

‘Raghba’ (الرغباء)

[The Resturant Business Plan]

FINAL YEAR PROJECT
BBA ‘ 06

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1. Executive Summary

The hospitality industry has expanded rapidly in Lahore over a period of recent ten 10 years. There is an every increase number of restaurants and diners opening everywhere selling everything from the local desi food items to exotics from other cultures. Most of these restaurants have been charging premium price for their menus but have not had any resistance from the customers primarily because of the value addition taking place through an entirely different experience and convenience that they can not experience. Yet, the market has become saturated to the extent of being called over crowded with the restaurants selling similar types of food items. Any new entrant would require something highly differentiated to me a successful part of this industry in Lahore.

Al-Raghba, a sole proprietorship in the hospitality industry would be an authentic Arabian food seller offering its high-end target customers a differentiated menu as well as an unmatched experience through its Arabian style in-house decorations. However, because Arabian food would be a new addition to the category of taste in the industry, Al-Raghba would have to concentrate on gauging customer interest through effective marketing measures to create awareness, elicit response and then gain customer loyalty. For long term benefits, the restaurant would also be associating with big FMCG brands such as Nestle, Coca Cola etc in their promotional campaigns which would also help it gain on its brand image in the industry.

However, the source of competitive advantage to the restaurant, the authentic food recipes, would need serious protection. For this the management would develop relationship with its employees as well as suppliers such that there is an explicit and an implicit contract to maintain confidentiality. By doing so, Al-Raghba should be able to gain acceptance and success in the

local market since a lot of people showed interest in trying this cuisine through the market research survey conducted by the team. This and an effective marketing plan would allow Al-Raghba to explore the local hospitality market very well and to reap benefits and positive returns. Commitment to quality both in terms of the food items and the ambiance provided is what would be essential to maintain a good image in this highly competitive industry.

2. AL-RAGHBA

Lahore is one of the most major cities of Pakistan, rich in cultural heritage and the liveliness of the locals. The city is also famous for the connoisseurs of food with their liking for a wide variety ranging from the hot and spicy local traditional delicacies to the modern and foreign culinary delights. Over time, the rapid expansion of the food and hospitality industry in the city is a testimony to the very fact that food and entertainment, for Lahories, go side by side. Yet, with the ever increasing number of places to dine out and have a great time with friends and family, one thing that has essentially been ignored by various restaurants is the uniqueness of experience that each provides. Most of the restaurants and places for eating out have become a refuge for the young souls only where they get to buy various forms of essentially junk food and spend some time with their friends.

However, a restaurant for dining out has become so rarely found a place for family based quality outings. And those that are existent have become so saturated in term of the food and the ambiance that eating out does take place but one is unable to enjoy any uniqueness in taste and quality.

3. Company Description

3.1 The Organization

Al-Raghba is an Arabic term that literally means *Temptation*. The idea of this organization basically revolves around a high end family restaurant. The factor that would differentiate Al-Raghba from all other competing restaurants would be the wide variety of authentic Arabian food available exclusively at the restaurant.

Precisely, Al- Raghba would be a Lahore based authentic Arabian food restaurant. Amongst its defining features would also be high quality of food, services and ambiance to the high end customers who have medium to high frequency of dining out and have a passion to enjoy novel food items in a serene family environment.

3.2 Location

Restaurants have become one the most major places for enjoying time with friends and family for the people of Lahore. Yet, owing to the everyday busy routine and schedules, many prefer having a restaurant with a different concept but located within the main city. The primary factor behind this sort of preference is the time confined for activity and especially the traffic conditions prevalent these days. As a result, it is preferred that the *hang out* place is located within the hand's reach.

The most ideal spot for a high end stylish concept of true Arabian food serving restaurant would have been Defense, the perceived center for all high end customers in Lahore. However, from the perspective of accessibility for all other areas in Lahore including Model Town, Garden Town and Gulberg, a restaurant of such a nature built in Defense might prove to be a disadvantage.

For this reason, Gulberg, and particularly the **surrounds of the M.M. Alam Road**, the current Food Street after Gawal Mandi in Anarkali would be the most suitable location for Al- Raghba. By doing so, the team shall make sure that the most food and fun loving souls of the city who often dine out in a restaurant on M. M. Alam Road have Al- Raghba within their access too. Also, by choosing the surrounds and not the exact M. M. Alam road for this purpose would help in avoiding the overcrowding of restaurants and food sellers there. Al- Raghba stand aside on a slightly different location that is within reach to identify with its initial concept of stylishness and differentiation.

4. Business Concept

4.1 Concept Statement

Al-Raghba- The Temptation, is the first authentic Arabian restaurant in Lahore with high quality of food, service and ambience as its endeavors. Al-Raghba aims to launch a new and stylish concept in dining out with a focus on the authenticity of the menu in order to meets its objectives of differentiation and customer satisfaction and addition to the cultural exposure of the Lahoris.

4.2 Design/ Layout

Lahore, as a city, is getting crowded with restaurants and cafés that portray the western modern life style. No many however, have been able to capture the pleasure of an ambience that is inviting, modern and yet linked to a traditional culture in such a manner that the customers prefer dining there over the usual everyday dining spots.

Al-Raghba is planned to have a semi formal layout. The basic objective behind this is to cater to the various segments in the middle- high end socio economic class in the city including the

teenagers with high frequency of hang outs and middle aged to older people who prefer dining out in a formal environment. For this reason, the restaurant area may be separated into two regions, one for more informal gatherings, the other for a serene, more formal experience. Deciding on the layout of a restaurant is extremely important so as to have an efficient utilization of the land and the facility.

Al- Raghba would be a two storey building with a capacity to house 118 diners at the same time. Initially, the restaurant would cover 1.25 Kanals (500 sq. ft.) of land. Out of this, the parking area would be spread over 150 sq. ft. with the remaining reserved for the actual facility.

The internal layout of the restaurant would be such that the lower storey would have a capacity of 54 diners while the upper storey would be reserved for 64 diners. The kitchen and the payment and the reception counter shall be placed on the first floor while the offices for the managerial staff would be on the second floor. Both floors would have a rest room facility separately for ladies and gents. This would help keep the control the crowded usage of the rest rooms. A general plan for the restaurant's layout has been placed in the **Appendix**.

The following table gives an idea of how the 500 sq. ft. of land would be utilized for various items linked to the restaurant.

Item	Value
Total Area	1.25 Kanals (500 sq. ft.)
Parking Area	150 sq. ft.
Floor 1 Seating Capacity	64
Ground Floor Seating Capacity	54
Serving capacity	200
Washrooms	6
Capacity Managerial offices	12

5. Management Team

Al- Raghba would be a sole proprietorship with its operations managed by hired staff. This shall essentially include the general manager, manager, and the kitchen staff. The restaurant would hire a temporary head chef who is expert in authentic Arabian cooking. The primary reason for hiring a temporary head chef would be to avoid the high costs associated with having the position filled on a permanent basis. However, keeping in mind the cost that the restaurant might have to incur in terms of the quality of the food served, the kitchen staff shall comprise of four chefs assistant to the head chef. During the course of his stay, they shall be fully trained in the area and shall be promoted to the head chef's position after his departure. This shall cycle shall continue in order to ensure that each time a chef leaves, the kitchen has another one ready as a back up to manage the kitchen. The requisites associated with each of the required staff members are as follows

5.1 Managing Director

The restaurant's sole owner would act as the Managing Director as well. This position would represent the highest level in the hierarchy of the team managing Al- Raghba. Incidentally then, the authority shall be vested in the Managing Director regarding all major decisions of the restaurant except for the operational details such as the decision on the menu and the procedures to be followed thereof.

5.2 Manager

At Al-Raghba, the manager's duties would be multi faceted just as is the case with any other restaurant. The manager, too however, would be required to at least have a bachelors degree in business management with some industry experience although a degree in hotel management and experience in the related industry would be given preference. The duties of the Manager would include

- Estimation of orders and placement of orders with suppliers for the estimated quantity
- Ensuring the quality and quantity of the needed food items
- Resolving customer complaints, if any
- Maintaining standards of restaurant's in-house decorum thereby also looking after the human resource activities and needs
- Managing budget and maintaining relevant records
- Negotiations as to the price of supplied items for the restaurant's menu
- Having complete information on the restaurant's daily income and proposing strategies to increase daily sales
- Designing of the appropriate menu
- Monitoring food quality and service standards within the restaurant

5.3 Kitchen Staff

Kitchen staff is the corner stone of any restaurant or hotel. The quality of the food and the service provided are largely dependent on the quality of the kitchen staff as much as it is on the management team.

The kitchen staff at Al-Raghba shall comprise one Head Chef assisted by four junior chefs who shall be trained by the Head Chef during his stay with the restaurant. The junior chefs shall be promoted to the head chef's position on a rotation basis.

5.3.1 Head Chef

The Head Chef shall be required to have an experience of no less than 10 years in the same industry with a specialization in Arabian cooking. With this, he must have demonstrated sound skills in efficiently and effectively managing staff working under him, ensuring timely preparation and excellent presentation of the ordered menu item. The main responsibilities of the head chef would include all of the following

- Designing the menu in consultation with the manager
- Training the junior staff for 2 months before the launch of the restaurants
- Looking after the overall kitchen operations from order preparation and serving to kitchen maintenance
- Introducing new Arabian food items to the menu every two months as a special addition
- Purchase of all raw material for the preparation of orders
- Ensuring quality of the raw material as well as final food items

- Keeping a track of the top items on the menu

The head chef shall report directly to the manager and shall be held responsible for all matters related primarily to the kitchen. Service outside the kitchen shall not be directly linked to the head chef.

5.3.2 Assistant Chefs

The junior assistant chefs shall also be required to have relevant experience of no less than five years. Additionally, efficient time management and multi-tasking abilities is what they would be judged on during the hiring procedure.

- Preparation and presentation of the ordered food items
- Assisting the head chef in working on new additions to the menu
- Assisting the head chef in purchase of all material required for the preparation of orders
- Keeping track of the high-frequency-ordered food item on the menu
- Suggesting to the manager changes in the menu in consultation with the head chef

All four junior chefs shall report to the head chef, who in turn would be accountable to the restaurant manager. Timely preparation of orders and quality presentation would be as much a responsibility of the junior chefs as would be of the head chef. For this, they may even be held directly accountable to the manager.

The hierarchy has been pictorially represented in the **Appendix 1**

5.4 Management Agreements

One of the major issues that any industry faces is in terms of the uncertainty associated with various facets of the related business. However, by getting into long term contracts and agreements can reduce the impact of this uncertainty to quite an extent. For instance, in the current economic situation where the material prices may fluctuate randomly any time, if an organization arranges for a *fixed price* agreement with its suppliers, the impact of the ups and downs in the price is unlikely to drastically affect any of the two parties involved.

In a similar manner, Al-Raghba must engage and involve itself into contractual arrangements with all other business and non-business entities that are highly involved in the normal business operations of the restaurants. A brief detail of the agreements that Al-Raghba would essentially need to engage in is as follows.

5.4.1 Agreements with Employees

Amongst many others, one of the major threats to the stability of an organization in any industry is the employee turn-over. This not only results in bringing the normal operations to a halt but also increases the cost of finding a suitable match for the vacated position and the time required to train him. For this reason, Al-Raghba would hire its employees on a contractual basis for a specific period. For instance, the head chef could be temporarily hired for a period of 5 years so that in the mean time the assistant chefs are trained under his supervision such that they are in a position to be promoted to the head chef's position once his terms is nearing the end. The contract with all employees would be related to some or all of the following areas.

- Tenure of service
- Resignation policy
- Bonuses and agreements
- Work responsibilities
- Work hours
- Oath not to develop a similar competing business simultaneously

5.4.2 Agreements with Suppliers

Dramatic price changes always have such an impact that puts at least one of the two parties involved at a disadvantage. In order to avoid such a situation, Al-Raghba shall arrange for fixed price agreements with its major suppliers. These shall remain constant for a certain time period and then be revised to add value to the offer of the supplier as well. Such a strategy would help Al-Raghba in having a long term relationship with its suppliers and not just the short term economic benefit extraction.

Thus when the prices go up, it would keep the cost stable for Al-Raghba. In another case, the suppliers would be at an advantage when the market prices go down. Primarily such agreements would be more relevant to the suppliers of raw material for the food items. But it is important to note that this would not be possible for items such as fruits and vegetables since most of the purchasing would take place from the whole sale market (Manddi). For the manufactured and refined products such as the spices and the cooking oil, Al-Raghba would be involved in such mutually beneficial agreements for short time periods.

Signing agreements for the short term would let Al-Raghba explore opportunities with a more suppliers of the same material and also minimize restriction on the suppliers for not associating with the competing businesses.

5.4.3 Agreements Related to Rented Property

Similar to agreements with suppliers, some degree of uncertainty linked to the costs can be subsided by arranging for contractual relationship with the property owners over which Al-Raghba's operating shall run. Initially, to control costs, renting the building would be a more cost effective approach which may also reduce the hassle of maintaining the building other than on the basis of the internal set up. Later, however, the same could be purchased too. However, it is important that the rate of annual increases in the monthly rental payments is decided upon beforehand. This, the management plans should be no greater than 8% per annum.

5.5 Confidentiality Agreements

The following two types of confidentiality agreements are mainly the ones that Al-Raghba would need to engage in.

5.5.1 Agreements with Employees

The unique selling proposition for Al-Raghba would be its authentic Arabian cuisine along with the excellent Arabian ambiance that it plans to provide to its customers. The authenticity and specialty of the food item served on its menu would be difficult to be a continuous source of competitive advantage if the employees and kitchen staff disclose the recipes to the advantage of the competitors.

For this reason, just like Coca Cola's employees stay loyal to their undertaking about not disclosing anything about the so well known formula of the beverage, Al-Raghba's employees would be required to sign a confidentiality agreement as well. At the time of their hiring, the employees and the kitchen staff shall give an oath and sign an agreement to not let the recipe secrets of the restaurant out even when they have left the restaurant as an employee. If the information leaks out, the internal as well as ex-employees shall be through legal investigations which may lead to fines and law suits if proven guilty.

5.5.2 Agreements with Suppliers

As much as the employees are linked with the confidentiality of the recipes of food item offered on Al-Raghba's menu, the management would need to ensure that the differentiated spices or material that Al-Raghba may make use of, shall remain as a trade secret with the suppliers. For this , it would engage in an agreement with the suppliers whereby the same spices (or the same quality) would not be disclosed to any of the competing businesses. The agreement would also require that the supplier does not sell the same product to any of Al-Raghba's commercial rivals either.

It must, however be remembered that even doing so would not alleviate the risk completely and for maintain a long term competitive advantage, the restaurant management would have to continuously innovate in terms of the food items that would give the customers an opportunity to experience a different dish regularly and keep them associated with the restaurant through experiencing high quality service and comfortable ambiance.

6. Market Analysis

The concept of Al-Raghba is not just the provision of a differentiated food but high quality unmatched dining out experience for its customers. This, however, requires a sound understanding of the industry dynamics so that one is able to assess what opportunities and threats underlay one's decision to start off with a business in hospitality. A brief introduction to Al-Raghba's target market follows this section and explains the how and why of Al-Raghba's qualitative feasibility in the industry.

6.1 Concept Testing

The major idea of concept testing is to qualitatively assess the consumer acceptance of a business idea before it is actually launched for operations. This technique can also expose one to factors that may cause problems later such that contingency plans are made well in advance.

For this purpose, a research was conducted with 100 randomly chosen research participants. This random selection, however, was from amongst the restaurant's target market. From the results, it is quite evident that the followed by the *desi* (local Lahore) food, the largest chunk of respondents are the ones who have tried English (50%), Chinese (42%) and Italian (45%) cuisines. The lowest percentage was recorded for Arabian cuisine (25%) which essentially means that this is relatively an untried cuisine in Lahore and if introduced, could do really well, provided its authenticity and quality is maintained over time.

Also, when questioned about preference for cuisines that are trendy and fashionable, only a small number (roughly 5) deemed the factor important in their decision. However, there was

significant response shown as to the price and taste of the respective food on offer with percentages for preference as 33% & 34% respectively. Although surprising, but concern for healthiness was given least preferred rating by most of the respondents involved. With this, the question about respondents' preference for arranging celebrations at a restaurant mainly serving Arabian food, clearly indicates the customer's preference for trying this new concept. Although 49% indicated an unconfirmed likelihood of doing so, 37% enthusiastically showed interest in arranging events and celebrations at an Arabian restaurant whereas only 14% showed clear aversion.

On the basis of these results, it is quite clear that the concept of Arabian food and dining can work well in Lahore considering the diverse preferences of people and the sheer newness of the cuisine to the industry. Also, because 90% of the respondents indicated inclination towards trying new varieties of food and the current observed trend of the population dining out and trying all new restaurants opened in places such as the M.M. Alam Road, one can easily assume that Arabian food serving as a speciality would be a good idea in the hospitality industry in the city.

