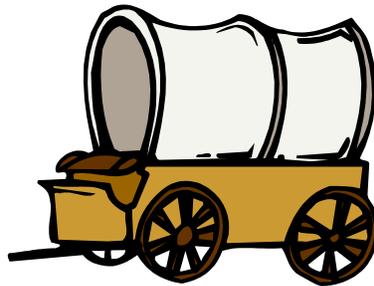


Chuck Wagon Barbecue

1423 – 6th Street SE
Highpointe, MI 47915
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Sam Butler, Owner



Submitted to:
First National Bank
642 Elm St.
Highpointe, MI 47915

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Executive Summary

Chuck Wagon Barbecue is a single-unit medium sized restaurant. We focus on homemade, charcoal grilled food. The restaurant is located at 1423 – 6th Street SE in Highpointe, Michigan and is owned by Sam Butler. The restaurant is in a high traffic area and experiences both residential and commercial traffic.

Chuck Wagon Barbecue opened June 29, 2002. Sales have increased each successive month. We are currently on target to reach industry average sales as published by the National Restaurant Association. The restaurant is building a reputation for good food at moderate prices. We are beginning to see many repeat customers.

We feel that we have a competitive advantage over our competition due to our varied menu, lower prices, and dine-in capability. No other barbecue restaurant in our area has been able to provide this combination of features for their customers. Due to our western theme we are also able to provide a fun dining experience for the whole family.

Sam Butler and several family members are involved in the restaurant. All have had extensive experience in the food industry. Sam has a certificate in food technology from Hope College. He has been both a chef and restaurant manager. Susan Butler, also involved in the daily operations of the restaurant, has been a restaurant cook and manager as well. Prior to that she worked in several restaurants owned by her family. Mary Butler has managed several fast food establishments.

We hope to obtain funding of \$14,000 to purchase additional equipment, inventory, and install a salad bar. Our customers frequently request salads.

Company Introduction

Chuck Wagon Barbecue is a full service restaurant specializing in barbecued ribs, pork chops, chicken and fish. Our salads are freshly prepared daily at our restaurant. All food is homemade with an emphasis on quality and affordability. The restaurant offers dine in convenience seating 64 guests. Take out orders are accepted and are currently a significant percentage of our sales. There are many businesses in the area and we hope to include delivery service for them in the next six months.

Chuck Wagon Barbecue is currently operating as a Limited Liability Company registered in The State of Michigan. The owner of the business is Sam Butler. Family members provide support and staffing. Principal among those is Sam's wife, Susan and daughter, Mary.

Sales have increased each month since opening in late June 2002. In October 2002, an article on the restaurant appeared in the Highpointe Chronicle Entertainment Section spotlighting the restaurant which helped propel sales to the next level.

Mission Statement

Chuck Wagon Barbecue will provide high quality, freshly prepared food at affordable prices. Our "western" decor will provide families with a fun atmosphere for a casual and comfortable dining experience. Friendly, courteous, and prompt service will be provided by a staff sensitive to a busy lunchtime clientele as well as a more boisterous family dominated trade in the evening.

Industry Analysis

Nationally restaurant industry sales were forecast to increase by 3.9 percent in 2002 and equal 4 percent of the U.S. gross domestic product, reports the National Restaurant Association. Restaurant sales in Michigan were projected to fall slightly below the national average and should come in at an increase of about 3.6 percent. The NRA also states that the typical person, age 8 and older, consumes an average of 4.2 meals prepared away from home per week, or 218 meals per year. The average household expenditure for food away from home in 2000 was \$2,137 or \$855 per person.

Small, full service restaurants comprise the largest segment of the industry. More than eight out of ten full service firms consist of just one unit, according to the U.S. Bureau of the Census, 1997 Economic Census. Full service restaurants with per-person checks between \$5 and \$15 generated nearly three out of four sales dollars for restaurants in 1997.

