

Executive Summary

McAlister's Deli is a national name brand eating establishment focusing on healthy, nutritious and fast deli food that will be expanding into the Chicagoland area. MBL LLC will be the franchisee to grow the brand in this defined area.

McAlister's Deli will be an friendly atmosphere dine in or carry out deli specializing in a wide variety of sandwiches, giant spuds, entree salads, soups, sweets and of course the signature Famous Sweet Tea.

Based on this distinct menu, McAlister Deli will follow a strategy that will provide unique choices to deli patrons.

The keys to success will be repeat business, an excellent location convenient to businesses and residential clients.

The company that will operate the McAlister's Deli franchise in the Chicago area will be MBL LLC. Barry and Kelly Schmidt will own 90% and provide cash and equity investment. \$950,000 will be raised in approved SBA loans through Harris Bank for start up costs on the first store. A line of credit of \$600,000 will be financed through SBA and Harris Bank. A Director of Operations will be hired with over 10 years experience in the restaurant industry along with managing multi-unit stores. The Director of Operations will either put up 10% of capital or another arrangement will be made to own 10% over 5 years of service with a vested time of 7 years with MBL LLC. He or she will be managing the day to day operations.

Entering into this market is not easy, the industry is highly competitive, with periodic overcapacity, variable margins, and some barriers. In addition, there is a large number of substitutes, and the suppliers and supplies are not negotiable and set to corporate standards limiting some negotiating leverage on costs.

In order to overcome these issues, the company will acquired an excellent location and intends to provide a suitably upscale environment to draw in the company's two main target market segments, the midday business professional and evening residential crowd. The company will seek to provide these customers with the maximum number of services to create the greatest sales volume during the company's peak hours of operation.

MBL LLC (company) will have a comprehensive marketing, advertising, and promotion campaign with corporate help that will maximize advertising dollars on how to advertise and also use word-of-mouth marketing. Some forms of advertising will consist of TV, radio, printed material, billboards, emails and social media.

The company will offer a menu set by McAlister's Deli corporation. This is to provide credibility to its clients as an upscale establishment that provides a unique, proven and standard menu. This will provide stable and known costs.

It is estimated that the company will increase to 2-3 units in 3 years (5 in 5-7 years and 10 in 10-15 years) and have sales over \$3,000,000 by year three, and maintain a healthy cash flow.

Keys to Success

- Repeat business. Every customer who comes in once should want to return and recommend us. Word-of-mouth marketing is a powerful ally, plus with a powerful name band and a national advertising budget is also very beneficial.
- Location. Convenience and assessable is essential to us, we need to be close to our target markets. Lots of parking spaces is also essential.
- The right food with reasonable prices will establish credibility and satisfaction, but not so high as to limit customers.
- Management and employees. A good working relationship between managers and owners to run the business efficiently. Strong managers that know how to run the store and work with their employees. Customer friendly hourly staff.

McAlister's Deli will be a friendly atmosphere dine in or carry-out deli specializing in a wide variety of sandwiches, giant spuds, entree salads, soups, sweets and of course the signature Famous Sweet Tea.

Based on the distinct and standard nation-wide menu, McAlister's Deli will follow a strategy that will provide unique and creditably choice to deli patrons. The national name brand of McAlister's will provide MBL LLC with the ability to provide a quality product, name recognition and return a significant profit.

Objectives

MBL LLC seeks to achieve the following goals:

- To be cash flow sufficient by the end of the first year.
- Repay debt from original financing by year five.
- Provide an income for owners with income growth possibilities.
- Sales over \$1,300,000 in the first year.
- Sales of more than \$3,000,000 by the third year.

Company Summary

- MBL LLC is the realization of the founders dream of having their own business.

Start-up Summary

- Start-up costs and initial financing are shown on the following table. Barry and Kelly Schmidt will be investing \$100,000 of savings and guaranteeing a SBA loan for another \$950,000 with personal assets. A line of credit of \$600,000 will be available through SBA and Harris Bank. Director of operations will be putting up 10% for their ownership portion or received over period of time of service. Mandatory costs set by McAlister's are royalty fees of 5% of gross sales, national advertising 0.75% of gross sales and local advertising 1% of gross sales.

