



The Valley Inn

Restaurant and Gift Shop

Business Plan Example
September 2002

Doug & Twyla Gregory
New Market, Virginia
540-xxx-xxxx

The Valley Inn

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The Valley Inn

Restaurant and Gift Shop

BUSINESS DESCRIPTION

The Valley Inn restaurant and antique gift shop, located in New Market, Virginia will attract tourists and local residents for a home-style meal with a Southern flair. Located in Twyla and Doug Gregory's mid-1800's Italianate Victorian home, three dining areas will be individually decorated to give the return customer a new experience from country to French provincial to Victorian.

The restaurant will offer home-cooked, tasty, fresh food in a relaxed, non-smoking atmosphere. It will combine the coziness of a tea room with a less disciplined display of old-fashioned kitchen antiques and never-out-of-date friendliness. Each customer will be treated with personal, friendly service. The dining rooms will be decorated with antiques for added charm. Quality antiques and collectibles will be for sale in the gift shop.

The Gregorys will also accommodate special events such as wedding receptions, rehearsal dinners, and anniversary parties by reservation.

Products/Services

Home Style Meals

With today's fast lifestyle, people tend to eat pre-prepared, unhealthy food. The Valley Inn will offer healthier food. Some people refer to this food as comfort food; we just call it good Southern-style home cooking, with a savory effect. The classic club sandwich, chicken salad and Smithfield ham sandwiches, homemade soups, and seasonal vegetable and fruit salads will be prepared daily with fresh ingredients. In addition, The Valley Inn will meet the needs of individuals who are planning special functions by offering customized menu items.

Antiques and Collectibles

Antique furniture, lamps, urns, dinnerware, glassware and jewelry will be available in the gift shop, which will contribute to the classy, southern-style atmosphere. The items will be competitively priced and are a good value to the customer.

Mission Statement

At The Valley Inn, we are committed to providing a fine meal in a classy environment. Our goal is to offer personal, customer-friendly service and employment opportunities for those in the community.

MANAGEMENT TEAM

The co-owners of The Valley Inn are a husband and wife team, Twyla and Doug Gregory. Mr. and Mrs. Gregory are experienced restaurateurs, opening The Smithfield Inn in Smithfield, Virginia in 1979 and The Smithfield House in Newport News, Virginia in 1982. Mrs. Gregory handles the management part of the business, while Mr. Gregory is Executive Chef and handles the kitchen responsibilities. All final business decisions are made jointly, after discussion of the issues.

Twyla Gregory, *Owner and Manager*

An experienced manager, Mrs. Gregory began working in the restaurant business at age 19 with Leon Schoenbaum, the original owner of Shoney's Restaurant. She watched and learned the restaurant business from him. Mrs. Gregory was also Assistant Construction Engineer with Pizza Hut, Inc., doing site plans, income studies, bids, etc., and built 24 Pizza Huts. She also worked in sales for Mazo-Lerch, a food service company, and learned about food service products, can sizes, meat cuts, etc.

At 28 years of age, Mrs. Gregory bought The Smithfield Inn, a 200-seat restaurant with nine rooms for overnight, when it was \$42,000 "in the red." She turned the restaurant around, becoming profitable in less than two years. The Gregorlys then bought a 300-seat restaurant, which was closed, completely renovated it, and re-opened it as The Smithfield House. They had a staff of 25 to 30 people at both restaurants, and Mrs. Gregory worked in all phases of the operation including manager, bookkeeper, and hostess-cashier.

Mrs. Gregory will duplicate her role as manager, bookkeeper and hostess for The Valley Inn. She will supervise the cashier and waiters/waitresses.

Doug Gregory, *Owner and Chef*

Mr. Gregory's primary job, while they owned the restaurants, was as an engineer with the Department of the Navy. He worked nights, weekends, and holidays at the restaurants and oversaw quality control and made sure the restaurants maintained good products. He also became a self-taught chef and developed many successful recipes for the restaurants. As a young man, Mr. Gregory worked alongside his father and helped with large cookouts, parties, and food preparation for fund raising and sporting events. Mr. Gregory has longstanding experience in the food industry even though it was not his primary vocation.

Mr. Gregory will be the chef and will oversee the kitchen assistant. He will be responsible for purchasing supplies and equipment.

Personnel

The Gregorlys will initially be the only employees of The Valley Inn. However, over the next 12 months they plan to hire additional staff as the business grows:

1. Cashier
2. Kitchen Assistant
3. Waiter/Waitress

A retired woman is willing to volunteer her time to handle reception and cashier duties during start up. The Gregory's provide her with a free lunch. The kitchen assistance and waiter/waitress will be paid \$5.15 an hour. Payroll is expected to be \$824 a month assuming 4-hour days, 5 days per week. Training in the areas of food service preparation, presentation, and service will be provided so the standards of The Valley Inn are met. *See resumes in Appendix B.*

In addition, The Valley Inn will use the following professionals on an as-needed basis:

Attorney: Sherwin Jacobs, Esquire, 510 East Market Street, Harrisonburg, VA 22801.