6.2 Industry Assessment

Over the past 10 years, Lahore has become so crowded with restaurants and diners that one has no reason not to believe in the Lahore's love for food. Over the same period, it has also been observed that the industry has become saturated with restaurants serving more or less the same types of food. Take for example modern concept bakeries such as Masoom's and Coffee Tea & Company. Although their ambiance and price levels are slightly different, not many people would be able to differentiate them much on the basis of the offering on the menu. While this is

true for such bakery cum café like eating places, it is impossible to separate the more formal restaurants from this stereotyping. Yet, each restaurant is able to charge premium price for whatever the menu serves. Essentially then, the customers pay for a variation in the ambiance and not much in the food they eat.

Recently, western food chains such as McDonalds, KFC and Pizza Hut have also contributed a lot to this industry in the city. The desi delicacies, however, have had the same high value place comparative to all foreign cuisines. Also, specific streets and areas have become to be known for the array of dining options available to the connoisseurs of food. Besides this, people have started to prefer less of the high class five star hotels for their everyday dine-outs. Instead there is an increasing liking for restaurants that are relatively less formal, yet cozy, full variety yet dependable in terms of the quality of the food served.

Along with this, it is also important to understand that the industry has become extremely competitive and the basis of competition is not just food any longer but the overall ambiance and the customer experience to a greater degree. This has resulted in such restaurant management that places much greater emphasis on having a comfortable, cozy and modern environment and not just the quality & quantity of food. Over the next few years, this trend is expected to increase even further whereby the customer would look for trying more unique cuisines and having more options to choose from on an overall basis. This would allow specialists in exotic cuisines to explore opportunities in the local Lahore market.

6.3 Target Market

Al-Raghba would be an Arabian restaurant, positioned to be a high end entity. Consequently, its target market would be all medium to upper class customers that dine out with friends, family and co-workers on a regular basis. The defining characteristic of the target market would be its preference for experiencing the new and untried. This would make them more open towards accepting Arabian cuisine.

Apart from this, the target market would comprise of customer from all age brackets; including the more outgoing teenagers to more formal older people in their 40s and early 50s. The reason for doing so is to capture the market segment which not only loves eating but also has the lifestyles in which they go out frequent enough to become a constant source of revenues to the restaurants. In general terms, the management would identify its target market on the basis of the following factors

- Age
- Income
- Life style
- Frequency of dining out

6.4 Competitive Analysis

From one perspective, Al-Raghba does not have a very strong competition to face primarily because none of the local restaurants have been offering Arabian food as a specialty. Yet because the location and the target market of the restaurant is such that it makes it fall in direct competition with all the major restaurants on the M.M. Alam road. Specifically, amongst its main rivals would be Café Zouk, Freddy's Café and Café Alanto. Here too, however, the basis for competition would not be food since none of the restaurants serve Arabian food as such. Instead, all these entities would be competing against each other's market share mainly because the target market is the same high end customer base that dines out on a regular basis with emphasis on the quality of the entire experience and not just food.

Specialty restaurants such as Cosa Nostra and the like would be a competition to a much lesser degree considering the market segment that it is catering to. However, from another perspective, for the customers with high preference for a variety of cuisines, it would be necessary to ensure their continuous patronage by designing effective marketing campaigns and promotions.

6.5 Location Analysis

It must be common to believe that a restaurant has to be located in the most crowded places so as to increase the influx of customers that dine in it. These days, however, a restaurant's layout as well as its location can add to its basis of differentiation. Similarly, Al-Raghba would be located in the vicinity around M.M. Alam Road. For one thing, this would serve to allow Al-Raghba stand out amongst so many other dining options in Gulberg area. This can be understood in terms of the Cosa Nostra's location which is out of any major food streets in Lahore and yet, has its successful reputation as a high end authentic Italian pizza maker.

Additionally, being within reach of the people already patronizing restaurants on the M.M. Alam Road, it would be easier to expect the crowd's drift to Al-Raghba at least once or twice during their visit to this modern Food Street. Furthermore, because Gulberg lies central to all other high end areas in the city, accessibility would not be an issue for the potential customers either.

7. Marketing Strategy

No matter how good a business idea is, one always needs such a promotional plan to back it that it leaves a mark on the minds of the customers. This is true not only to have a high recall rate but essentially to create awareness amongst the maximum number of people especially when the business is at its infant stages. As a restaurant introducing an entirely new variety of cuisine to the local Lahore market, Al-Raghba, too would need an excellent marketing plan so as to ensure effective communication for all its potential customers. This is especially important with the high rate of saturation of the restaurants and diners that is prevalent in the local hospitality industry which necessitates that it stands out not just in terms of its offerings but also in terms of presence through, for instance, media campaigns.

Marketing strategy for Al-Raghba shall be multi-pronged such that it reaches to its target audience through all possible channels. The following would clarify on how the team proposes to put the plan in action.

Al-Raghba shall be following a multi-pronged marketing strategy. The aim would be to firstly, create awareness amongst the target market about its existence. Later, it would conduct activities to gauge customer interest and loyalty through promotional campaigns that may also boost up sales and create further awareness simultaneously. For this, the four wall marketing would be used amongst the most important tools so that a positive word of mouth spreads in the market and helps build the brand's image. This would greatly help in developing association with long term branding partners.

The most important factor that would have to be kept in mind about Al-Raghba's marketing strategy would be the unique selling proposition that it revolves around. It would be more important to realize that although Lahore is the place of food and fun loving people, the tastes and preferences are mostly inclined towards the traditional hot and spicy dishes. Al-Raghba's success, would then in part depend on how well the team is able to shape the local taste in its favour. But with the increasing trend and shift of people towards more unconventional food items and cuisines as well would be an opportunity for Al-Raghba to exploit.

With this, one can easily observe the internet to have become a popular medium for promotions and advertisement. This would essentially enable Al-Raghba to also engage into lower cost-wider reach marketing for its target customers maximizing the awareness potential to its fullest. The following areas highlight how Al-Raghba may take forward its marketing activity so as to reap benefits and positive returns.

7.1 Customer Database

As mentioned previously, every new business requires that an adequate amount of awareness is created right from the beginning. One must not undermine the importance of reaching primarily to the target market. For such a purpose, having access to the potential customer databases can help to a large extent.

Similarly, development of suitable databases has a great value for Al-Raghba as well. These data bases would come from various sources including publically available lists of members of various groups and organizations. For instance, members and fellows of College of Physicians and Surgeons Pakistan could be one community to whom promotional material could be sent by mail in order to introduce the restaurant to them. Other sources may include lists of residents of

high end housing societies which may be obtained from the society offices. In this case, promotional material may also be sent through the society offices as well.

For the same purpose, a web based database management system could serve the purpose too whereby the web surfers who visit the restaurant's official website would leave his contact details along with his name and frequency of dining out so that Al-Raghba may keep him updated with the latest news and promotions in place.

Once the restaurant becomes operational, every customer's data shall be maintained in a proper system so that appropriate, relevant and effective marketing strategies may be developed.

7.2 Charity & Community Involvement

As much as it is a CSR initiative, a business's active involvement in the community welfare activities and charity also serves as a source of indirect marketing. Also, while creating a positive word of mouth about the business, such initiatives also keep a business more responsible towards the general population thereby contributing to the higher good of the local population through the revenues generated from within.

For Al-Raghba, or for any other business for that matter, community involvement and other CSR initiatives are important only after its launch has taken place and it has operated for some time in the relevant industry. This is not to say, however that such initiatives cannot be taken pre-launch at all.

The Al-Raghba team may start off with CSR initiatives through the following

7.2.1 Periodic Funds Provision for Disabled Children

Following some five to six years of its launch, Al-Raghba shall establish an organization for the local disabled children. The fundraising in this case would be done through the promotional events that the restaurant would organize in-house and in collaboration with third parties. The in-house events would primarily include seasonal get-togethers (e.g. Winter Get-Together) of the regular customers on an invitational basis which would be sent out through the database maintained during the other days while they dine at the restaurant. 10% of the revenues earned during the event days shall be allocated for the education of the selected disabled individual and would be directed through some organization such as the SOS village. This education may, however, be formal or skill based depending on the age of the child.

This, on one hand would help increase the traffic of the loyal customers thereby further strengthening their association with the restaurant and positively impact the revenues. On the other hand, association with established NGOs working for the public welfare would help build on the organizations public image too. In this case, this would also work as a tool for public relations.

7.2.2 Community Lunch/Dinner

One of the ways to be involved in CSR initiatives may be to allow certain non-political NGOs and community organizations to hold their yearly get-together over lunch or dinner at Al-Raghba. The food shall be made available to the community members from these organizations at highly subsidized rates. This shall allow for a better bonding within the local market and with these specific organizations which would have an incentive to arrange more of their meetings and events with Al-Raghba. On such days, however, one of the floors shall be exclusively

reserved for the organization. This, again shall enhance the organization's image as a socially responsible business which understands the needs of the local population while also increasing the chances of potential patronage from the official staff of the NGOs.

7.3 Business Relationships

Business relationships for Al-Raghba would exist on multiple levels. The quality of these relationships would play a large role in determining the quality of experience that Al-Raghba provides to all its customers. With this, the same would also impact the output of Al-Raghba's efforts for boosting sales and revenues. These may be primarily categorized as under

7.3.1 Suppliers

This category is at the heart of Al-Raghba's culinary success. The suppliers would mainly related to the provision of vegetables, flour, spices, cooking oil, and all other raw material required to prepare a certain food item. Cutlery would also be an area where Al-Raghba would have separate suppliers and not direct purchases made from the market by the internal staff.

For the vegetables, spices and non-manufactured items, the buying place would be the whole sale market. There too, however, premium quality of the purchased material would be of essence to the management. For manufactured and industrially refined products such as cooking oil and flour, the management would deal directly with the manufacturers. This would allow it to purchase premium quality material at a relatively lower cost by ensuring continuous patronage to the vendors.

In order to enhance supplier relationships, Al-Raghba's management would involve both parties in an agreement whereby all relevant material, flour for instance, would be bought by that one

vendor only thereby giving him the proprietor's position as a supplier. Al-Raghba, would however not restrict the vendor in selling to other restaurants but would maintain consistency in cost through a *fixed price agreement* which would secure Al-Raghba's position as a supplier in time of inflation and the supplier's position in recessionary periods.

7.3.2 Short Term Associations

In the long run, Al-Raghba may involve into associations with third parties as well. This would accentuate the restaurant's market presence and also act as a promotional tool. However, a big concern here would be which other organizations to associate with. For instance, it would be no point associating with a mass market brand such as Sufi for any of the promotional considerations since such a move would damage the restaurant's own brand image as being a high end entity.

Essentially then, Al-Raghba would engage in promotional campaigns with large high end food brands such as Nestle, Coca Cola, Dalda and the like to gain on creating and maintaining a positive market image so as to attract the right market segment, its target market. This would, in turn require that Al-Raghba is able to establish a positive initial image so that such big brands can place their trust in us. Once Al-Raghba is through that initial phase, both parties would be working to the benefit of the other.

Possible associations of such a nature may include conducting the corporate luncheons, meetings and other small scale events at Al-Raghba. AL-Raghba may, in return, display table talkers or distribute any promotional material to the regular customers either when they dine in or through a regular mailing system for the loyal customers. This way, both organizations would have an

opportunity of being promoted simultaneously while at the same time, explicitly showing association with each other.

7.3.3 Corporate Customers

Business Links with the corporate sector are amongst the most important ones for business in the hospitality industry. The major reason for this is that these corporate customers have a greater likelihood of being a constant source of revenue for restaurants and hotels. Also, there is lesser concern for high priced food as long as the menu and service quality justify what is being charged compared to individual customers.

At Al-Raghba's end, relationship with corporate customers may be worked upon through promotions such as short term membership and special offers for small scale corporate gatherings. A longer term relationship may also be established by supplying some food items to the offices of these organizations.

7.4 Four Wall Marketing

Four wall marketing is a relatively new concept in the field of in-house advertising and promotions. Whereby traditionally, organizations in the hospitality industry would advertise and promote themselves primarily through the outdoor media and television, the modern approach emphasizes placing the promotional material within the surrounds of the facility. This may be done by placing placards of on-going promotions, any discount offers, or even material related to the business's concept around on the restaurant's walls or sitting area.

For Al-Raghba, the initial four wall marketing would begin with promoting its various food items through pictorial representations on flex standees or even 3-D stuffed figures represented

by specially hired staff. Furthermore, hanging card sized banners may also be placed to advertise the on-going promotions. This would be beneficial for the restaurant in two ways. Firstly, the communication of the promotional material would reach only to the members of the target market. Secondly, because there is no clutter of advertisements and promotional material of other restaurants as may be the case in the outdoor media, Al-Raghba's communication would be able to gauge more focused attention.

It is important to understand that four wall marketing also entails the entire inner experience that a customer gets within the actual four walls of the facility. This may include the physical appearance of the business, the appearance and attitude of the employees, cleanliness and the overall ambiance that the customer experiences. This, as a matter of fact, can reap longer term benefits comparative to plain four-wall advertising and promotions.

Al-Raghba's staff shall be dressed in formal attire with a hint of traditional Arabic clothing in it like the usage of bright colored collars with golden lining. The dining area would be brightly lit in the major areas while some areas would relatively dimmer lighting primarily to give an artistic touch to the palm plants placed at various places. A small oasis like structure in the central area may be used to accentuate the feeling of a real Arabian diner.

7.5 Public Relations

More than the earlier years, the field of public relations has taken an important place in marketing for large as well as small businesses. Using public relations can greatly help establish an organization's relationship with the key stake holders, government, employees and investors. By maintaining a positive image of the organization, the activities related to public relations actually develop a relationship between the organization and the stakeholders.

One of the major tools of public relations for Al-Ragha would be the community events that it would conduct through the NGOs and other community organizations. This, with the proper media coverage would serve the purpose to some degree at least. Further efforts would be directed through a periodic magazine going to the loyal individual customers and potential corporate customers. With this, relationship building would begin and continue with the leading news papers in the city. However, the market research results clearly show that the most of the respondent get to know about new restaurants and diners from internet (66%) followed by ads in the news papers (50%). Considering the life style of the young members of Al-Ragha's target market, online presence and public networking through social media networks and emailing lists may be used as one of the tools too. This would also ensure a less expensive means of creating awareness amongst the target market.

7.6 Advertising

Advertising differs greatly from public relations in that the former is where the organization has to pay for getting a personally designed message to be displayed in a news paper, magazine etc. Public relations, on the other hand encompass third person feedback about the organization or its offerings. And if some other well known organization or a leading news paper does the good talking for it, the result is customer trust in the organization due to its association with one or more established brands.

Al-Ragha's advertising would, of course, be commercial in nature. It may take any of the following forms.

7.6.1 Internet Advertising

As the market research results indicate that around 66% of the respondents showed the awareness about new restaurant openings coming through the internet, it is essential that Al-Raghba has online presence as well. This may be managed through a website that gives information about the restaurant as well as the Arabian cuisine and life style as well. As another tool, the social media networks such as Facebook and Twitter may be used to advertise any new promotions with business associates, additions to the regular menu and pictures from the major community and corporate events.

7.6.2 Press Advertising

Local but high end news paper and magazines would be an important media to advertise mainly because a considerable amount of the older age bracket from the target market reads both news paper and magazines. As soon as the restaurant is ready for operations, the launch would be advertised two weeks prior to the actual event. Following that, print ads and press coverage of the important events would be advertised as well. Keeping in consideration the restaurant's target market, the following news papers and magazines may be contacted for the purpose.

News Papers

- The News
- Dawn
- Nation
- Daily Times

Magazines

- Business Recorder
- Herald Tribune
- Fashion magazines

Please note that Al-Raghba shall also be advertised through fashion magazines due to its positioning as a new trendy addition to the hospitality industry,

7.6.3 Bill Board and Mobile Bill Board Advertising

Al-Raghba shall also be advertised on a regular basis through bill boards in the metropolitan areas of Lahore including Defence, Gulberg, Cantt and Model Town. This however, would be related to the launch and later, to the on-going promotions at the restaurant.

Besides this, Al-Raghba may also make use of the *floats* in order to advertise the advent of a cuisine unique to the everyday hospitality industry in Lahore. For this, mobile vans thematically decorated in Arabian style may be taken around the desired areas in the city.

7.6.4 Radio and Television Advertising

Advertising the restaurant through radio or television or both would be irrelevant for Al-Raghba. This is because the restaurant would be positioned for a market niche and not for the mass market. However, to stand out amongst the competing entities which are not involved in any advertising through radio or television, the restaurant management may make its presence louder by running short infomercials on the most popular channels or having a short story of the community events held at its facility in the prime time news as a very minor part. This would ensure that the television viewer is not switching to another channel because of other commercial advertisements and at least listens to what is being said about Al-Raghba. It must not be forgotten however, that it would ultimately turn out to be one form of public relations activity and not advertisement per se.

8. Operations

Business operations are the on-going and recurring activities of an organization that are aimed at generating a continuous stream of cash flows. Although each organization's operations. Apart from this, increasing the business's value over time and securing this value and the resultant income achieved thus far.

At Al-Raghba, there would be certain activities that would form a part of the regular and daily operations such as the arrangement of the dining tables, the preparation of the ordered food items and accounting of the daily revenues at day end. However, activities such as performance evaluations would be more periodic in nature but would still be a part of the normal operations of the restaurant.