Start up Costs

Improvements	\$450,000
Equip-Furn	\$300,000
Signage	\$40,000
POS system	\$35,000
Insurance	\$15,000
Training	\$30,000
Prepaid exp	\$20,000
Opening	\$5,000
Additional	\$55,000
Total	\$950,000

Company Locations and Facilities

- MBL LLC stores will be located in the Chicagoland area. The first site is undetermined at this time and will be in the suburbs, possibly Schaumburg . We will be working with a local real estate professional picked by McAlister's and their in house real estate person . The facilities will include a 300 person capacity eating area (3,500-4,200 sq foot), counter/front area, and backroom area where refrigerators, commercial stoves and ovens are located.

Company Ownership

- MBL LLC will be 90% owned by Barry and Kelly Schmidt and 10% by the Director of Operations. MBL LLC will be the franchisee of McAlister's Deli in the Chicagoland area.

Products and Services

McAlister's Deli offers a lunch-dinner menu with premium ingredients like Black Angus roast beef, Black Forest ham, caramelized onions, brie cheese, roasted corn & poblano pepper relish and artisan breads like baguette, ciabatta and focaccia.

The unique menu is filled with a wide variety of sandwiches, giant spuds, entree salads, soups, sweets and of course the signature Famous Sweet Tea. Our service is what will set us apart from our competition. After you order, you relax in the dining area or mingle at the tea bar while your food is prepared. There's no need to get up when your order is ready, our servers will bring the food to your table in less than 7 minutes. You can stay as long as you like, as our servers will continue to refill your drink. When you are done there is no need to clear your table as our staff will do that for you. You get full service without paying for it. Plus you get quick and healthy food. It's all part of the McAlister's touch.

Other services will be provide are carryout meals and catering. These two items will continue to grow in percentage of sales over time as our name and product become more known. If the location is suitable for a pickup window we will use this for pre-ordered meals done over the phone, website or mobile ap's otherwise three upfront parking spots will be used for guests to wait in as their food is brought to their car.

McAlister's is famous for its tea and we would like to expand on how it is marketed. We plan on having a tea bar just right of where the guest places his or her order. While the guest is waiting for their food they can mingle at the tea bar and experience the different flavors we have to offer. If they order something other than tea it will also be picked up at the tea bar. While at the bar their food is being prepared, giving us another positive in that when the guest gets to their table their food should be right behind them. Making it feel like they just ordered and not sitting down waiting for their food to arrive. We saw this concept at another franchise's newest store and believe this is another service and product that will set us apart from our competition. We will do to tea what Starbucks did with coffee.

Competitive Comparison

The competition facing McAlister's Deli is vast. This includes every eating establishment in the designated area. Major competitors include Panera Bread, Jason's Deli, Subway, Jimmy Johns and many other sit down style organizations too numerous to list. Furthermore, there is a large number of substitutes and specialty shops that offer other alternatives. Drawing any sort of general conclusions from such a vast array of competitors is difficult, but you can say that just about every conceivable product or service idea and just about every taste is encompassed within this group and area. I spent a week visiting local competitors in the area and they all lacked the service element that we will be bringing to the market. We feel this element will set us apart. I visited with the managers at these locations and they were open to some of the questions I asked and found that it would not be hard to reach our sales projections if just a bit more attention was given to the customer.

Many of the smaller firms, due to lack of funds are only able to carry out the most basic of marketing strategies. MBL LLC intends to leverage the national McAlister's name brand advantage to create strong profits and more exposure. Other large firms will also have comprehensive national marketing strategies that draw in hundreds of customers per week. MLB's answer is to promote its service, awards and distinctions, national brand, quality food and friendly environment to draw in customers and gain local market share. We will also directly visit and contact large business buildings, medical and business parks and corporations in the surrounding area to target the biggest revenue generating time of the day (11-2).