Take out restaurant meals can be an important part of a successful restaurant. A study recently completed by NPD Group Consulting Services revealed that people are eating in restaurants less often but overall sales are increasing because consumers are taking home more meals. The quality of take out food has never been better which is an important contributing factor. The study shows that 76 percent of all meals are still eaten at home, however, an analyst for NPD Group states that consumers treat restaurants as a convenient, time saving part of their kitchen. In 1988, the average American ate out 95 times a year and took a restaurant meal home 90 times. In the past year, American ate out 88 times on average and took home 118 restaurant meals. This represents a 31 percent increase in the take out segment. For this reason we feel take out is and will continue to be an important piece in our sales mix. Take out is a business that piggybacks on existing labor and ingredients. It is an efficient use of the kitchen on afternoons, weeknights, and early weekend evenings when eat-in business tends to be lighter, reports Restaurant Business.

The USDA predicts food prices to increase at a rate slightly below the general inflation rate. Beef prices are expected to increase 2.5 percent in 2002 and actually drop 1 percent in 2003. Relatively stable food prices are encouraging for the restaurant business.

More than 50 percent of all consumers visit a restaurant on their birthdays, making this the most popular occasion to eat out. Mother's Day and Valentine's Day are the next two most popular days to eat out. These facts are reported by the National Restaurant Association.

Customers

Chuck Wagon Barbecue seeks to provide an enjoyable dining experience for lunch and dinner. Our prices are moderate providing an affordable lunchtime option for people employed in the area as well as for families who primarily visit us during dinnertime.

Census data shows that 49.4 percent of the population within a three-mile radius of the restaurant is between the ages of 25 and 64 while 25.3 percent are fourteen and under. Families, therefore, account for a significant portion of the population. An analysis of income by household reveals that 52.5 percent fall between \$25,000 and \$74,999 at 21 percent. The National Restaurant Association states that households headed by people in their peak earning years (35-54) have the highest average household expenditure on food away from home. One third of the population falling within a three-mile radius of the restaurant falls within that category. These households spend an average of \$2,803 annually on food away from home. The ethnicity of the population is 65.9 percent white with the largest minority being Hispanic at 29.3 percent.

The most popular occasions to eat out include birthdays, Mother's Day and Valentine's Day. More than 50 percent of all consumers visit a restaurant on their birthdays making this the most popular occasion to eat out. August is the most popular month to eat out, and Saturday is the most popular day of the week for dining out.

There are many businesses in our area. Employees from these businesses, we feel, will provide the base for our lunchtime business. We see people come in regularly from Jacobs Furniture, Bud's Discount Transmission, Muffler Man, The House of Birds, Benson Insurance, Sixth Street Cyclery and the four nearby hotels, Highpointe Inn, Knight's Inn, Howard Johnson, and Ramada. We also see employees come in from Tuffy's, the Rent-a-Center, and Jake's Party Store.

Market Analysis

As mentioned previously our primary lunchtime traffic will be comprised of businesses in the area. They are numerous ranging from manufacturing companies to retail to service businesses. For examples of these businesses please see the section on Customers.

Families and local residents within a three-mile radius will make up the bulk of our dinnertime traffic. Because our restaurant is decorated in a "western" theme the atmosphere will be conducive to family dining. The population within this three-mile radius is projected to grow 4% between 2001 and 2006. This is a modest increase but one that we feel will sustain a healthy business. Families comprise 24 percent of the population.

Restaurant sales are experiencing modest but steady growth. Sales were up 5.3 percent through September 1, 2002. Sales in August topped \$30 million for the first time and were 4.8 percent more than the same month of 2001. The Food Institute published these statistics. Between 1970 and 2002, restaurant industry sales will post an annual growth rate of 7.3 percent. The restaurant industry is the largest employer besides the government.

Nationally barbecue restaurants as a brand are experiencing a period of growth. The National Restaurant News reports barbecue restaurants are "beginning to show signs of the kind of large-scale, national potential formerly enjoyed by a tiny handful of brands". Famous Dave's of America, Inc. of Eden Prairie, Minnesota, has grown from four units in 1997 to 37 in 2000. Darden Restaurants of Orlando, Florida, created Smokey Bones BBQ. Restaurants owned by this company include Red Lobster, Olive Garden among others. Darden's chairman and chief executive officer believes Smokey Bones has the potential to be a 200 to 300-unit business.