In order to ensure the smooth running of the business, the management would ensure introducing certain control measures such as having proper software that immediately indicate if the costs are exceeding the acceptable levels. With this, the quality of the hired staff shall be ensured at the very step of staffing so that not only the work is carried out in a proper and professional manner but also, the concern for providing the best experience to the customer in terms of interactions with the employees is addressed to as well. Hiring the educationally qualified staff for this purpose for alleviate any problems in this regard.

Improvements in the employee skill set shall be ensured through regular training of the kitchen staff and complete orientation of the new employees at other levels. This, coupled with effort for providing excellent customer service would ensure that Al-Raghba is the preferred choice of the customers looking for high class differentiated food and experience. The long term relationship

building with the suppliers would add to the effective management of the business both in terms of the cost and general consistency. The following would give a detailed idea on how Al-Raghba plans to carry out its operations.

8.1 Staffing

Staffing is one of the major functions of the Human Resource departments during the process of hiring for specific positions available at an organization. Generally , includes all of the following

- Recruitment
- Interviewing
- Hiring/Firing

The recruitment of the kitchen staff shall take place through references only. This, however, would have to take place on a regular periodic basis so that in case of any one of the kitchen staff leaving the organization, there is a chef ready to replace him any time. For the managerial level positions however, the target recruits would be graduates from reputed business schools and hotel management institutes, with at least some experience in the relevant field. Vacancies shall be advertised in the high-end local news papers along with sending requests for CVs to the business schools. This shall allow the selection of the appointee from a larger resource pool.

The interviews shall be conducted at two levels; first screening level and a final panel interview with the Manager and the Managing Director. The characteristics required for a managerial position would revolve around interpersonal and communication skills and initiative in addition to the practical implementation of the business management theories and procedures.

Following the formal interviews the rejection or acceptance of the interviewees shall take place as is a normal practice everywhere. The hired candidate shall be required to sign the employee agreement as well as the confidentiality agreement with Al-Raghba. The firing/resignation policy would require a notice period of at least one month from the concerned party and payment of one month's salary in case of immediate action.

8.2 Training

The most important role of on-going training would be for the kitchen staff since the core of the competitive advantage would rest with the kitchen staff through the quality of the high quality Arabian food that would be offered. This would be essentially required for the assistant chefs that would need to be trained for precision and expertise during the head chefs stay with the restaurant.

For this, the head chef would not be solely held responsible for this. The assistant chefs shall be taken through rigorous but real time in-house training sessions during the course of regular service for the customers dining at Al-Raghba. This on job training would yield two benefits; the assistant chefs would learn in the real work environment and the regular restaurant operations would not come to a halt. The training would include

- Selection of the correct quality of raw material
- Kitchen maintenance
- Preparation of the order
- Adding innovative but related additions to the menu
- Learning tips on maintaining the authenticity of Arabian taste in food
- Presentation of food in Arabian style

An accepted fact about a business in the service industry is that its success depends on the quality of its environment as much as it does on the quality of the food provided for instance. And for the quality of environment to be high, the staff managing the work and customer service must be adequately trained to well manage and handle situations such as customer complaints. The employees must also be trained well in terms of crisis management.

At Al-Raghba, each new employee would be taken through a week long orientation session with the other staff so as to initiate his training in terms of dealing with the customers, both satisfied and dissatisfied with the service or food provided.

8.3 Daily Operations and Production

The regular every day operations would be comprised in various activities related to each department. It would be waiting staff's foremost responsibility, for instance, to arrange the dining hall's tables everyday replacing them with fresh linen and manage the crockery for the day.

For the kitchen staff, the operations would begin with preparing the kitchen for food preparation at lunch time. This shall start off with receiving fresh vegetables and fruits every morning from the respective suppliers. During the customer inflow, while the waiting staff would look after seating the customers and taking orders, the kitchen staff shall prepare the food items as per the order. The operations shall be slowed down towards the afternoon by putting only 2 of the 4 assistant chefs on duty for food preparation at tea while the other two would prepare the kitchen for dinner arrangements. Meanwhile, the manager shall be responsible to look after the smooth running of the process while also conducting meetings with potential business partners.

Once all the customers would leave the restaurant, the manager shall be responsible for checking accounts for the day's revenues and matching them with the targets. The accounts for the purchases shall also be looked after by the manager during the course of the day.

An important point here is that the preparation of orders would take place such that one order is separately handled by one chef only. No work specialization would be encouraged in terms of a specific task being assigned to one specific chef only. This would help develop the individual skill set of the chefs and avoid the introduction of an assembly line like operations an operations management system. At the end of each day, each kitchen staff's brief evaluation sheet shall be prepared by the head chef and be presented the following morning to the manager.

8.4 Customer Service

The customer service would also be a part of the routine operations of the restaurant. This is because the management would not differentiate regular dining area service from the after sales services such as handling employee complaints and feedback. This shall also include making table reservations for the customers and confirming their attendance on the date for which the seats have been reserved.

The customer services shall take the customer feedback on a separate feedback form placed with the billing for the day. Resolving any customer complaints in consultation with the manager would be an important task of the department. This feedback would form basis for designing promotional campaigns for the loyal customers and in any discrepancies in the design of the business and its operations. The customer care services would be available to the potential as well as the regular and loyal customers. To satisfy the complaining customer and being constantly in touch with him in order to develop a long term bonding would be one of the main

roles of providing this service. However, the customer care serviced shall not be linked to any one department or individual but would be an essential part of every employees job description so that the customer satisfaction may be maximized with reference to all the staff members that he comes in contact with.

8.5 Suppliers

Instead of being a periodic relationship, Al-Raghba's link with its suppliers would be more routine based in nature. This would especially be true for the suppliers providing items such as fresh vegetables and fruits on a daily basis. Although the purchase prices would be decided upon before hand through agreements in most cases and with most suppliers, the physical delivery of the manufactured raw material would be done on the need basis.

The standard procedure for requesting for the needed item, cooking oil for instance, would be to send a written requisition for the quantity required and the date of delivery. This must take place at least 4 days before the delivery is actually made. Doing so would, again allow the restaurant to manage the resources such that there are no breaks in the smooth running of the restaurant's daily operations and the required items are obtained well in time to avoid any inconvenience to the customer due to non availability of any of the materials needed for the ordered food item.

The key suppliers shall be contacted either by the manager or by the head chef in order to ensure that the required items are delivered in a timely manner. This would mean then most of the formal communication between Al-Raghba and the supplier shall take place through the manager and the head chef although the decision making power about price proposals shall be the Managing Director's area of cocern.

8.6 Management Controls

In every organization, there has to be a system of performance evaluation of all the organizational resources including the human, physical and financial resources owned by it. This allows one to maintain quality standards in terms of the customer experience while at the same time identifying the weak links in the system which either need replacement or training for improvement.

In order to evaluate employee performance, a brief evaluation sheet shall be prepared at the end of each work week and presented to the manager for his comments. This would enable keeping the manager informed on the current working status of the employees and also take corrective measure as soon as possible. With this, the manager would be responsible to conduct a regular periodic market assessment and mini business intelligence sessions so as to know if the competing entities are making changes to their menus, layout or any other thing that may enhance and improve the customer's experience with them. This would be crucial for Al-Raghba since excellence in terms of customer experience would also be at the heart of the restaurant's success amongst many other factors.

Besides this, a proper scheduling of the staff shall be done so that the available resources are efficiently utilized to maximize the productivity and output. Apart from this, controlling the cost would mainly be done through the agreements with the suppliers but would still need a check so that the quantity of the items bought does not unnecessarily exceed the appropriate numbers. These and updates in terms of training especially the kitchen staff on new and more authentic

Arabian recipes would be amongst the major control measures that the management would introduce into the very system of the restaurant.

8.7 Administrative Systems

The administrative systems at the restaurant shall be primarily concerned with the safety and security of the working staff and the incoming customers. Techniques for crisis management is what the general administration shall be well versed with as well. For instance, in case of a fire breaking out in the presence of customers, there must be a contingency plan ready with the admin as to how the restaurant is to be evacuated so that there is least possible damage caused to any of the customers.

Along with this, the administration would also be involved with the main management in keeping a check on the inventory levels and in introducing loss prevention techniques such as handling of crockery with gloved hands so that no damage is caused due to related accidents. It would be the management's duty to immediately step in, in case of a complaint developing into a quarrel or a similar situation developing between two different customers. How well that is managed while the situation arises would be the real test for the management and would have a great impact on the comfort of the other customers.

In a similar manner, the administration would be very strict about allowing only a decent profile of customers to dine at the restaurant. Any rowdy behavior would immediately lead to a request to leave the restaurant. In such circumstances, the administration shall not compromise on the

comfort and satisfaction of the larger majority of its customers for a small fraction of revenues coming from the unacceptable profile of people expecting to dine at Al-Raghba.

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9. Financial Analysis

9.1 Cost Analysis:

The relevant fixed costs required for the endeavor are mentioned based on the requirements and the market prices of the assets required for operations of the restaurant business.

Under the variable costs, per month costs required for running the restaurant are mentioned considering the market trend and rates. The marketing costs are calculated by selecting the optimal mix of marketing tools that should be used for creating awareness and promoting the business. These costs are derived from the 'Marketing' sheet.

9.2 Marketing:

In this sheet, different options available for the use of various marketing media are mentioned with the relevant details.

9.3 Industry Growth:

The growth rates for the food business industry are mentioned in this sheet in a quarterly basis.

The rates are for the overall industry and for specifically Lahore food businesses as well. There is a trend that the growth slows down in the last quarter of the year as there is more rush towards banquets in that season.

9.4 Capital Budget:

The capital budget sheet outlays the investments required for setting up the business. These are composed of the fixed costs and the marketing costs required for conducting the marketing for

creating awareness in the pre-launch phase for the business. 60% of the required capital will be provided by the owner while the rest 40% will be financed by securing debt from the bank.

9.5 Hourly Labor Projection:

In this sheet, the working hours for all the employees are mentioned.

9.6 Operating Model:

This sheet states the different assumptions made for projecting the operations of the business. First of all the average annual industry growth rate for Lahore is taken by calculating the average of the quarterly growth rates for that year. Next, the average revenue per customer for start is assumed to be Rs. 350 and is then inflated at annual 20%. For average customer turnover per day, the customer visits on day 1 are assumed to be 150 and this is increased at the average industry growth rate for Lahore.

For operating costs, the first year annual inventory as a percentage of total revenue is taken as the base, and for projections this proportion is inflated at 5%. The rent expense is assumed to grow at 15% annually. The salaries for the staff are assumed to increase at an annual rate of 10%. The maintenance expense is taken as percentage of Property, Plant & Equipment, and is further increased at 5% annually to account for inflation. The utilities expenses are assumed to grow at 12% annually. Finally, the annual marketing costs are taken as percentage of revenue for the first year and are then increased at 5% annually.

9.7 Sales Projection:

The total revenue is projected in this sheet by taking values for the average annual customer turnover and average revenue per customer from the 'Operating Model' sheet.

9.8 Debt Schedule:

The required debt will be obtained by having an arrangement for unsecured debt with a floating interest rate. This floating rate will be computed by adding the KIBOR and the spread required by the bank. The KIBOR rate is assumed to increase by 50 basis points annually, whereas the constant spread is assumed to be 2.5%. The term for the loan is assumed to be 20 years. The Principal Outstanding is calculated by assuming that the principal amount will be paid by way of equal installments spread over 20 years, and the interest rate is calculated on the amount outstanding.

9.9 Cap. Ex and D&A:

In this sheet, the depreciation and amortization schedules are mentioned for the fixed assets acquired for setting up the business. The further capital expenditures required over the period of 5 years are also mentioned. The accumulated depreciation is calculated by adding up the depreciations of all the assets mentioned for the purpose of depreciation or amortization.

9.10 Income Statement:

In this sheet, the income statement is computed by calculating the values of its components from the assumptions mentioned in 'Operating Model'. The depreciation and amortization expense is linked to 'Cap. Ex and D&A', and the interest expense is linked to the 'Debt Schedule'. The tax expense refers to the General Sales Tax which is to be paid on each sale made to the customer

and is this calculated on the revenue generated. Its value is assumed to be 16%. The net income shows an increasing trend over the 5 years as operating become stable and the assumed growth is undertaken.

9.11 Projections:

This sheet contains the projected income statement, balance sheet, and statement of cash flows for a period of 5 years. No current assets and current liabilities are mentioned here because it is difficult to project the values of these components until business actually starts. It is because of the reason that the raw material inventory will comprise a stock of a limited period because of perishability of food items. Also, the accounts payable will keep on changing over the year. So, the value at the year-end cannot be projected with accuracy.

The income statement is linked to the sheet 'Income Statement'.

For balance sheet, the relevant fixed assets and debt figures are taken from 'Cap. Ex and D&A' and 'Debt Schedule'. It is assumed that the equity will be incorporated in the form of cash and it is thus the starting cash balance for the company. As years proceed, net income will be added to the equity to calculate the further values.

For statement of cash flows, the cash flows from operations comprise of net income and the depreciation and amortization expense. The relevant capital expenditures are considered for calculating the cash flows from investing activities. While the debt proceeds and principal payments are taken for calculating the cash flows from financing activities. Summing up these three, the total change in cash is calculated which is negative for the first year only which is because of the investments done for opening the restaurant.

Summary Financials:

This sheet contains the summary of the key financials from the projected statements.

9.12 Valuations:

First of all, NPV is calculated by taking the cash flows and discounting them at the assumed discount rate of 25%. The NPV is positive which means that the project must be undertaken.

Next, the break-even point is calculated which comes out to be 257,866 customers and this figure will be reached in the 4th year of projections.

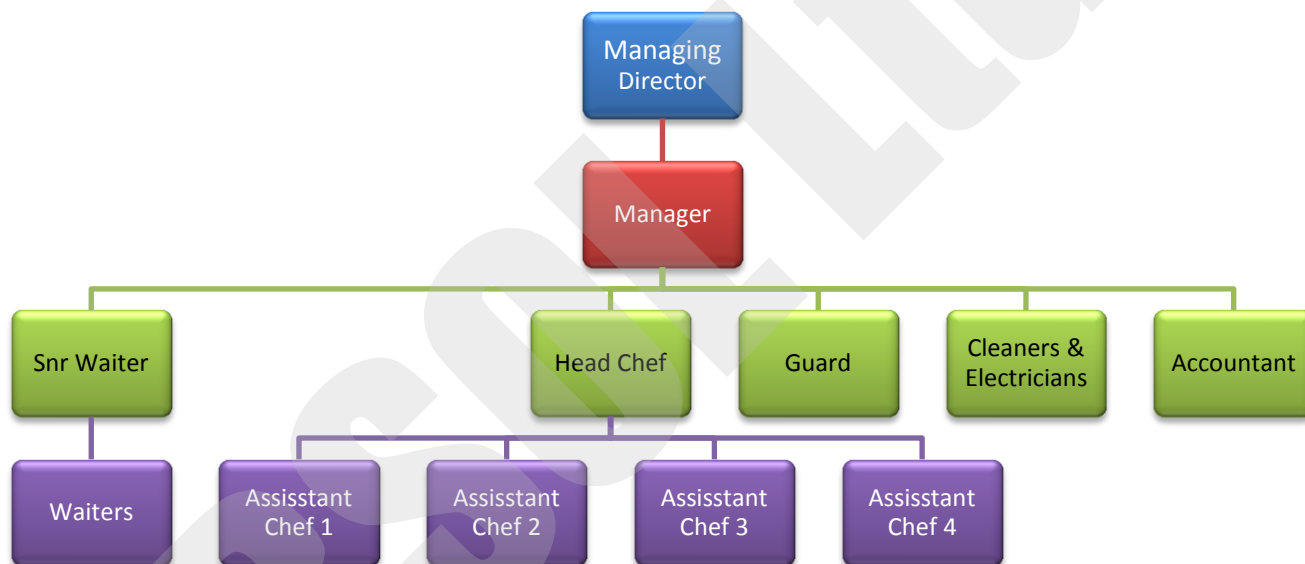
Finally, the payback period is calculated according to which the investment will be recovered by the 7th year of operations.

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12. Appendices

12.1 Hierarchy of the Restaurant Staff-Managerial & Non-Managerial



12.2 Capital Budget

Note: All values for currencies are in Pakistan Ruppee.