Sales Literature

Our main sales literature will consist of flyers sent though the mail and promotional advertisements offered to local businesses in a certain radius. National advertising will also be used and coordinated with: TV, print and sponsorships. Relevant information such as a comprehensive menu, costs, description of some of McAlister's more distinct items, address, website and delivery number will be included. Carryout meals will also be a big selling point for us and will be promoted the same way. On-line ordering and mobile ap's will be used and if the location is suitable for a pickup window for carry outs this will also benefit lunchtime sales. Advertising for catering will use the same material. Some forms of advertising will consist of TV, radio, printed material, billboards, emails and social media.

Future Products and Services

New products and services will be coordinated with corporate.

Market Analysis Summary

We have three main markets:

- People who work and live in the area during the day, who will be looking for walk-in good food and convenience.
- Surrounding businesses looking for catering for business meetings and carry-out.
- Evening for families looking for a great atmosphere at the end of the workday or after their children's events. Weekend dining too for the busy suburb family.

Each of these market segments consists of people who either work in the area or flow through the area during the normal work week. As such, there will be a undetermined percentage of each market that will be seeking an eating establishment that will meet the requirements of healthy food, fast service, and pleasant atmosphere. Furthermore, McAlister's Deli will cater to the growing trend of middle-class professionals who seek a differing cuisine than that of the established fast food chains but faster than a typical sit down restaurant. Typical breakup of sales for a McAlister's Deli is 60% during lunch and 40% during evening hours.

Target Market Segment Strategy

For the business market we first need to focus on specific corporate companies, large office buildings and medical and business parks in the immediate surrounding area. For individuals and families we use the national advertising, print and mail advertising, name brand awareness, awards and distinctions, social media and word-of-mouth.

The business market provides a large percentage of the sales to the store during the peak hours of 11 a.m. to 2 p.m., through small groups, pick-up and delivery orders and catering. Satisfaction of this group will provide a vital long-term revenue stream.

Market Trends

One of the most important recent trends in eating is the rise of interest in consuming healthier foods. McAlister's has a proven menu that fits this trend.

Market Needs

We feel there is a need for fast, healthy food that will appeal to their tastes and provide a comfortable dine in atmosphere. Service has been lost in the fast style food industry. We feel a memorable dining experience that provides them with the chance to enjoy anytime of the day will be welcomed into the Chicago market. Our service will be delivered to the customer in a positive, quick, affordable and memorable way, while enjoying the comfort of full service without paying for it.

Market Growth

We look for strong growth in the Chicagoland market. We believe this is a great concept that will excel without really having to compete for market share. Chicago is a transient city and transportation hub with many people already knowing the brand. Many more people don't know the brand and will need to be introduced to it. During our research visiting some franchise stores we heard on a couple of occasions when is McAlister's coming to Chicago. We feel the brand will be accepted in Chicago and will see excellent growth. The first 3 years we look to open 2 to 3 stores in the suburbs around business areas with residential and shopping (retail stores) nearby. 60% of normal traffic during the day is during the lunch time and 40% during the evenings, so being near business and retail areas are essential. We look to then grow to 5 units in 5-7 years and 10 units within 10-15 years.

Service Business Analysis

The restaurant industry is highly fragmented and competitive. Each company within this field has medium capital costs and variable margins, which create this high intensity of competition.

Supply and supplier costs will be fairly set and standard, but high due to the specific brand or type that must be used. This will give little flexibility in trying to cost save in this area.

The large number of competitors in this field including substitutes such as Panera Bread, Jason's Deli, Subway Jimmy Johns and any another sit down restaurant means that the pricing for such services are very competitive. The only way to have an advantage in this industry is either a low cost leadership or to differentiate the entire eating experience through better and more unique food and dining experience.