Competition

Our primary competition consists of two other restaurants. The first is Barbecue to Go located at the 2200 block of Victory Way in Highpointe, Michigan. They have been in business for nine months. They sell ribs, baby back ribs, rib tips, chicken and smoked sausage. Nothing on their menu is deep-fried. Their prices are higher and portions are small. They have canned and bottled beverages and no fountain drinks. They accept credit cards as do we.

Our second major competitor is Dallas Debby's at 2500 Walton Center SW in Highpointe, Michigan. Dallas Debby's is a small take-out restaurant with a small dine-in area. They are well established and have been in business for several years. They sell both pork and beef ribs, rib tips, chicken, sausage and turkey as well as chili. They do not offer anything that needs to be deep-fried. There are a few side items offered, but in only two sizes and at slightly higher cost than ours. We offer our side orders in three sizes. They offer a meal deal in a different fashion and at a higher cost. Dallas Debby's is done in a Texas style with a hotter and spicier taste. Meats are hickory and mesquite wood smoked. Beverages are sold in cans with no fountain service. They also accept credit cards.

There are several other restaurants in the area. There are disadvantages to that situation as well as advantages. Restaurants located near Chuck Wagon Barbecue include Bob Evans, Applebee's, and Cheers as well as a Pizza Hut. Two of the hotels have restaurants as well, Howard Johnson and Ramada. The number of restaurants has made this area a well-known part of town for diners in the area. We have had customers come in saying they are tired of the franchise restaurants and are glad to see us provide an alternative.

Unlike our competition all of our food is homemade. We also charcoal grill our meats. We have several deep fried items on our menu which separates us from our two major competitors. Two of our most popular items, catfish and chicken wings, are deep-fried. Our prices remain slightly lower than our primary competitors, however, we have recently raised our prices. We have been open later than our competition and have been open on Sunday and closed on Monday. This has not given us the competitive advantage we had anticipated. We will now be closing an hour earlier at the same time as our competition and closing on Sunday opening Monday.

SIC 8 Code	SIC 8 Code1	Sales	Num Empl	No Bus	% Total	Total Emps	Total Sales	Avg Emps	Avg Sales
5812-0801	Barbecue restaurant	unknown	unknown	3	42.9	N/A	N/A	N/A	N/A
5812-0801	Barbecue restaurant	under \$0.2MM	2 to 4	2	28.6	7	0.2	4	0.1
5812-0801	Barbecue restaurant	\$1.0MM - \$2.4MM	25 to 49	1	14.3	45	1.7	45	1.7
5812-0801	Barbecue restaurant	\$1.0MM - \$2.4MM	50 to 99	1	14.3	75	1.6	75	1.6
			Total/Avg	7	100	127	3.5	32	0.9

Names:

Tony Romas
Bits & Pieces Bbq
Mr Cornbeef
Gradys Rid Tips N More Inc
44th Bbq
Woodys Lonestar Bbq (Spectrum Recreation Inc)
B Ds Mongolean Barbeque

SIC 8 Code	SIC 8 Code1	Sales	Num Empl	No Bus	% Total	Total Emps	Total Sales	Avg Emps	Avg Sales
5812-0502	Restaurant, family: indep.	unknown	100 to 249	2	13.3	200	N/A	100	N/A
5812-0502	Restaurant, family: indep.	under \$0.2MM	5 to 9	1	6.7	7	0.1	7	0.1
5812-0502	Restaurant, family: indep.	\$0.2MM - \$0.4MM	5 to 9	1	6.7	7	0.2	7	0.2
5812-0502	Restaurant, family: indep.	\$0.2MM - \$0.4MM	10 to 24	3	20	36	0.7	12	0.2
5812-0502	Restaurant, family: indep.	\$0.5MM - \$0.9MM	25 to 49	4	26.7	152	2.9	38	0.7
5812-0502	Restaurant, family: indep.	\$1.0MM - \$2.4MM	25 to 49	1	6.7	28	1	28	1
5812-0502	Restaurant, family: indep.	\$1.0MM - \$2.4MM	50 to 99	2	13.3	135	2.7	68	1.4
5812-0502	Restaurant, family: indep.	\$1.0MM - \$2.4MM	100 to 249	1	6.7	115	2.3	115	2.3
			Total/Avg	15	100	680	9.9	45	0.8