Fixed Costs	
one time	
Land	
Security Deposit	Rs. 5,000,000
Construction	
Sainatry	Rs. 1,200,000
flooring	Rs. 400,000
Wood work	Rs. 1,100,000
Tiles	Rs. 300,000
Paints	Rs. 200,000
Other	Rs. 6,000,000
Equipment	
Cooking Equipment	Rs. 1,000,000
Electronics	Rs. 200,000
LCD TV & Computers	Rs. 600,000
Cutarly	Rs. 400,000
saftey Equipment	Rs. 80,000
Split Acs	Rs. 300,000
Generator	Rs. 5,000,000
Others	Rs. 1,000,000
Permits and Licenses	
Food Quality	Rs. 250,000
Resturant	Rs. 300,000
Furniture	
Table sets	Rs. 600,000
Chairs	Rs. 200,000
Others	Rs. 100,000
Others	
Others	Rs. 700,000
Total	
Rs. 24,930,000	

Variable Costs

per month

Marketing	Total	%age	Code 1	Freq	Cost	Code 2	Freq	Cost
Print Media	Rs. 22,400	100%	PM-2	2	Rs. 11,200	PM-1	0	Rs. 10,000
Radio	Rs. 24,800	100%	R-3	3	Rs. 4,267	R-1	3	Rs. 4,000
TV	Rs. 17,750	100%	T-2	3	Rs. 3,250	T-4	20	Rs. 400
Bill Boards	Rs. 132,000	100%	B-4	1	Rs. 72,000	B-5	1	Rs. 60,000
Brouchers	Rs. 10,500	50%	BR-2	4	Rs. 2,250	Br-3	2	Rs. 6,000

Total	Rs. 207,450
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Description:

- Column 3: This is the percentage of the consumption of the service per month, for instance, if we print out the Brouchures in a specific month, they can be consumed in marketing for two months, thus we will write the consumption of the brouchers %age as 50%.
- Column 4: This is the code of the marketing mode. Using the Vlookup function in excel we had emerged it from the Marketing table given Bleow.
- Column 5: This represents the frequency of the consumption of that service. For instance if 4 different types of brouchers are printed and each type consumerd for 2 months. Also, in TV Ads, for instance the number of times the ad will be on air.

Equity	60%	15,082,470
Debt	40%	10,054,980

12.3 Marketing Cost Analysis

Code		Marketing Costs			
Print Media					
		L (Inches)	B (columns)	Rate	Total
PM-1	Jang News	10	4	Rs.250	Rs.10,000
PM-2	Dawn News	8	4	Rs.350	Rs.11,200
PM-3	Akhbar	7	4	Rs.150	Rs.4,200
PM-4	Nawa-e-waqt	6	4	Rs.150	Rs.3,600
PM-5	Sham ka Akhbar	6	4	Rs.80	Rs.1,920
Radio Ads					
		Time (seconds)	Cost per 15 seconds x 10	Total	
R-1	FM100	30	Rs.2,000	Rs.4,000	
R-2	FM103	20	Rs.1,800	Rs.2,400	
R-3	FM 91	20	Rs.3,200	Rs.4,267	

TV Ads

		Time (seconds)	Cost per min	Total
T-1	City42	30	Rs.8,000	Rs.4,000
T-2	Waqt News	30	Rs.6,500	Rs.3,250
T-3	Cable Channels			
T-4	1	30	Rs.800	Rs.400
T-5	2	30	Rs.1,000	Rs.500
T-6	3	30	Rs.1,000	Rs.500
T-7	4	30	Rs.650	Rs.325
T-8	5	30	Rs.500	Rs.250

Input
Box

Bill Boards

	Time (Days)	Location Ranking	Ranking Cost	Size	Total
B-1	20	1	Rs.2,000	1.20	Rs.48,000
B-2	30	3	Rs.15,000	1.20	Rs.540,000
B-3	20	5	Rs.25,000	1.40	Rs.700,000
B-4	15	1	Rs.3,000	1.60	Rs.72,000
B-5	25	1	Rs.1,500	1.60	Rs.60,000

Code Table

Ranking	Cost
5	Rs.25,000
4	Rs.20,000
3	Rs.15,000
2	Rs.8,000
1	Rs.3,000

Brochures

	Type	L (inch)	W (inch)	Cost per	Quantity	Total
BR-1	A4 road type	11	8	Rs.0.50	5000	Rs.2,500.00
BR-2	Doube side	10	8	Rs.0.75	3000	Rs.2,250.00
BR-3	Triple side	10	8	Rs.1.50	4000	Rs.6,000.00

Description:

- Print Media: The news paper measurements are in Length in inches X no of news columns x standard Rate
- TV Ads & Radio Ads: They are modifiable with minimum 15 seconds and maximum 2 mins, with different times and channels
- Internet Ad is negligible, because of Free domains availability and Internet Social Marketing. The cost incurred on internet Marketing is also adjusted in a small portion of the Broadband cost per month.

12.4 Projected Income Statement

Income Statement					
	1	2	3	4	5
Revenue	21,526,746	24,728,345	28,707,338	32,818,754	39,223,960
Inventory expense	(2,880,000)	(3,473,749)	(4,234,339)	(5,082,813)	(6,378,561)
Gross Profit	18,646,746	21,254,595	24,472,999	27,735,941	32,845,398
Operating Costs:					
Rent expense	(2,400,000)	(2,760,000)	(3,174,000)	(3,650,100)	(4,197,615)
Staff salaries	(366,000)	(402,600)	(442,860)	(487,146)	(535,861)
Maintenance expense	(1,061,500)	(1,114,575)	(1,170,304)	(1,228,819)	(1,290,260)
Utilities Expense	(2,028,000)	(2,271,360)	(2,543,923)	(2,849,194)	(3,191,097)
Marketing cost	(2,489,400)	(3,002,622)	(3,660,057)	(4,393,456)	(5,513,469)
EBITDA	10,301,846	11,703,438	13,481,855	15,127,226	18,117,096
Depreciation & Amortization	(3,767,619)	(3,767,619)	(3,767,619)	(4,000,952)	(4,000,952)
Operating Profit (EBIT)	6,534,227	7,935,819	9,714,236	11,126,274	14,116,144

Interest Expense	(1,451,939)	(1,420,769)	(1,384,571)	(1,343,345)	(1,297,092)
EBT	5,082,287	6,515,051	8,329,665	9,782,929	12,819,052
Tax (GST) @ 16%	(3,444,279)	(3,956,535)	(4,593,174)	(5,251,001)	(6,275,834)
Net Income	1,638,008	2,558,516	3,736,491	4,531,928	6,543,218
Net Income Margin	7.6%	10.3%	13.0%	13.8%	16.7%

12.5 Balance Sheet

Balance Sheet					
	1	2	3	4	5
Cash	8,110,328	13,933,714	20,935,075	28,265,207	38,306,628
Gross PP&E	21,230,000	21,230,000	21,230,000	21,230,000	21,230,000
Other non-current assets	700,000	700,000	700,000	1,400,000	1,400,000
Accumulated Depreciation	(3,767,619)	(7,535,238)	(11,302,857)	(15,303,810)	(19,304,762)
Total Assets	26,272,709	28,328,476	31,562,218	35,591,397	41,631,866
Debt	9,552,231	9,049,482	8,546,733	8,043,984	7,541,235
Equity	16,720,478	19,278,994	23,015,485	27,547,413	34,090,631
Total Debt & Equity	26,272,709	28,328,476	31,562,218	35,591,397	41,631,866

12.6 Cash Flow Statement

Cash Flow Statement					
	1	2	3	4	5
Cash Flow from Operations					
Net Income	1,638,008	2,558,516	3,736,491	4,531,928	6,543,218
(+) Depreciation & Amortization	3,767,619	3,767,619	3,767,619	4,000,952	4,000,952
Total Cash Flow from Operating Activities	5,405,627	6,326,135	7,504,110	8,532,880	10,544,171
Cash Flow from Investing Activities					
(-) Capital Expenditures on PP&E	(21,230,000)	-	-	-	-
(-) Cap. Ex on Other non-currents assets	(700,000)	-	-	(700,000)	-
Total Cash Flow from Investing Activities	(21,930,000)	-	-	(700,000)	-
Cash Flow from Financing					
(+) Proceeds from Debt	10,054,980				
(-) Payment of Debt	(502,749)	(502,749)	(502,749)	(502,749)	(502,749)
Total Cash Flow from Financing Activities	9,552,231	(502,749)	(502,749)	(502,749)	(502,749)
Change in Cash	(6,972,142)	5,823,386	7,001,361	7,330,131	10,041,422

Valuations

Net Present Value					
Discount rate	25%				
	1	2	3	4	5
Cash Flows	(6,972,142)	5,823,386	7,001,361	7,330,131	10,041,422
Discounted Cash Flows at point 0	(5,577,713)	5,823,386	7,001,361	7,330,131	10,041,422
Net Present Value	24,618,587				

Break-Even Point	
Fixed Cost	24,930,000
Variable Cost (Per Unit)	288
Price (Per Unit)	385
Break-Even Point (units)	257,866

Payback Period

Investment	25,137,450				
Net Income	1,638,008	2,558,516	3,736,491	4,531,928	6,543,218
Payback Period	6.61	years			

12.7 Sales Projections

Year	1	2	3	4	5
Average Customer Turnover	55913.63	58390.42	61623.57	65888.77	71589.29
Average Revenue Per Customer	385	423.5	465.85	498.0933	547.9026
Revenue	21526746	24728345	28707338	32818754	39223960

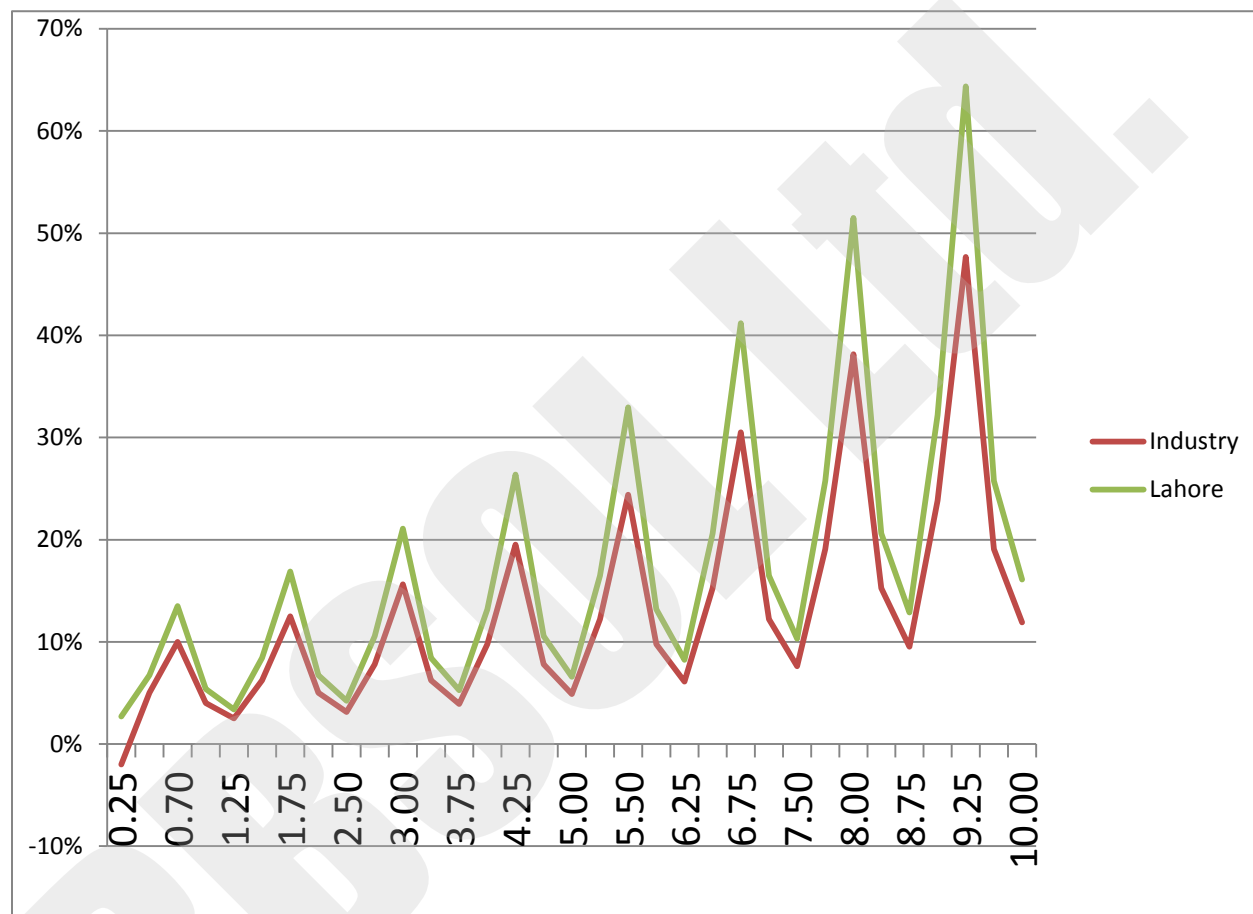
12.9 Summary Financials

Years	1	2	3	4	5
Revenue	21,526,746	24,728,345	28,707,338	32,818,754	39,223,960
EBITDA	10,301,846	11,703,438	13,481,855	15,127,226	18,117,096
EBIT	6,534,227	7,935,819	9,714,236	11,126,274	14,116,144
Net Income	1,638,008	2,558,516	3,736,491	4,531,928	6,543,218
Net Income Margin	7.6%	10.3%	13.0%	13.8%	16.7%
Total Assets	26,272,709	28,328,476	31,562,218	35,591,397	41,631,866
Cash Flows	(6,972,142)	5,823,386	7,001,361	7,330,131	10,041,422

12.10 Human Resource Working Hours analysis

	Start	End	Hours
Working Hours	9:00 a.m	1:00 a.m	15
Snr. Sheff	1:00 p.m	11:00 p.m	10
Asst Sheff (Shift 1)	11:00 a.m	7:00 p.m	8
Asst Sheff (Shift 2)	6:00 p.m	1:00 a.m	7
Manager	1:00 a.m	11:00 p.m	10
Accountant (Shift 1)	10:00 a.m	6:00 p.m	8
Accountant (Shift 2)	6:00 p.m	1:00 a.m	7
Waiters (Shift 1)	10:00 a.m	6:00 p.m	8
Waiters (Shift 2)	6:00 p.m	1:00 a.m	7
Cleaner 1	10:00 a.m	6:00 p.m	8
Cleaner 2	6:00 p.m	1:00 a.m	7
Electrician	12:00 p.m	2:00 p.m	2
Guards (Shift 1)	10:00 a.m	10:00 p.m	12
Guards (Shift 2)	10:00 p.m	10:00 a.m	12

12.11 Estimated Growth Chart



Growths are subject to the season, and are average estimates from Resturant Industry of Pakistan. The difference between the growths rates of Lahore Resturants anad the over all Pakistan Resturants is almost 35%.

12.12 Operating Model

Revenue Driver Inflation Assumptions

Operating Revenue:

Customer Turnover for day	
1	150
No. of days in year	360
Average Revenue Per Customer	350
Annual inflation	20%

Operating Costs Inflation Assumptions

Inventory	5%
Rent expense	15%
Salaries	10%
Maintenance	5%
Utilities	12%
Marketing & Advertising	5%

Revenue Driver Rates	1	2	3	4	5
Average Industry Growth Rate (Lahore)	7%	9%	11%	14%	17%
Average Revenue Per Customer	385	423.5	465.85	498.0933	547.9026
Average Customer Turnover Per Day	155.3156	162.1956	171.17657	183.0244	198.8591
Average Customer Turnover (Annual)	55913.63	58390.42	61623.565	65888.77	71589.29

Operating Costs Rates

Inventory as % of Revenue	13.4%	14.0%	14.8%	15.5%	16.3%
Maintenance as % of PP&E	5%	5.3%	5.5%	5.8%	6.1%
Marketing as % of Revenue	11.6%	12.1%	12.7%	13.4%	14.1%

12.13 Logo



12.14 Questionnaire

[Type the company name]

‘Raghba’ (الرغباء)

]The Resturant Business Plan]

Thank you! For providing us few minutes from your valuable time.

SCREENING INFORMATION

Name of respondent	
Respondent ID (From sample list)	
Respondent's telephone number	
Age	
City	
Education	
Occupation	
Household size	
Monthly household Income	

Start of interview		End of interview	
Date of interview (DD/MM/YYYY):	--/ /----		
Name of interviewer			
Interviewer ID Number			
Name of fieldwork supervisor:			
Name of quality control staff1:			
Date of 1 st QC (DD/MM/YYYY):	--/ /----		

READ OUT INTRODUCTION:

Good morning/afternoon/evening, my name is I am taking this interview to conduct a pre project Market Research about the trends of **Restaurants** in Lahore.

The information provided by you will be very helpful for us. And we also ensure you that the information you will provide us will be abide by the ethics of privacy, and will not be used anywhere else than for the Project.

Our interview will last about 7-10 minutes (CATI).

Questionnaire

A1. Do you go to Resturants?

Yes

No

A2. How often do you go to Resturants?

Almost every day

Once in a week

Once in a month

Once in 6 monnths

Very rare

A3. Do you like variety of food?

Yes

No

Sometimes

A4. Do you like or try different cuisines?

Yes

No

If you had answered 'Yes' in the previous question then go the A5 else skip to A7

A5. Which of the following cuisines you had tried?

Chinese

English

- Italian
- Desi (Continental)
- Arabic
- Lebanese
- American

A6. Give ranking to the preferences you look in to while selecting a specific Cuisine?

Preference	Ranking (1= most preferred, 5= least preferred)
Price	
Taste likeness	
Availability	
Suitable for Health	
Trend/fashion	
Other	

A7. Do you know any place in Lahore, where you can find Arabian Cuisine?

- Yes
- No

A8. Do you know any place in Lahore, where you can find Arabian Cuisine?

- Yes
- No

A9. If you have an opportunity to have Arabian Cuisine Resturant with comfortable Environment for eating with your Friends and Family or individual, Will you go there?

- Yes
- May be
- No

A10. How much do you know about Arabican Cuisine?