Banker: Sue Ann Hensley, Crestar Bank, P.O. Box 276, New Market, VA 22844.

OPERATIONS

Delivery of Products/Service

The Valley Inn will be open for lunch Tuesday through Saturday, 11:30 a.m. to 2:30 p.m. and for dinner from 4:00-9:00 p.m. No reservations will be required. In addition, customers will be able to schedule special events such as wedding receptions and rehearsal dinners at other times. Since the Gregorys live in the building, customers will be able to reach them at any time by telephone.

Suppliers

The Gregorys will purchase fresh ingredients from local grocery stores and bulk items from Costco in Harrisonburg, VA. Since they will need only small quantities of food, they will purchase from local stores to take advantage of discounts and to ensure freshness (no frozen meats). They will purchase used equipment, when available, from local businesses.

Facilities

The Valley Inn is located at 9400 Congress Street in New Market, Virginia in an Italianate Victorian home that dates back to the mid-1800s. It is an admired architectural structure and is in a historic district with high tourist traffic. The home features arched windows, closing shutters, and is built three-brick thick. The Gregorys purchased this home because of its location and beauty. With close proximity to Interstate 81 and easy access to the inn, The Valley Inn attracts many tourists who travel from Washington, D.C. or to Massanutten and Bryce Resorts. *See the photograph in Appendix C.*

Equipment

The Valley Inn is currently expanding kitchen facilities. The following equipment will be purchased and installed. The kitchen expansion will allow the Gregory's to expand the menu, to cater larger events and to eventually serve evening meals.

EQUIPMENT AND BUILDING LIST

Item	Description	Equity Investment	
		Own (\$)	Start Up Costs Purchase (\$)
Computer/Printer/Software			\$1,500
Point of Sale System (cash register & software)			\$0
Gas Range	Heavy Duty Modular Series	}	
Griddle	48" combo, 4-burner, 24"		\$2,730
Broiler and oven	890148		

<i>Continued</i>		<i>Equity Investment</i>		<i>Start Up Costs</i>	
Item	Description	Own (\$)	Purchase (\$)	Own (\$)	Purchase (\$)
Grill	Lava Rock Charbroiler 24" BA6027				\$587
Wall Mount Pot & Pan Rack					\$125
Ice Machine	size undetermined				\$2,000
6' Exhaust System	\$1000/square foot				\$6,000
Washer and Dryer					\$800
Building			\$25,000		
Totals			\$25,000		\$13,742

MARKETING PLAN

New Market, Virginia

New Market is a small town with three banks, a small privately owned market, a convenience store, several Bed & Breakfasts and motels, a cavern, a Civil War Battlefield and several related museums, a golf course, numerous antique/gift shops and a tourist information center. New Market also offers a small airport, professional and medical offices, beauty and barbershops, auto repair and gas stations, a video store, and a funeral home.



New Market is located in the Shenandoah Valley off Interstate 81 at exit 264 just 2 hours from Washington, D.C.

Customers

Many tourists travel to the New Market area because of its rich historical heritage. Tourists travel through the area for annual events such as the re-enactment of the Civil War Battle of New Market. This annual spring event alone attracts more than 4,500 people to New Market. In addition, the peak tourist season runs from April through October. However, guests of nearby Bryce Ski Resort often travel to New Market for shopping and meals during the winter months.

Market Demand

With the casual dining segment of the food industry growing at 5.9% nationwide and a growing population in the Shenandoah Valley boasting a population of 259,000, Valley Inn expects to serve lunch to 57 customers a day during a 5-day week and to serve 1,250 customers annually at 50% capacity. They expect monthly repeat customers.

Competition

The Valley Inn competes with five major restaurants and about 25 small gift shops in New Market.

Restaurants	Strengths	The Valley Inn Competitive Advantage
Southern Kitchen	Located in a motel.	A motel restaurant. Our atmosphere is unique.
McDonalds	Fast service, drive-thru.	Home-cooked, healthier food; unique atmosphere.
Burger King	Fast service, drive-thru.	Home-cooked, healthier food; unique atmosphere.
Shenvalee	Located in a motel.	Most customers prefer not going to a motel for food. Our atmosphere is unique.
Johnny Appleseed Restaurant	A family-owned business.	We have an experienced chef on staff.