Names:

Domeworld Recreation (Pab 37 Inc)
Family Restaurant (Byron Family Restaurant Ltd)
Mobil Truck Plaza (Exit 76 Corp)
Keisers Kitchen Inc
Corner Bar Inc
Maxines (Lynn Kattie Corp)
Three Crowns Restaurant (Three Crowns Inc)
Arnies Bakery Restaurant (Arnies Inc)
Cheshire restaurant Inc
Cherie Inn (Hailies Hospitality Inc)
Dubas Restaurant (Dubas East Inc)
Big Boy Restaurant (H A Inc)
Lite Bite Café Inc
Cheers Good Time Saloons Inc
Clock Restaurant The (Chelace LLC)

The above tables represent information gathered from Dun and Bradstreet. The first table represents barbecue restaurants in Kent County. The primary competitors listed in this business plan do not appear either in that table or in the one following it that lists family restaurants. These are the two SIC codes that Chuck Wagon Barbecue would fit into. Although all restaurants compete for the same discretionary dollar, most of these restaurants are out of our area. We are encouraged that there are no restaurants that classify themselves as family restaurants in our area that appear in the charts, however we also know that this list is not all inclusive.

Marketing/Sales Plan

When the restaurant initially opened in late June we had an open house where we offered free hot dogs to children. We did some newspaper advertising that is now discontinued due to budgetary concerns. We also distribute fliers and menus to local businesses. When time and budget permits we deliver sample platters to local businesses. We have designed our menu and print it on our printer, however, within the next six months we will have that professionally done in tri-fold format. We will also have business cards printed since we anticipate participating in more networking types of events through the Highpointe Chamber of Commerce and other civic organizations.

According to the National Restaurant Association, 50 percent of all consumers visit a restaurant on their birthdays. We plan to offer a free dinner to someone celebrating a birthday with the purchase of another dinner of equal or greater value. We will be promoting this through the newspaper, but will be compiling a database of customers to which we will send a birthday card along with the offer. We feel this will increase awareness of the restaurant as well as generate more return business.

Another promotion we are exploring is a punch card system. Once all "punches" have been made the cardholder would be eligible for a free meal. The card would be kept on file at the restaurant so that the customer would not have to worry about either losing it or forgetting it.

Once funds become available, we will be doing more advertising in the print media. Fliers will be distributed to local businesses and homes. We will advertise in newspapers (or sections of newspapers) that are distributed within no more than a five-mile radius of our business. Research has shown that is on average the farthest distance people will travel for a restaurant.

We realize that the best advertising for any restaurant is the referrals we receive from satisfied customers. The main thrust of our advertising program will be to capitalize on that theme.

Human Resources Plan

Sam Butler, owner, has a certificate in food technology from Hope College. He has worked at The West Wing Restaurant for three years. There he was head cook and manager. His duties included opening and closing the restaurant. He also scheduled both the second and third shifts as well as ordered supplies and food. Sam has also worked for Big Boy for four years where he was first shift head cook.

Susan Butler, his wife, has been a cook and manager for a restaurant in Highpointe, Michigan. Susan's family also owned and operated several restaurants. Susan worked in these restaurants. Susan also owned and operated her own limousine service.

Their daughter, Mary, works in the restaurant as well and brings a lot of additional experience to the business due to her management positions with fast food establishments. Mary was a shift manager at Arby's and Hot 'N Now. She opened and closed both stores and performed other duties such as scheduling, bank deposits, and ordering.

Our accounting and bookkeeping is handled by Betty Moore. She has worked in the data entry/accounting field for 30 years. Betty has worked for large corporations and also handled all accounting functions for a small auto shop. Currently Betty works for Jackson Lighting. She uses a computerized accounting system as well as spreadsheets for Chuck Wagon Barbecue.

Sam and Susan will share responsibilities as cooks. Mary will be a fulltime waitress. The restaurant will also employ another fulltime waitress as well as a hostess. Scheduling will be dependent on traffic flow and may fluctuate during the year.