- Very much

A little

Not so much

Don't know at all

A11. Will you select Arabian Resturant for celebratering your events, with your friends and family?

Yes I will

Might be

No I will not

A12. Which of the following you will prefer to taste , Define your preference by 1= Most prefereable, 5= least Preferable

Name	Quantity	Preference
Falafal	mashed peas and sesame seeds rolled into chicken balls & deep fried	
Hareis	A rich delicacy of slow-cooked wheat and tender lamb.	
Matchbous	This dish is made of spiced lamb with rice.	
Mehalabiya	A pudding sprinkled with rosewater and pistachios.	
Shawarma	A traditional Middle Eastern snack is the	

	Shawarma	
--	----------	--

A13. What do you think about Prices of Arabian cuisine comparatively to the other(s) available in Lahore?

- Very Expensive
- Somewhat Affordable
- Low Price
- Very Low Price

A14. From where do you get to know about new resturant openings in Lahore?

- Friends & Family
- News paper ads
- TV Ads
- Radio Ads
- Internet
- Magazine

A15. Will you like to know about new menu additions in your favourite resturants through email/text/postal letter?

- Yes
- No

Demographics Information

B1. Please select your Age group

15-20

20-30

30-45

45-60

60+

B2. What is your Occupation?

Job holder

Business man

Self Employeed

Student

Retiree

House/wife (if female respondant)

Any other_____

B3. What is your average income/salary/pocket money/funding per month?

Less than Rs.5000

Rs.5000-10000

Rs.10000-30000

Rs.30000-60000

Rs.60000-100000

More than Rs.100000

B4. What is your education?

School

High school

Graduate Degree

Master Degree

Medical, Engineering, Law, C.A, etc.

Professional Education

----- End Questionnaire -----

12.15

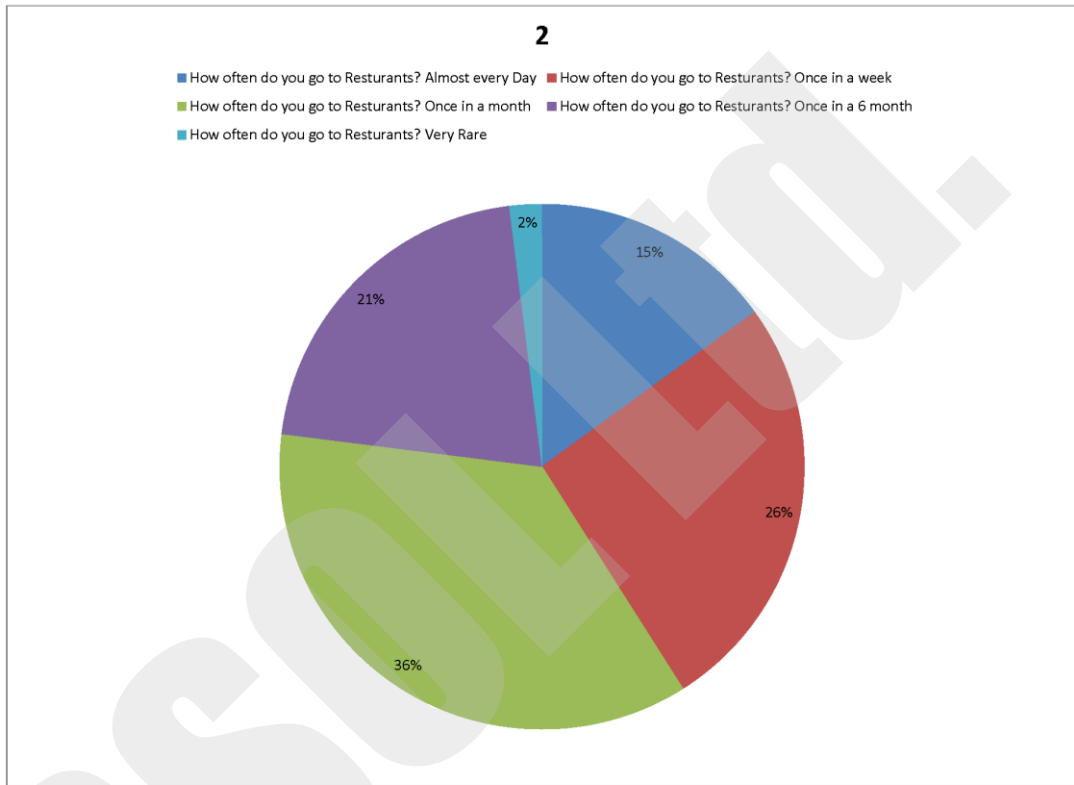
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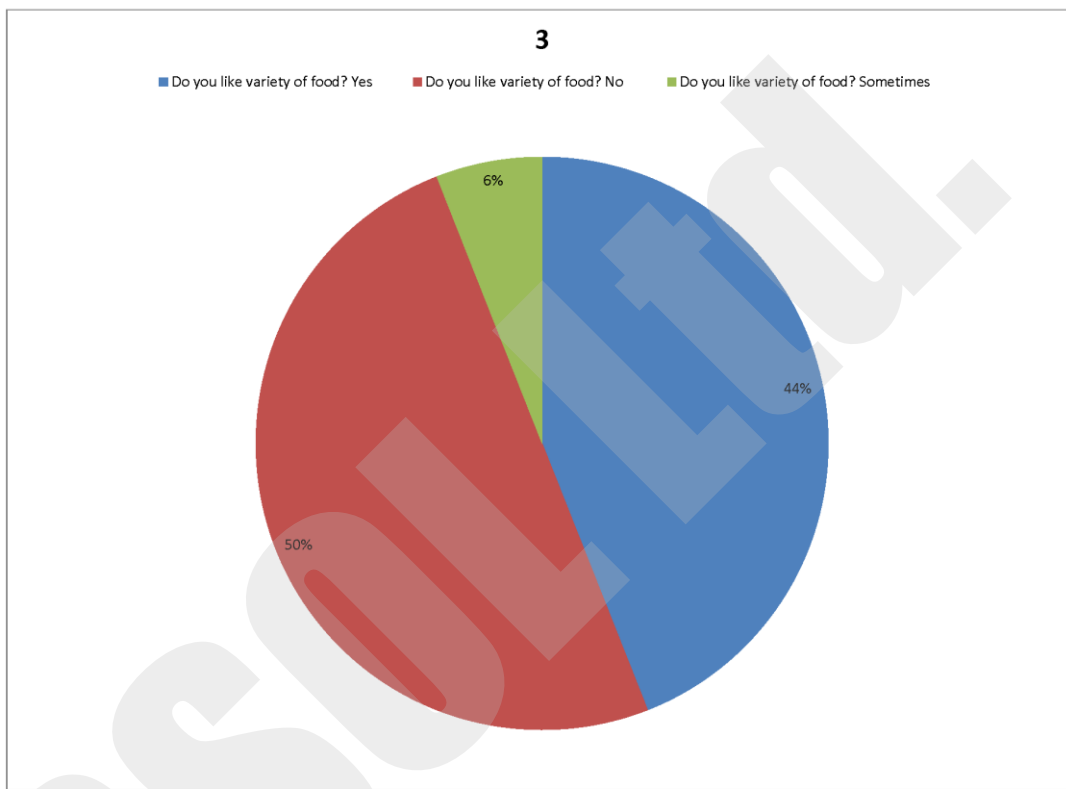
1	Do you go to Resturants?	Yes	100			
		No	0			
2	How often do you go to Resturants?	Almost every Day	15			
		Once in a week	26			
		Once in a month	36			
		Once in a 6 month	21			
		Very Rare	2			
3	Do you like variety of food?	Yes	44			
		No	50			
		Sometimes	6			
4	Do you like or try different Cuisines?	Yes	90			
		No	10			
5	Which of the following cuisines you had tried?	Chinese	42			
		English	50			
		Italian	45			
		Desi	100			
		Arabic	25			
		Labanese	38			
		American	36			
6	Give ranking to the preferences you look in to while selecting a specific Cuisine?	Price	100	33	33	34
		Taste likeness	100	0	34	100
		Availability	100	0	0	100
		Suitable for Health	100	0	0	100
		Trend/fashion	100	4	0	100
7	Do you know any place in Lahore, where you can find	Yes	4			
		No	96			
8	If you provided a place for Arabian Cuisine with comfortable Environment for	Yes	79			
		May be	23			
		No	0			
9	How much do you know about Arabican Cuisine?	Very much	49			
		A little	25			
		Not so much	21			
		Don't know at all	8			
10	Will you select Arabian Resturant for celebrating your events, with your friends and	Yes I will	37			
		Might be	49			
		No I will not	14			
		Falafal	19			

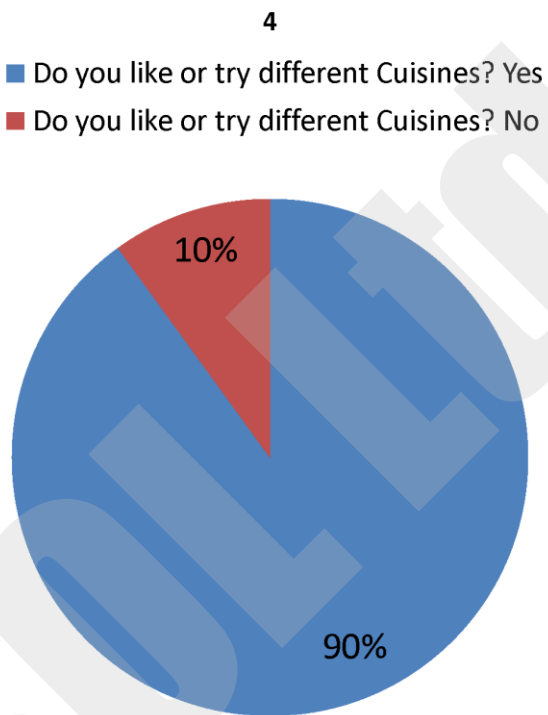
11	Which of the following you will prefer to taste	Hareis	23
		Matchbous	35
		Mehalabiya	16
		Shawarma	7
12	What do you think about Prices of Arabian cuisine comparatively to the other(s) available in Lahore?	Very Expensive	16
		Somewhat Affordable	25
		Low Price	30
		Very Low Price	29
13	From where do you get to know about new resturant openings in Lahore?	Friends & Family	42
		News paper ads	50
		TV Ads	45
		Radio Ads	36
		Internet	66
		Magazine	38
		Any others	36
14	Will you like to know about new menu additions in your	Yes	80
		No	20
15	Please select your Age group	15-20	15
		20-30	26
		30-45	36
		45-60	21
		60+	2
16	Gender	Male	58
		Female	42
17	Please select your occupation	Job holder	14
		Business man	24
		Self Employeed	33
		Student	21
		Retiree	2
		House/wife (if female respondant)	6
		Less than Rs.5000	15
		Rs.5000-10000	25

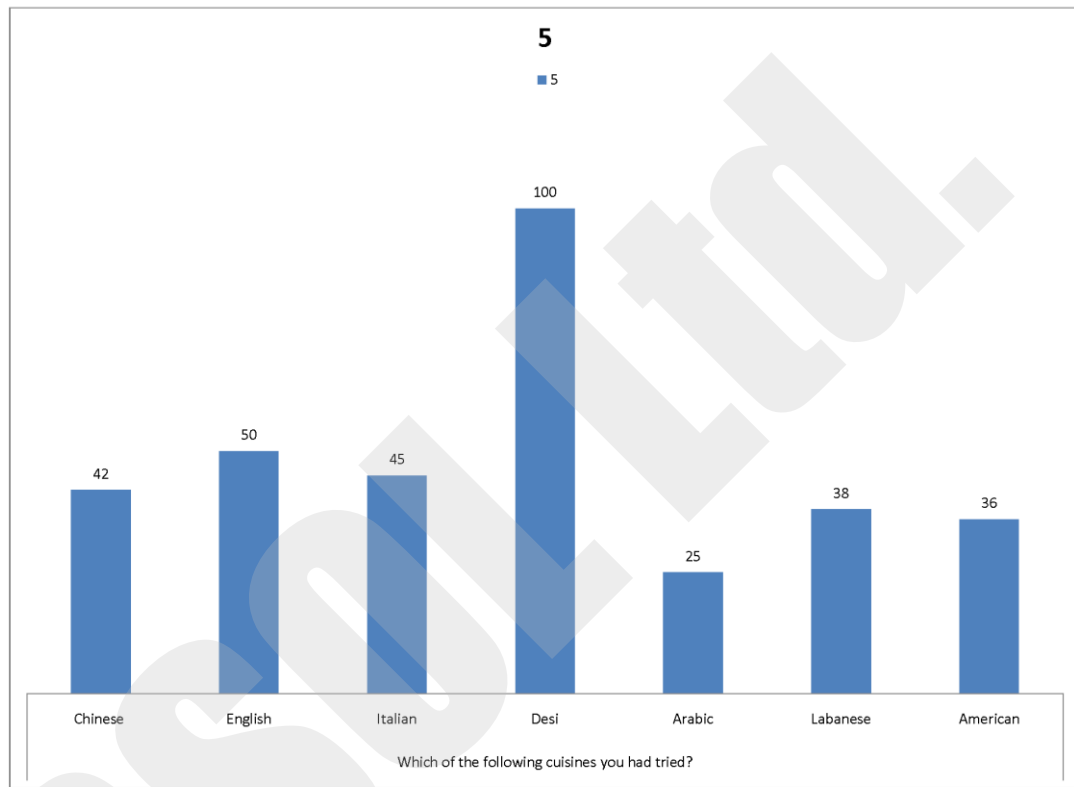
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18	What is your average income/salary/pocket money/funding per month	Rs.10000-30000	34
		Rs.30000-60000	20
		Rs.60000-100000	1
		More than Rs.100000	5
19	What is your level of education?	School	15
		High school	25
		Graduate Degree	34
		Master Degree	20
		Medical, Engineering, Law, C.A, etc.	1
		Professional Education	5