Most of the shops nearby are flea markets and offer tourist-type items. The antique and gift shop at The Valley Inn offers quality antiques, glassware, and gifts. Customers have returned to the gift shop because they recognize the quality in the merchandise that is being offered. *An online listing of all of the restaurants and antique stores in New Market is in Appendix D.*

Promotion/Advertising

The Valley Inn will advertise in the area newspapers, on local radio stations, and through brochures at area tourist attractions and by word-of-mouth. The advertising budget is \$3,525 for Year One, of which \$2,725 is start-up advertising costs. *See the detailed marketing plan in Appendix E.*

FINANCING

Loan Request

Mr. and Mrs. Gregory are contributing \$35,000 in personal assets to the business of which \$25,000 is equity in their home. The Gregory's are selling \$10,000 worth of antiques for start up capital. The mortgage on the home is \$165,000 payable over 300 months (25 years) at 8.25% interest. *See the Loan Amortization Schedule and the Antique Inventory in Appendix F.*

A family member is providing the remaining \$30,000 to cover start-up costs.

Start Up Costs

The Gregorys estimate \$53,817 in start up costs as outlined below.

The Valley Inn START UP COSTS

Item	Cost
Accounting Software	\$600
Advertising	\$2,725
Building Improvements for Start Up	\$11,500
Building Permits	\$1,150
Equipment	\$13,742
Inventory	\$15,000
Legal Fees to set up business	\$650
Office Supplies	\$100
Rent Deposit	\$0
Telephone Deposit	\$0
Utilities Deposit	\$0
Initial Capital (2 month of expenses)	\$8,000
Supplies (linens and restaurant supplies)	\$350
Total Start Up Costs	\$53,817

Operating Costs

In Year One, operating expenses are approximately \$3,000 per month. As sales increase in Year Two and Year Three, expenses increase to over \$4,000 per month. *See income statements in Appendix G.*

Sales Projections

The Valley Inn pricing objective is to offer a good meal at a reasonable price. The Gregory's anticipate the following sales in the first three years.

Year	Lunch and Dinner	Catered Events	Antiques	Total Sales
1	150,000	0	0	\$150,000
2	157,500	24,000	3,600	\$185,100
3	165,375	27,000	6,700	\$199,075

Financial Statements

**The Valley Inn
Income Statements
2002 to 2004 (FY Sept-Aug)**

	2002	2003	2004
	Year One	Year Two	Year Three
Restaurant	\$150,000	\$157,500	\$165,375
Catering	0	24,000	27,000
Gift Shop	0	3,600	6,700
Cost of Goods Sold	67,500	70,875	74,419
Gross Profit	82,500	114,225	124,656
Operating Expenses			
Owner's Salary	10,020	10,500	10,800
Wages	0	10,800	11,100
Payroll Taxes	768	1,629	1,680
Professional Services	0	0	300
Advertising	800	820	845
Auto expense	0	180	186
Bank Charges	0	0	0
Credit Card Fees 4%	4,800	5,923	6,370
Professional Dues	0	0	0
Insurance	2,160	2,220	2,280
Interest Expense	13,620	13,236	12,768
Maintenance, Upkeep	1,200	1,236	1,272
Office Supplies	240	252	264
Permits and Licenses	0	0	0
Postage and Delivery	120	132	144
Cell Phone	0	0	0
Telephone	720	744	768
Internet	0	0	0
Utilities	3,240	3,336	3,432
Web Hosting	0	0	0
Miscellaneous	300	312	324
Total Operating Expenses	37,988	51,321	52,533
Depreciation Expense	19,620	19,620	19,620
Net Income/(Loss)	\$24,892	\$43,284	\$52,503

See the Cash Budgets for Years 2002-2004 in Appendix H.

Financial Assumptions

1. Legal structure of business: C Corporation
2. Business start date: September 2002
3. Level of sales in Year 1: \$150,000 (no gift shop or catering sales)
4. Sales will increase in Year Two with the addition of gift shop sales and catering.
5. Credit card charges are based on a 4% fee of 90% of monthly food sales. Catering and gifts are paid in cash.
6. Cost of goods sold is 45% of sales.
7. Operating expenses increase by 3% each year.
8. Salaries/wages based on 2 workers at \$5.15 an hour working part time.
9. Mortgage amount of \$165,000 for 25 years at 8.25%. Monthly payments are \$1,522.

SUMMARY

The Valley Inn is a good business venture and a sound investment. It is located in a prime historic area with high tourist traffic. The services provided will be an asset to New Market, providing community residents and tourists with a unique dining experience.

The Valley Inn has received incredible support from the residents and visitors of New Market. Necessary permits were granted without a glitch and with positive support and good wishes.

The Valley Inn wants to be a hometown team of workers offering local residents and guests in the area a much needed and desired service. They will offer a healthy alternative of freshly prepared dishes for people of today's busy lifestyle.

Doug and Tnyla Gregory researched and prepared this business plan in MEDA's ASSETS training program, Blueprint for Business Success, in Harrisonburg, Virginia during the Fall of 2002 with the assistance of Valley Microenterprise Alliance, Inc. staff and volunteers.

➔ Appendices are noted throughout the business plan example to illustrate when and how to use the information. However, the actual information is not included in this sample plan. Identify appendices using the alphabet and order the appendices as it appears in your plan.