Operations

Chuck Wagon Barbecue is a full service restaurant. We provide take out as well as dine in service. Our dining room contains 15 tables with a seating capacity of 64. Take out orders are accepted by telephone or fax. The dining area is approximately 45 feet long by 27 feet wide. The kitchen area is approximately 31 feet by 27 feet. A floor plan of the restaurant is attached in Supporting Information at the end of the business plan.

Chuck Wagon Barbecue is open six days a week. The restaurant is open Monday through Thursday from 11 AM to 8 PM and Friday and Saturday from 11AM to 9 PM. We have recently adjusted our hours slightly due to traffic flow. It was also not profitable to be open on Sunday so that will now be the one day of the week that we are closed.

All meats are purchased from Berghorst Foods. Our supplier for chicken, catfish, and condiments is Sysco Food Services. Our juices and side order ingredients come from Sam's Club. We use Sam's Club so that we are able to obtain the smaller quantities we need. This also allows us to prepare the freshest products for our customers. We obtain paper products and cleaning supplies from Industrial Paper Supply. The mother of Susan Butler works at Industrial Paper Supply which allows us to purchase at a discount.

Research And Development Plan

The main objective of Chuckwagon Barbecue is to become established in the community and develop a loyal clientele. We feel that we have adequate space to realize the sales we have projected.

We feel that our affordable menu will help us withstand a volatile economy. Even in an economic downturn people continue to eat at restaurants. They simply shift from higher priced meals to more affordable ones.

Catering would be the only other avenue we would explore. We feel this would not happen for at least two years and then only after a study of the market to determine if there is a need. We wish to see the restaurant firmly established before we venture into another area that may require further capital expenditures.

Financials

Use of Funds

Chuck Wagon Barbecue is seeking financing in the amount of \$14,000.00. The funds would be used to purchase additional equipment and working capital. A list of these expenses is as follows:

Gas Fryer	\$ 829
Cold Food Buffet	1,935
Outdoor Gas Grill	810
Grill Hood	470
Coffee Brewer	293
Ice Maker	1,941
Ice Storage Bin	905
Sales Tax on Equipment	431
Inserts and essential for buffet table	200
Dishes, Bowls, Cups, Silverware	600
New Signs	3,000
Stock and Inventory	1,500
Advertising	1,000
Total Loan Proceeds	\$14,014

Due to the size of orders we receive and the popularity of fish and chicken wings we need another fryer. Our ice machine recently broke down and that needs to be replaced. We also need a larger capacity grill. We are using "portion control" for our side orders. We have been using the same size dishes for the three sizes, which lead to questions from our customers. We also find ourselves giving too large a portion just because of the size of the serving container. Therefore we would like to purchase new dishes so that we have the proper size to help us control this problem. We also are in need of dishes and flatware to replace broken or damaged pieces.

One of the most asked questions is "do you have a salad bar?" We feel the best way to offer salads is to install a salad bar. It would allow us to make the freshest possible salads for our take out customers as well.

Another area in which we need additional capacity is our coffee maker. We currently only have one coffee maker and feel we must add another to be able to handle requests for both regular and decaffeinated coffee as well as tea.

Our signage is also poor. We frequently hear that customers that they are unable to find us because they can't see the sign. We need a more visible sign with lighting for the darker winter months.

Assumptions Used for Financial Statements

Sales Projections – We used the national averages obtained from the National Restaurant association. Based on our average ticket of \$7.50 and the size of our restaurant we should realize 1.6 daily seat turnover.

$$1.6 \times 64 \text{ seats} = 102$$

$$102 \times \$7.50 = \$765 \text{ per day} \times 6 \text{ days} = \$4590 \text{ per week}$$

$$\$4590 \times 4.3 \text{ weeks} = \$19,737 \text{ monthly average sales}$$

Monthly sales projections varied due to monthly sales fluctuations in the industry.

Payroll – This is calculated as two fulltime waitresses at \$2.65 per hour and one fulltime hostess at \$6.00 per hour.

Loan Payment – Calculated at a term of 4 years and interest rate of 7.5 percent.

COGS – Calculated at 35 percent of sales.

Financial statements are included for three years. Charts are included for breakeven and also in summary form for three years.