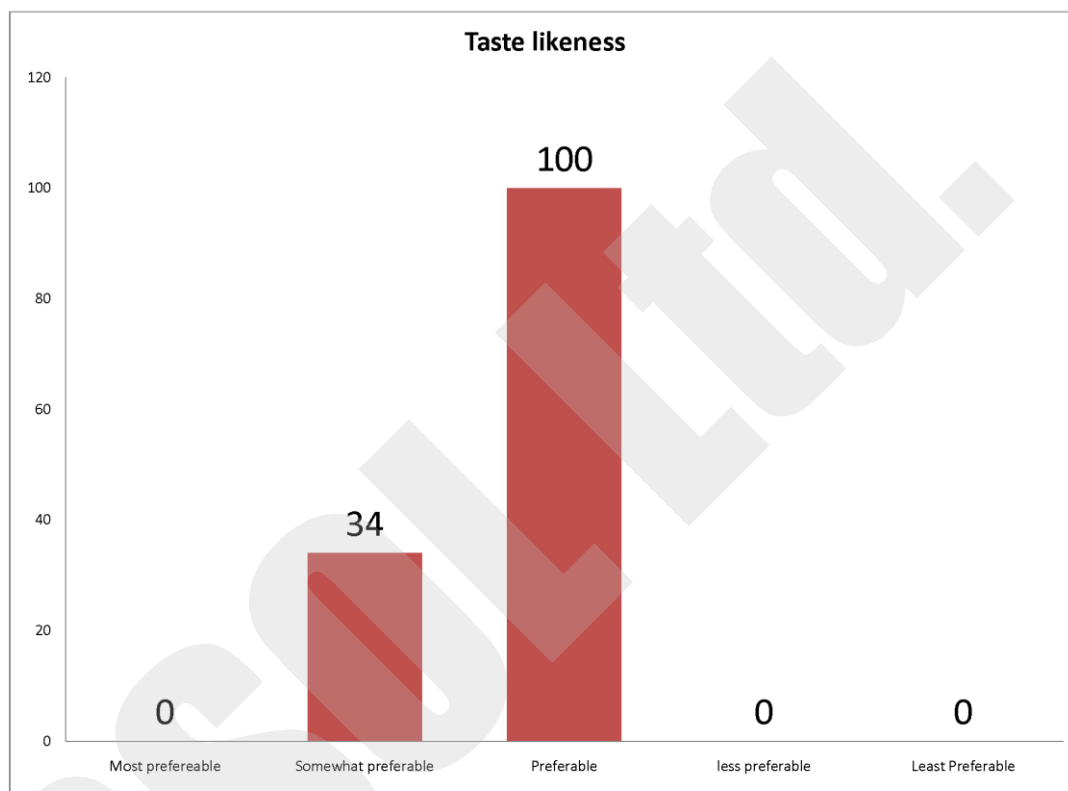


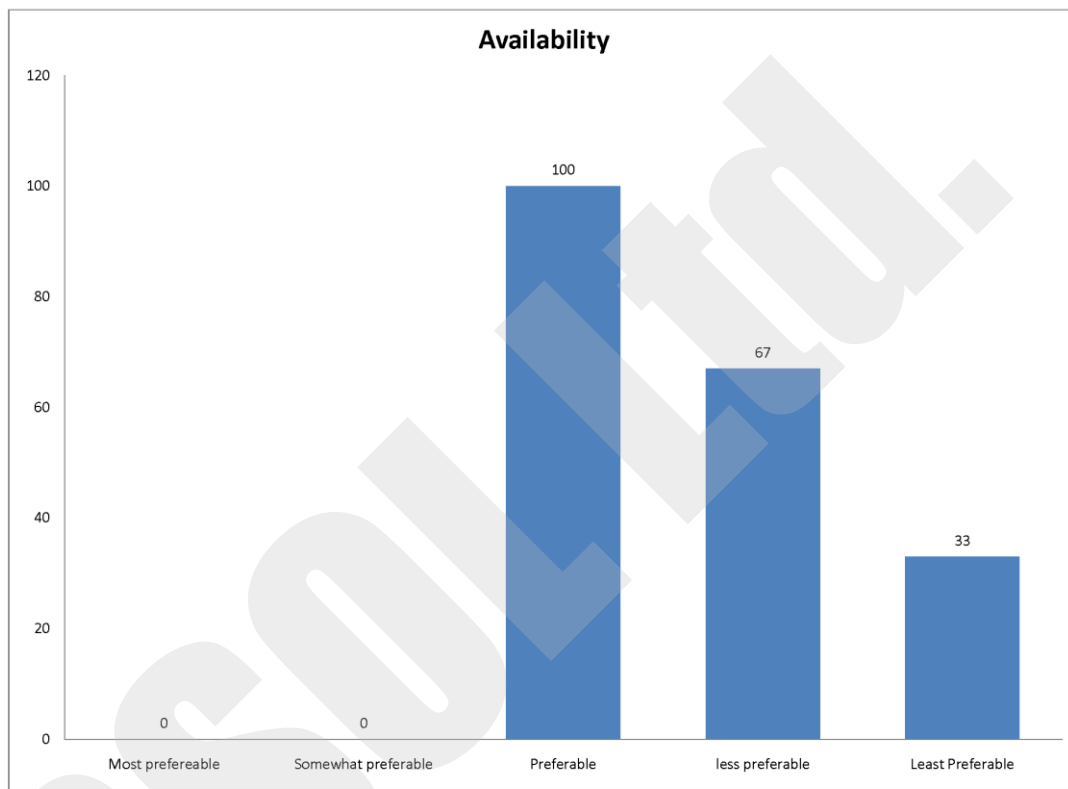


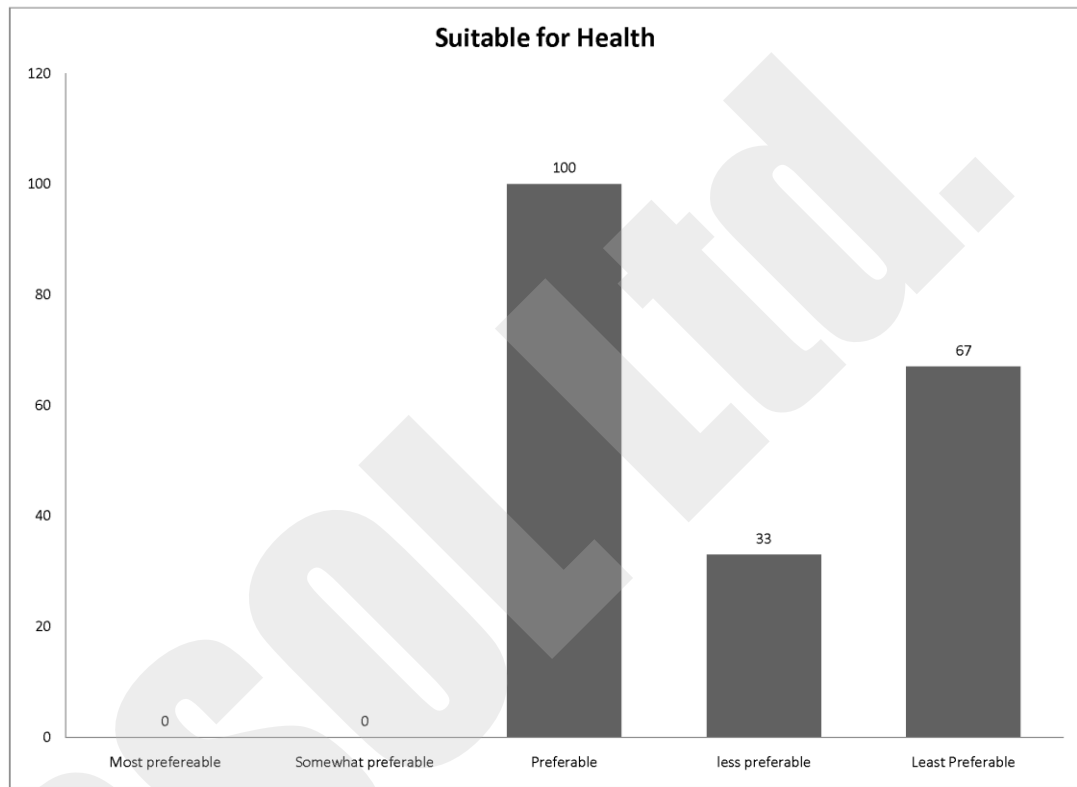


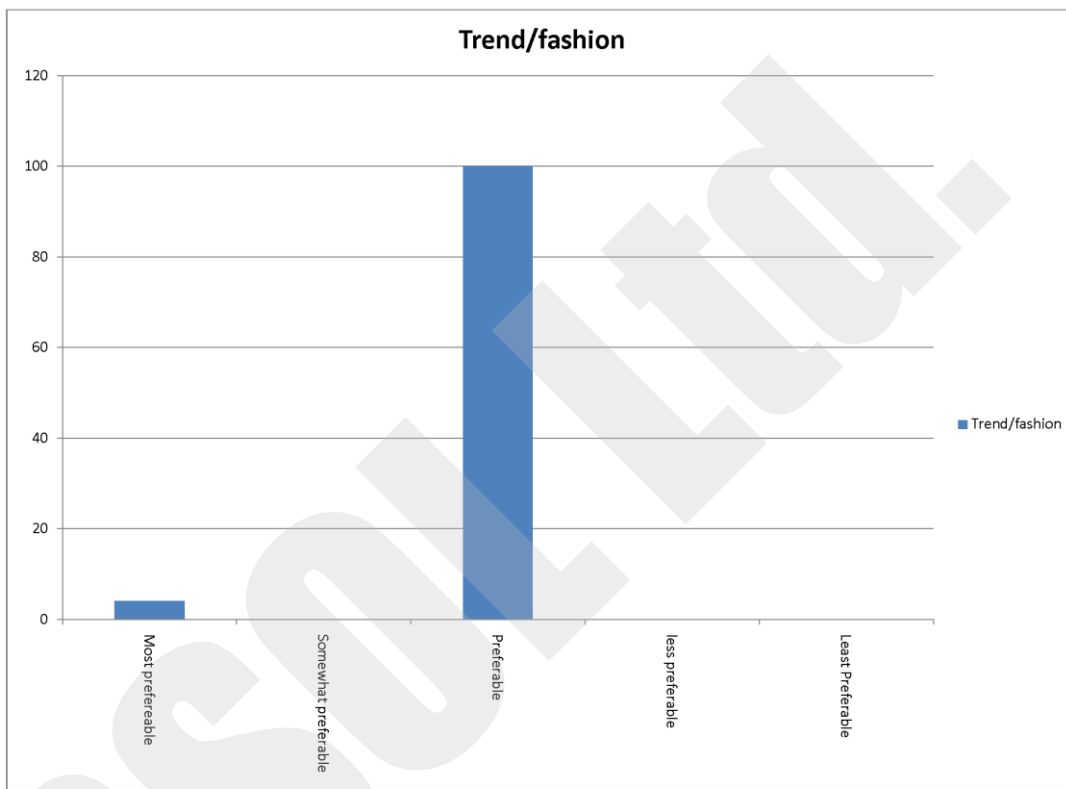


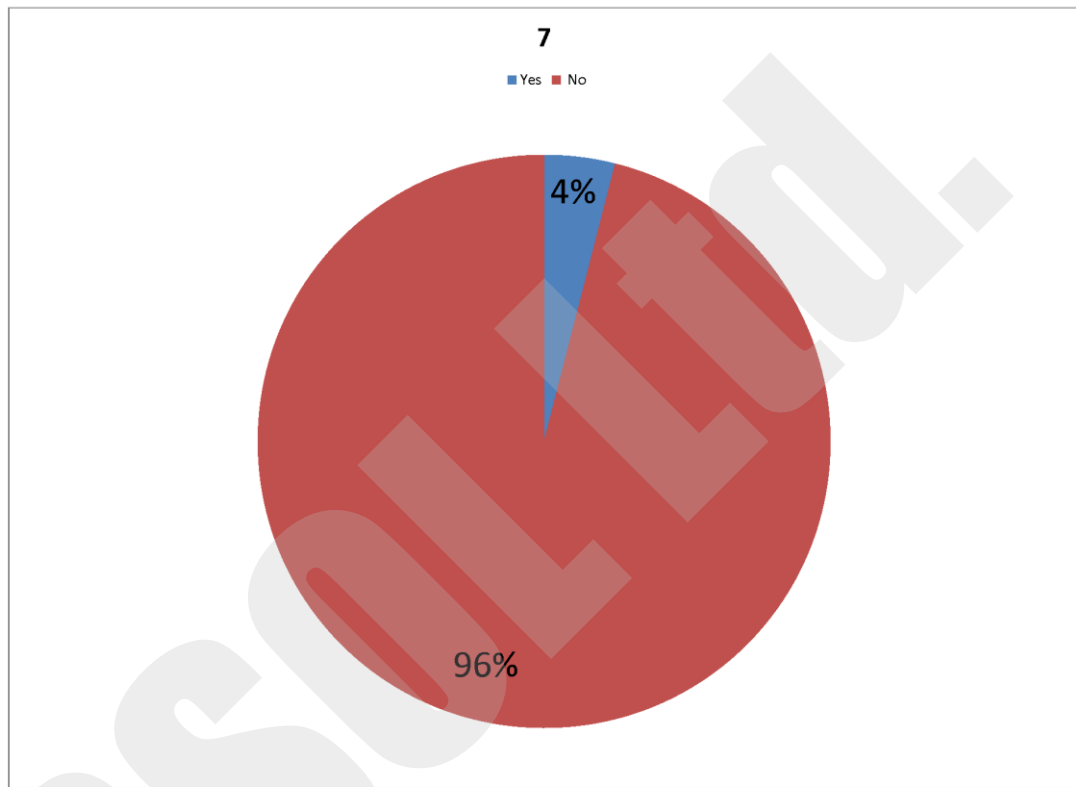


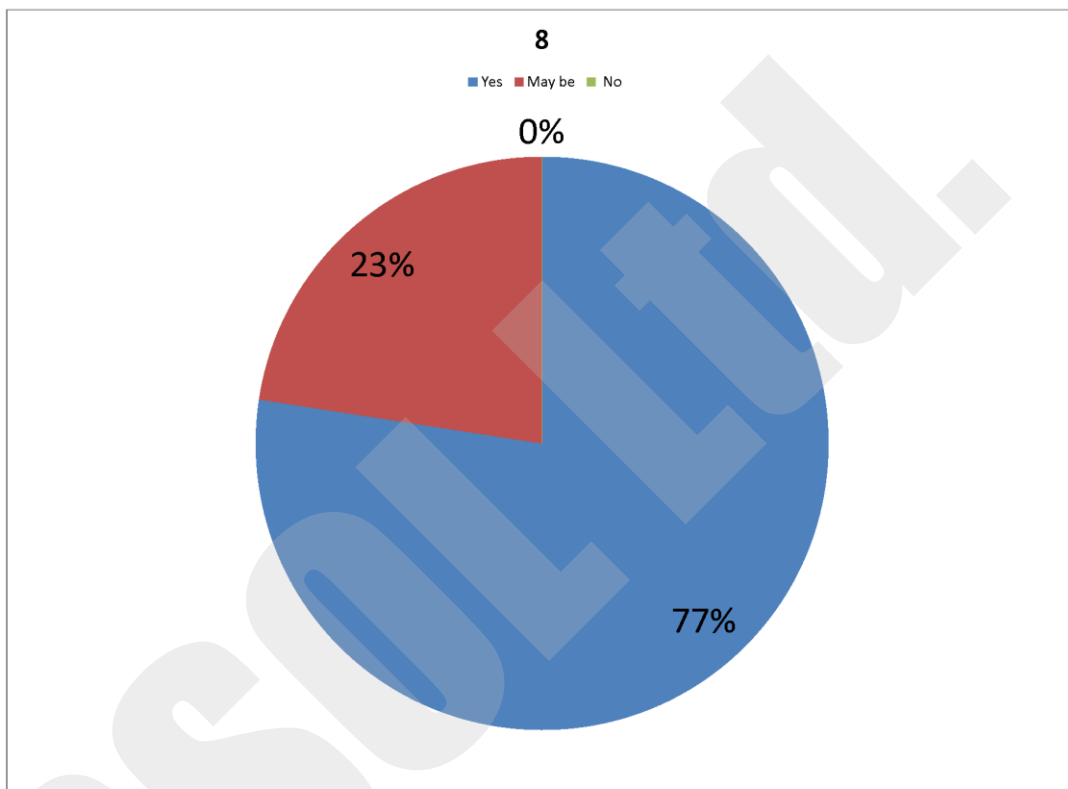


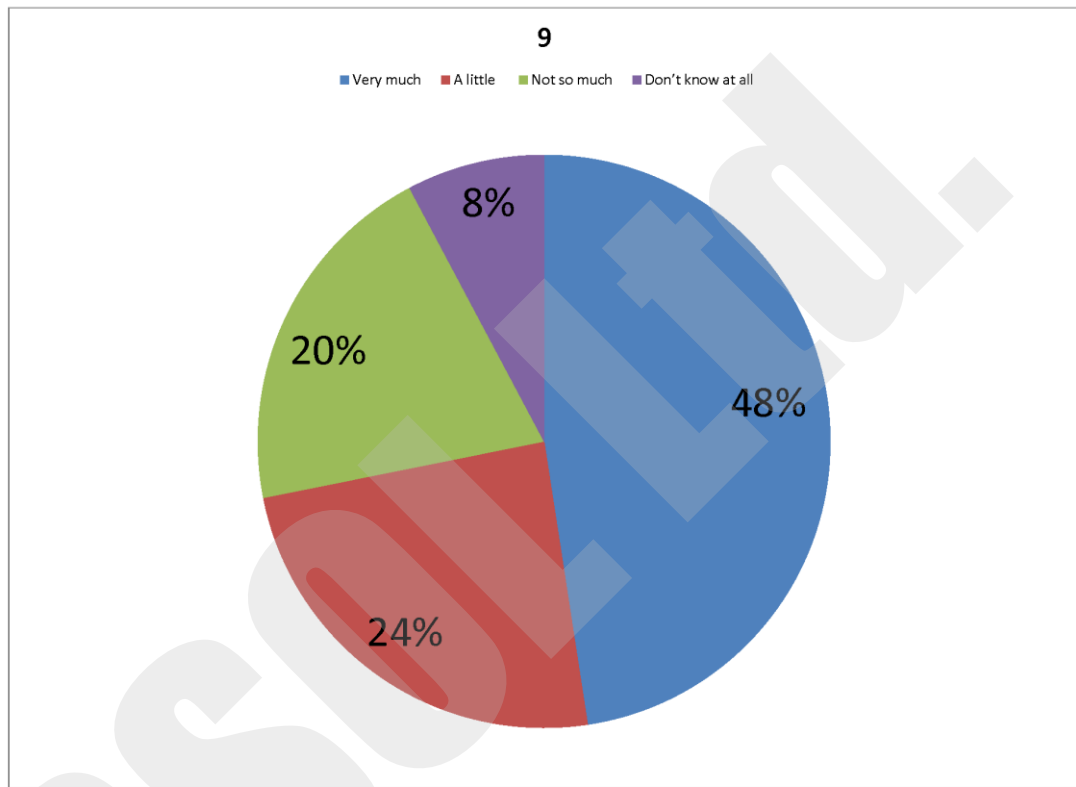


