales. Our general manager, head cook, and lead bartender will work hand in hand to determine what menu options need to be purchased to maintain maximum efficiency for our customers.

Building and Materials			
Item	Quantity	Cost	Totals
Building			
Framing		\$ 150,000.00	
Siding		\$ 20,000.00	
Drywall		\$ 6,500.00	
Insulation		\$ 6,500.00	
HVAC		\$ 12,500.00	
Roofing		\$ 22,000.00	
20 Ft Bay windows	2	\$ 4,600.00	
Paint		\$ 16,654.00	
Lighting		\$ 5,000.00	
Electrical		\$ 19,000.00	
Gas		\$ 1,921.00	
Plumbing		\$ 15,000.00	
Polished Cement Flooring		\$ 21,400.00	\$301,075.00
Kitchen			
Wood Fire Oven		\$ 9,950.00	
Kitchen Storage		\$ 600.00	
Kitchen Sink		\$ 550.00	
Dishwasher		\$ 3,549.00	
Fridge	2	\$ 6,600.00	
Freezer		\$ 3,939.00	
Conventional Oven		\$ 4,795.00	
Fountain Pop Machine		\$ 9,900.00	
Fryer		\$ 5,032.00	
Doors to Kitchen	2	\$ 740.00	\$ 45,655.00
Dining			
8 Person Table	3	\$ 3,600.00	
2x2 Tables	8	\$ 1,200.00	
Chairs	48	\$ 1,920.00	
Barstools	20	\$ 2,000.00	
TV's	10	\$ 3,500.00	
Decor		\$ 1,000.00	
Pinic Tables	6	\$ 396.00	\$ 13,616.00
Bathroom			
Toilets	4	\$ 1,000.00	
Double sink	2	\$ 2,000.00	
Bathroom Doors	2	\$ 740.00	
Stalls	4	\$ 836.00	
Hand Dryer	2	\$ 499.00	
Mirror	2	\$ 200.00	
Soap Dispenser	2	\$ 50.00	\$ 5,325.00
Other			
Shelves, Storage, Dishware		\$ 10,000.00	
Double wide entrance doors		\$ 1,200.00	
Credit card machine		\$ 500.00	
Accounting System		\$ 1,000.00	
Cleaning Supplies		\$ 500.00	
Extra Unexpected		\$ 25,000.00	
Signs		\$ 848.00	
Billboard(1yr)		\$ 11,000.00	
Fire System		\$ 410.00	
Sound Sytem		\$ 3,295.00	
Heaters	4	\$ 800.00	
			\$ 54,553.00
Total			\$420,224.00

DISCLAIMER

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