Competition and Buying Patterns

- Location is critical to success. Proximity to workers is very important, so is convenient parking for dine-in and pick up.
- Price is not very sensitive as long as we are not too high. Low price or lowest price is not essential. Many target customers mistrust low price in a deli.
- Quality of food matters. If the price isn't too high and the food is above average, we'll have growth through repeat business plus our service will set us apart.
- Friendly employees, great atmosphere, quick and quality service along with excellent food is key in this industry.

Sales Strategy

- One of the most important sales strategies is to develop repeat business both on the business and family-individual side. Every customer who comes in has to want to return. The name brand of McAlister's Deli and the quality of menu items already gives us a leg up on initial start up.
- A convenient and proper location for both the business and family-individual customer.
- We need to offer fast and quality service during peak times. The key is a good balance. Lines have to move fast and kitchen prepared. Management team will need to keep employees positive and always striving to keep customer service a priority.
- A good selection of healthy and tasty foods and fun and relaxing atmosphere.

Management Summary

- This will be a small company to start with the owners, managers (salaried) and normal staff to operate a deli. Hourly employee categories including counter clerks and servers, kitchen staff, and cleaning staff. We look to have 1 director of operations, 3-4 managers and 20-40 hourly part time employees.
- The owner will be available during normal business hours and heavy involved to start. Director of operations will be hired and own 10% plus be salaried. 3-4 managers will also be hired and salaried. Other staff will be hourly and part time.

Management Team

- The management team will consist of Barry Schmidt, Kelly Schmidt and Director of Operations. Barry and Kelly Schmidt are the founders of MBL LLC and will bring in a 10% partner to run the day to day operations. 3-4 managers will be hired to supervise and train staff, while helping supervise the deli when the management team is away.

Outsourced services

- Currently owners have good working relations with an accountant, insurance agent, lawyer, financial advisor and payroll provider.

Areas of concern

- Currently owners have limited knowledge of food industry. We will combat this with hiring a Director of Operations with over 10 years experience in the food industry and have multi-unit experience. We are working with a head hunter that specializes in finding the right fit for a company like ours and is doing a national search. We will also compensate this person with 10% ownership of the company over a period of time depending on job performance to give them a stake in well being of the company.
- This is a new start up company. Appetite for lenders to loan to a new business is not great. We will be risking our own capital to secure the loans necessary. We will be first time owners, but both of us come from families that have their own business and have worked in many capacities in those businesses. We know what it takes and the hours it involves to run a business.
- This new business is in the food industry. Entering into this market is not easy, the industry is highly competitive, with periodic overcapacity, variable margins, and some barriers. Our dedication to the business and the expected growth in the Chicago market makes us feel it is a worthy investment.
- This business requires a initial large capital outlay. This is an substantial investment and it is requiring us to use most of our savings and net worth to collateralize the initial loans. If more capital is needed we would bring in other investors.
- The right location. Location is key to the success of this venture. We will be working with McAlister's corporate and a local real estate expert to find the "A" location.
- Growing too fast or too slow. We must meet our franchise agreement for growth but we must weigh local demand, economic conditions and labor pool to create a good balance for us personally and the company financially.
- Change of lifestyle for us as a family. This is the biggest concern we have. How is our life going to change, even if it is successful and very profitable does that outweigh the stress, health concerns and hours that take a toll on a person and their family. By being raised in families that have their own businesses we do have a sense of what to expect.

Summary/Timeline

- We expect to open the first store in July of 2013. Have director of Operations hired by March-April as he has to go through mandatory training. Have final approval of financing done by March. Have location for store decided by March and start construction. Start hiring managers in May-June and hourly staff in June. Have dry runs and family nights to practice the week before opening. McAlister's does have a suggested tentative timeline schedule when location is know and expected opening of store.
- Things we are working on as of December of 2012: financing with Harris Bank using SBA loans, starting process on finding the Director of Operations with head hunter Maurice Rowe, need to call and select a lawyer to review agreements (have referrals from Peter to use), set up MBL LLC, set up territory tour with Peter and local real estate agent, set up time for Discovery Day with McAlister's to confirm franchise agreement.