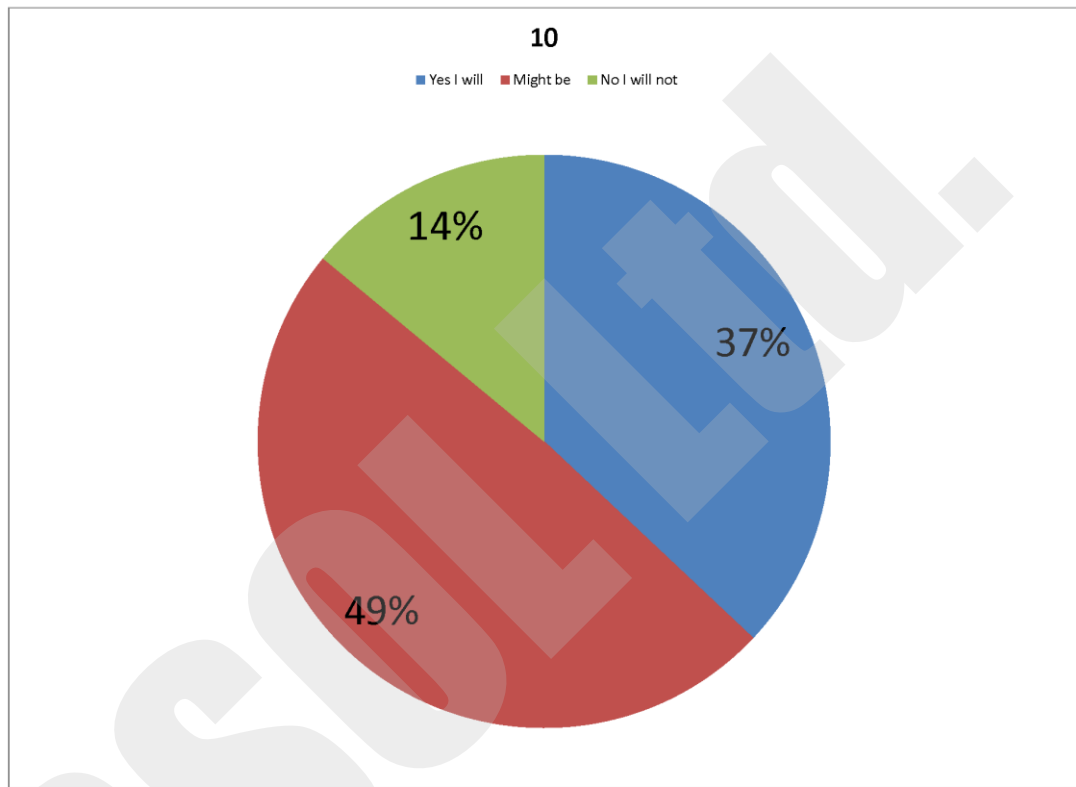


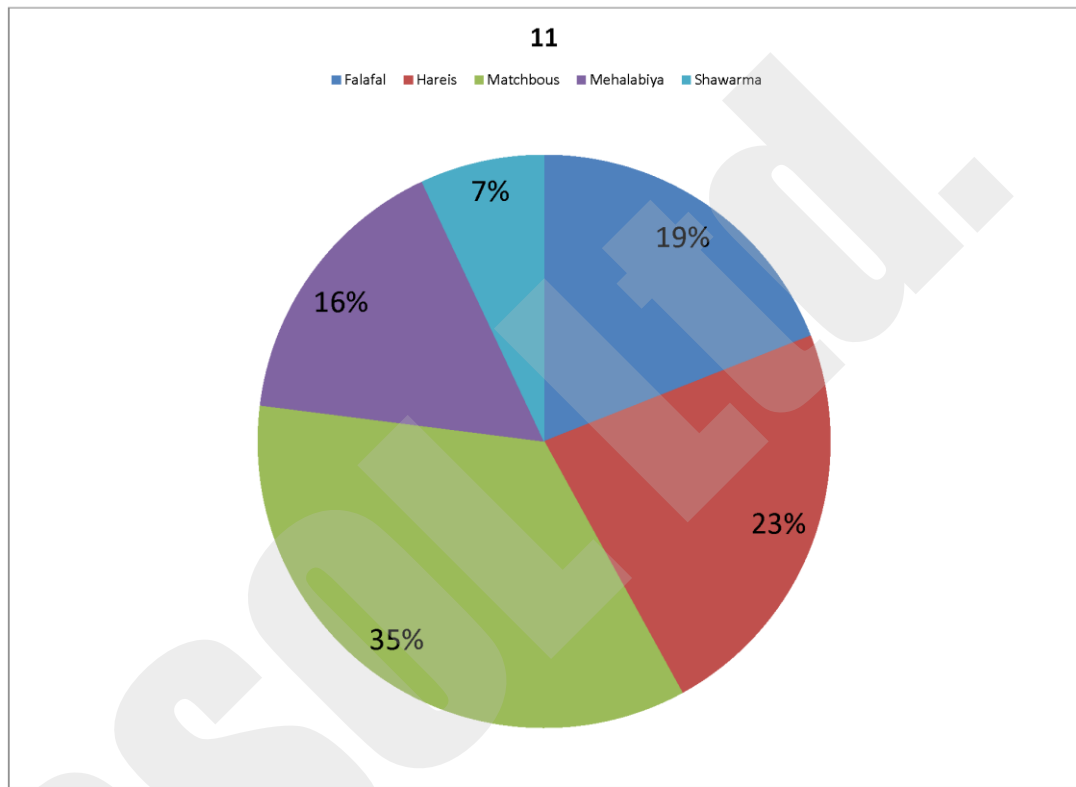


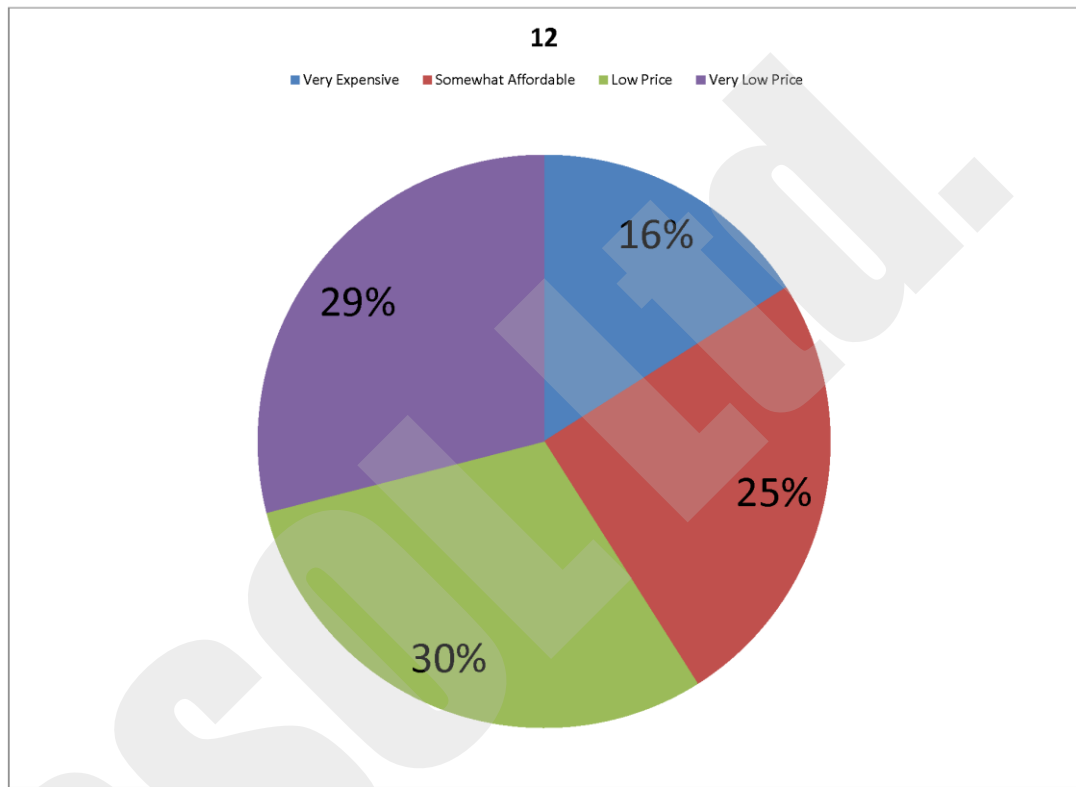


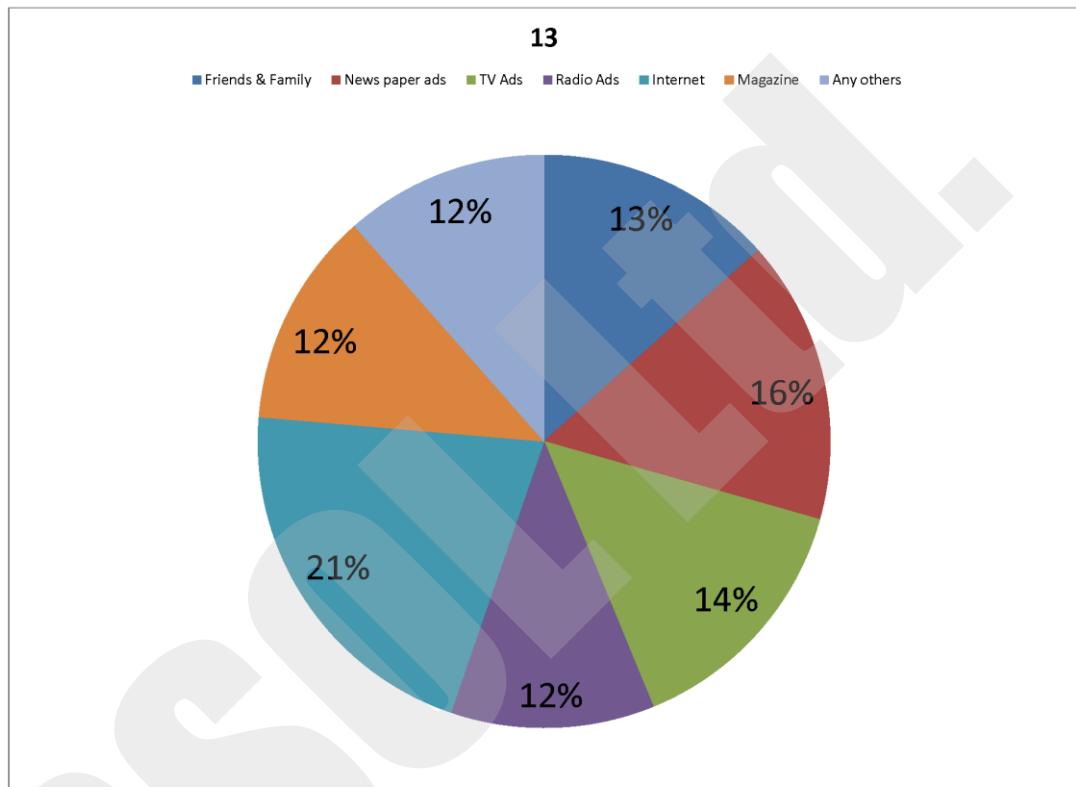


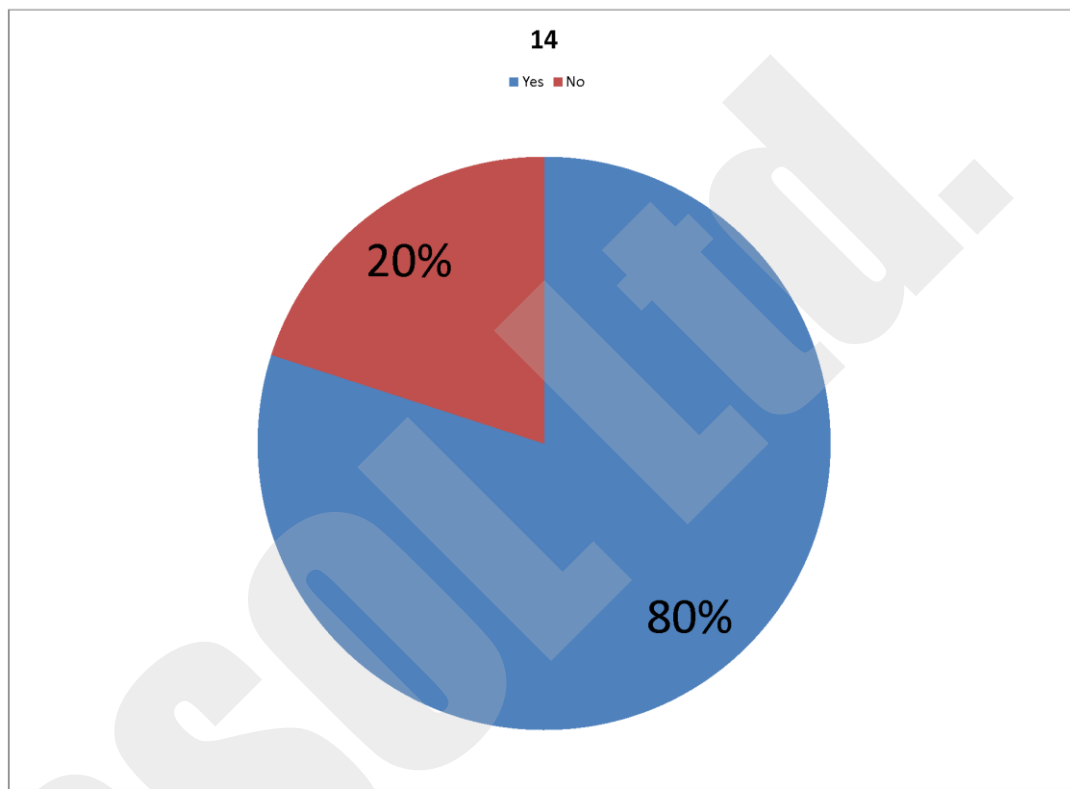


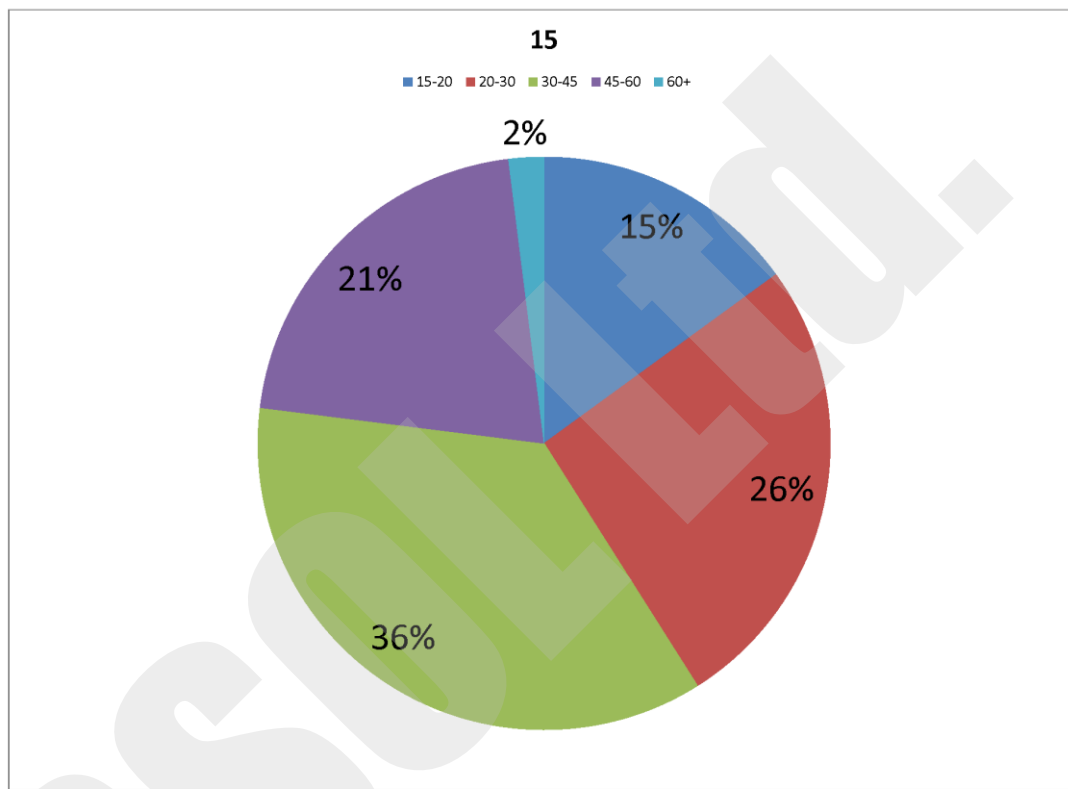


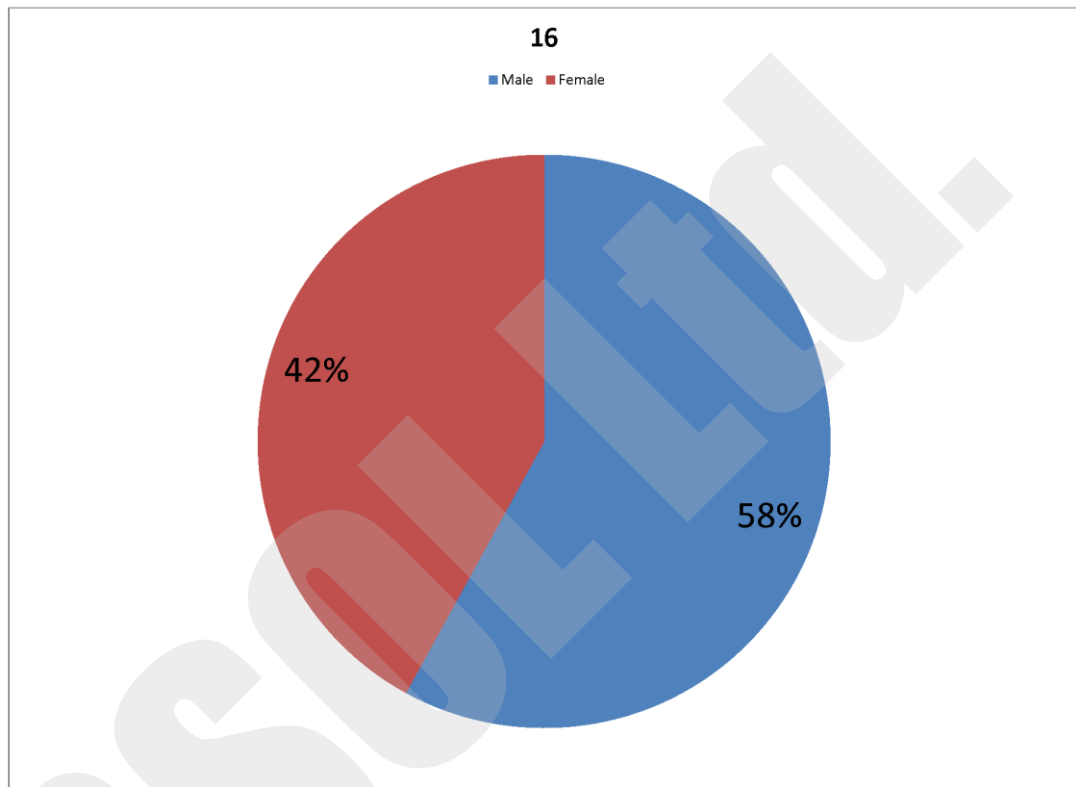


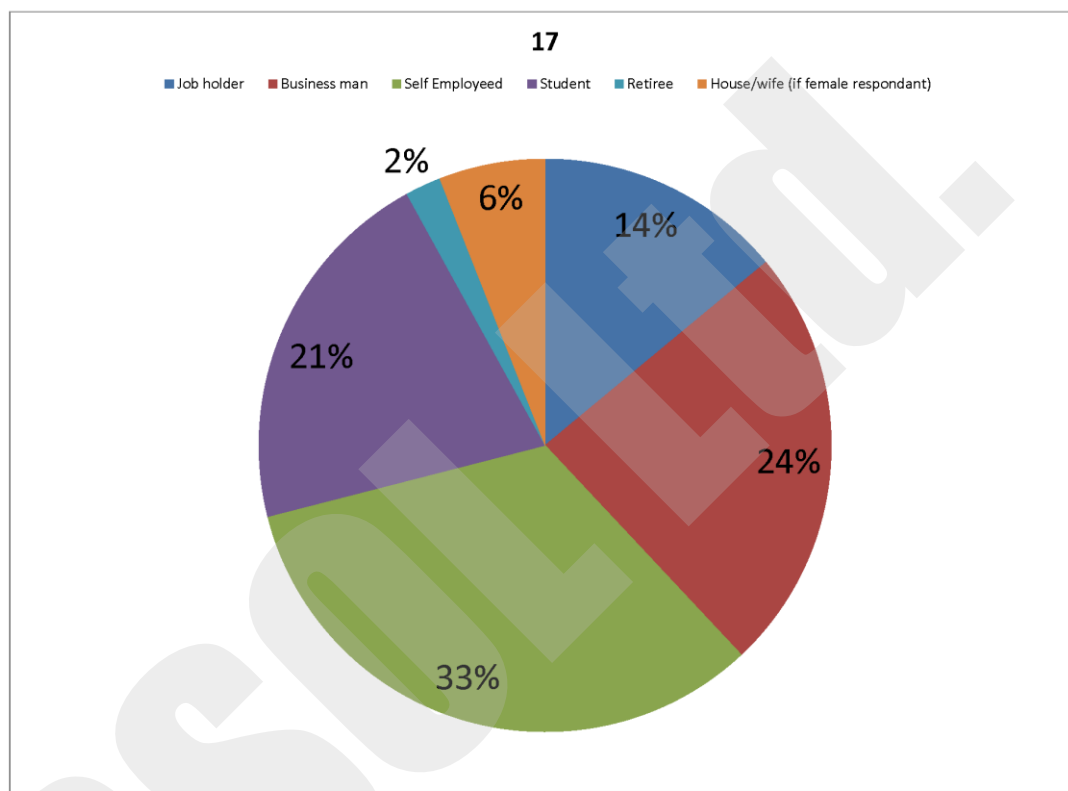


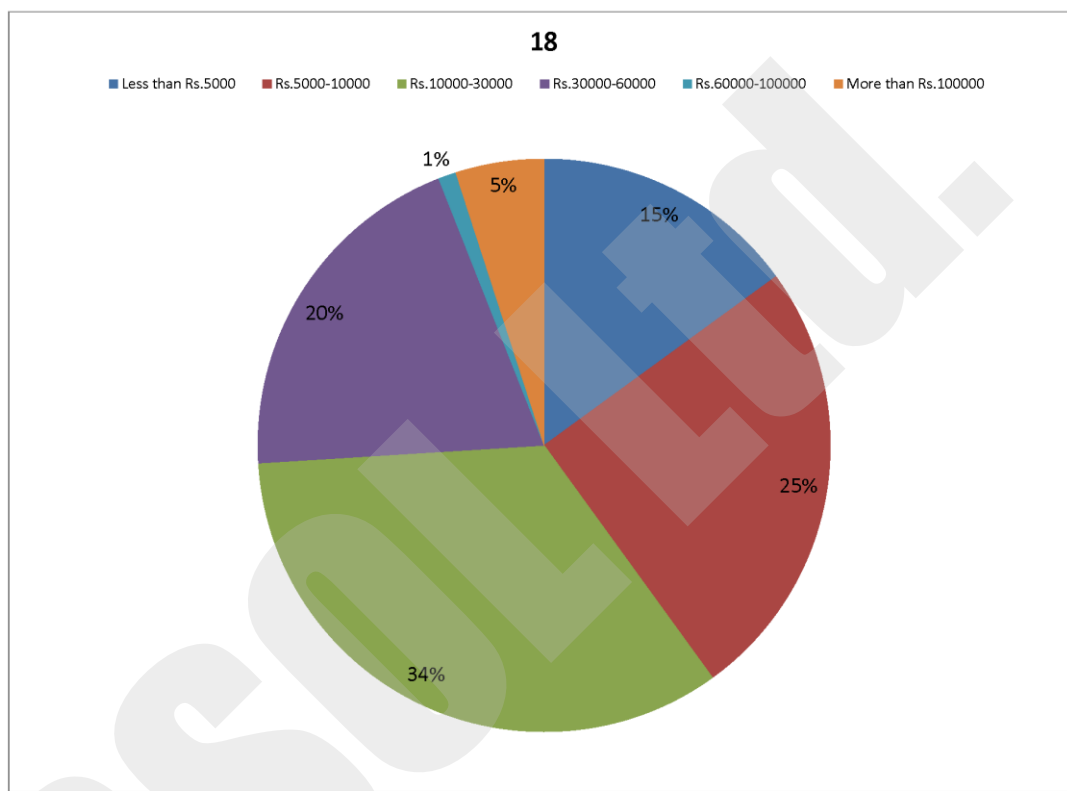


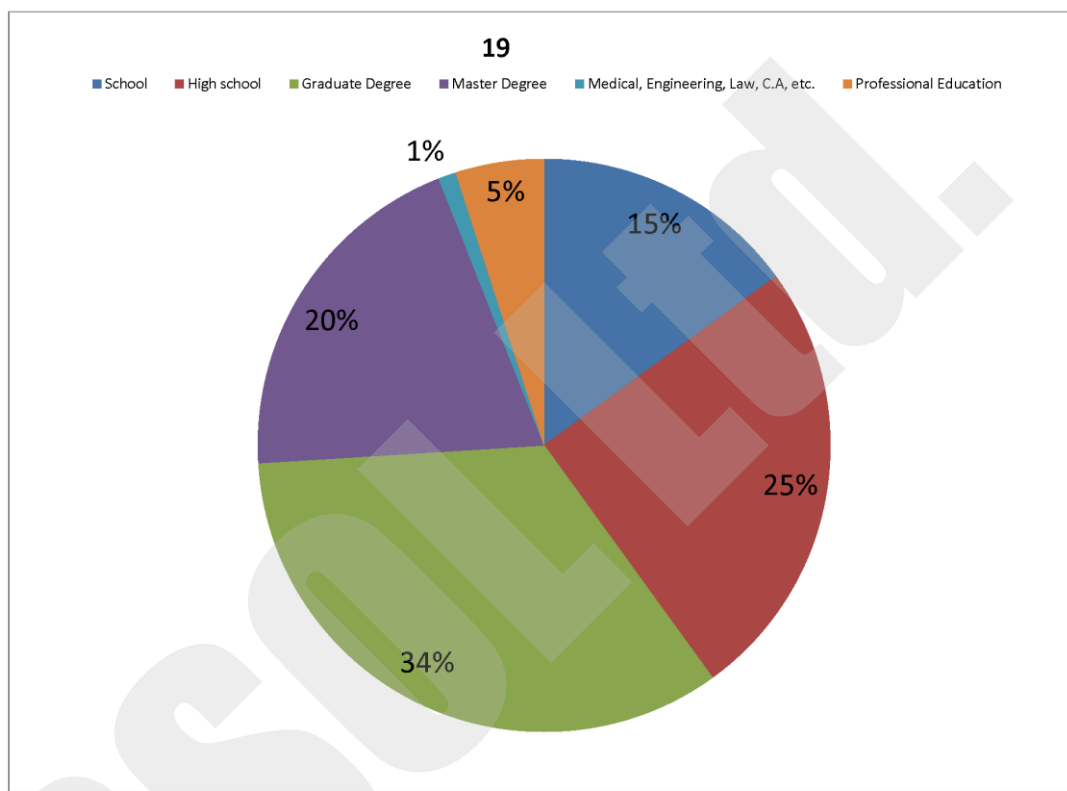






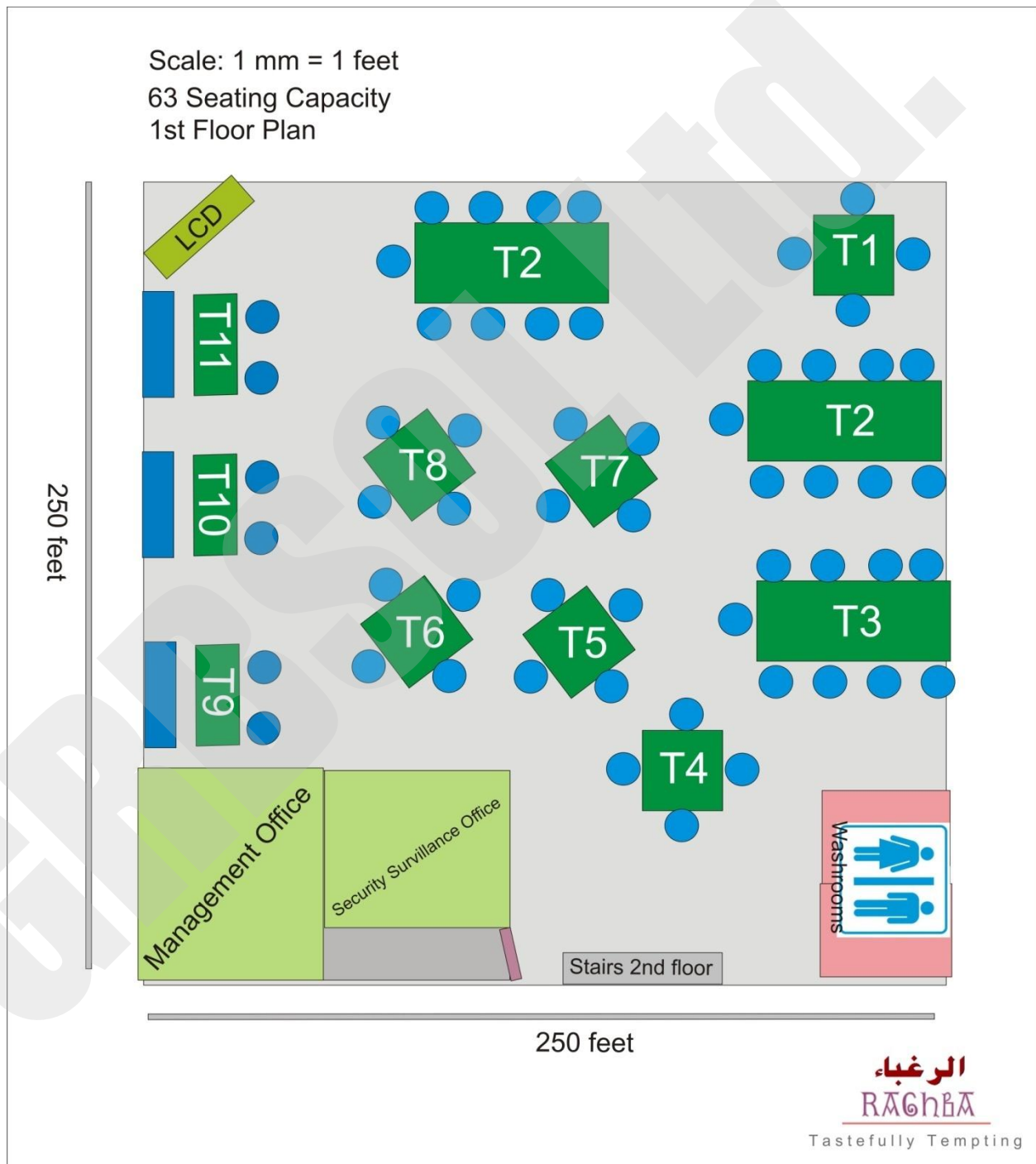




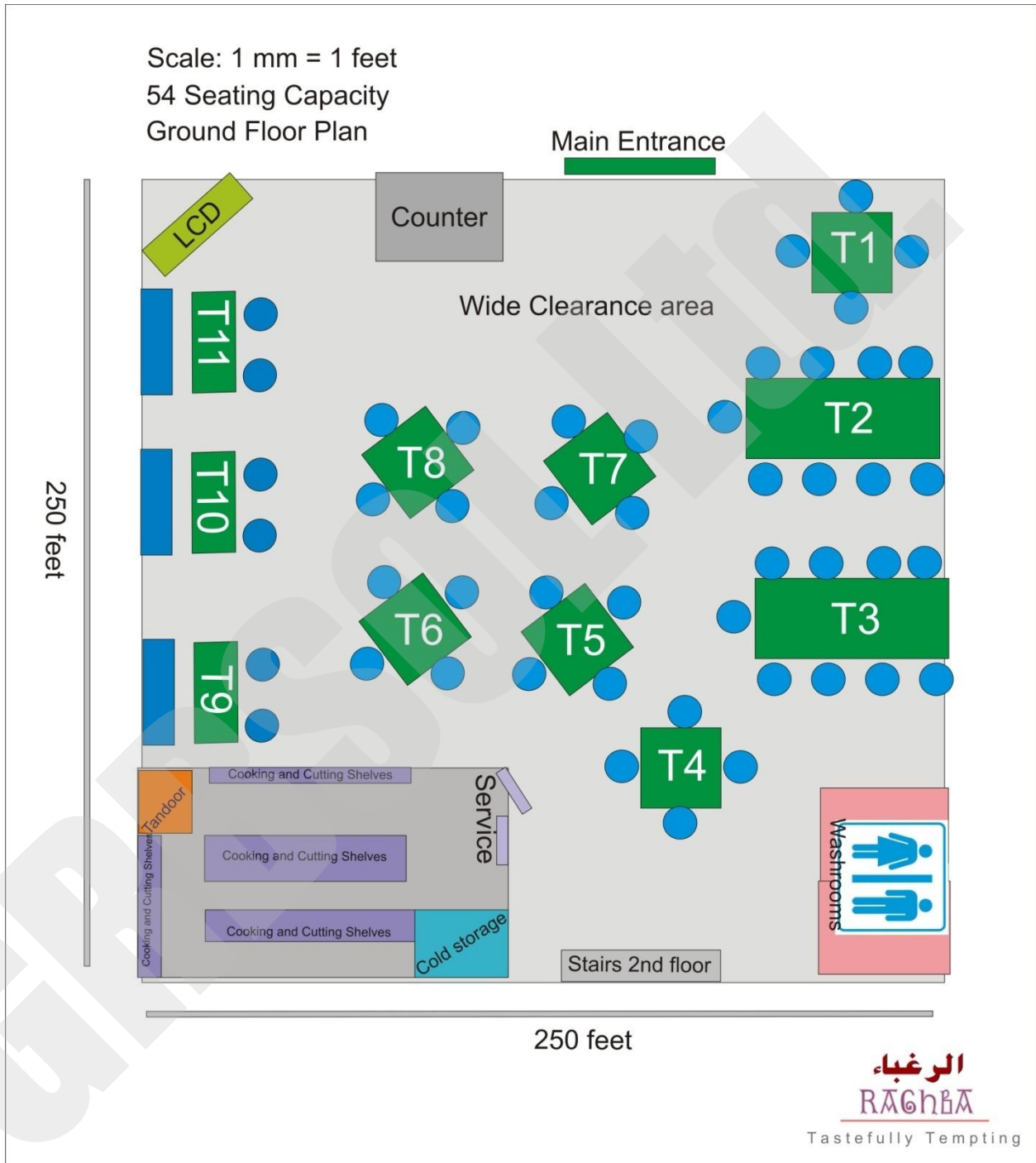


12.16 Floor Plans

First Floor Plan



Ground Floor Plan



12.17 Four Wall Marketing Samples

These samples have been taken from other brands

