

# **BUSINESS PLAN**

**Studio 404 LLC.**

**Alexius Burns, Owner**

Created on April 10, 2017

# **1. EXECUTIVE SUMMARY**

## **1.1 Product**

Studio 404 Frozen Daiquiri Bar & Cafe' fused the daiquiri concept with a casual, upbeat atmosphere, yielding the right mix of flavor, fun and success. The Frozen Bar features a menu of moderately priced premium daiquiris influenced by the city's neighborhoods. From the Premium Daiquiris named after the neighborhoods and Delray's little league team like...

- The Carver Park Shuffle (Carver Park: Neighborhood)
- The Frog Alley Burb (Frog Alley: Neighborhood)
- Pineapple Grove (Pineapple Grove: Neighborhood)
- Uptown Downtown (Studio 404's Location)
- Poinsettia (Poinsettia: Neighborhood)
- Delray Rocks (Delray Rocks: Little League Team)

to the art pieces of old Delray on the walls grouped by the neighborhoods; once walking into Studio 404 you'll know you have arrived in Delray Beach FL.

From Key West, Louisiana then Vegas, just to name a few; I have traveled to these different places to bring South Florida an undeniable daiquiri mix. For example, the “Uptown-Downtown” is a half/half mixture of Vodka and light Rum with a Tropical twist of Pina Colada, flavored with Mango and a hint of Banana.

The cafe' will serve southern style tapas (smaller portioned plates), giving our customers the ability to mix and match in satisfying ways. Customers being able to choose two to three items off the menu, allows them to enjoy all their favorites and saves us in waste due to the smaller portion to prepare. Under 1200sqft of air conditioned dining and 3,500sqft of outdoor patio. Studio 404 will showcase live bands and celebrity guests like Mike Epps, KC and the Sun Shine band and Betty Wright to start. For our higher end guests and rooftop parties, Studio 404 has a full 1,200sqft 100% exclusive rooftop to offer to our guest. We will offer Jazz, Blues, spoken word (poetry), comedy and host fashion shows to keep it interesting.

## **1.2 Customers**

The target audience for Studio 404 Frozen Daiquiri Bar & Cafe' is age 30 and up. We are a family friendly environment by day, by night men and women looking to relax/release can enjoy the sounds of Jazz, blues, Latin sounds etc. on the night of their choice stimulating the body mind and soul. Studio 404 is a restaurant with a show/entertainment concept allowing our customers to dine while being entertained. The patio will be for dancing and dining outdoors so our customers can relish the beautiful scenery on Atlantic Avenue.

## **1.3 What Drives Us**

Being crowned America's Most Fun Small Town in 2012 by USA Today, Studio 404 sets out to be the Landmark for Delray Beach, once stepping foot

in Studio 404 Frozen Daiquiri Bar & Cafe' you will know you have arrived in Delray Beach Florida. Our long-term goal is to build the brand and franchise the restaurant. Studio 404 will be the only minority based business on the Avenue with the ability to change the face of the community it directly caters to. Not only will Studio 404 show what the community can look, sound and act like. We will also be a living example for the youth of our community on what doing quality business means, while having a great impact in our community.

## **2. COMPANY DESCRIPTION**

Studio 404 is a highly innovative Daiquiri Cafe'/Restaurant. We are dedicated to serving great tasting frozen daiquiris, with an honest portion of alcohol at fair prices; in a popular location located 404 W. Atlantic Avenue. We serve a variety of exotic as well as classic frozen daiquiris and we are always working on exciting new flavors to keep things interesting. We take pride in our menu featuring outstanding appetizers and Southern entrees.

We hire and train outstanding people to prepare and serve superb drinks and food with high quality ingredients at market prices, in a booming location. We offer a variety of exotic as well as classic frozen daiquiris and our experienced Mixologist will create exciting new flavors that are designed to appeal to our customers. We will also experiment with new classic and regionally favorite food items that complement our drinks. With a small assortment of seafood like: fish, conch and lobster; Studio 404 will merge a southern style cuisine with seafood to make for enjoyable Tapas.

Studio 404 always strive to provide a fun, safe environment for our guests by employing talented, well trained and a highly-motivated staff. Our friendly employees are always happy to assist our guests. Great drinks, great food, great people, a beautiful atmosphere and an awesome time; that's what we're about!

**Quality** - What differentiates Studio 404's daiquiris and food is our emphasis on quality without exception, we do not sacrifice quality for cost. This standard will keep customers coming back to our restaurant day after day, week after week and year after year.

**Service** - The phrase "the customer is always right" is not a cliché at Studio 404. This approach to customer service is our standard and anything less is unacceptable. In the end, the customer leaves our restaurant having a wonderful experience delivered by courteous and conscientious staff.

**Safety** - In our industry, safety must be a standard. To ensure safety of our guests we cooperate with local authorities and have zero tolerance for unlawful or otherwise dangerous behaviors or activities on or near our premises. When permitted, off-duty police are used to ensure our customers enjoy Studio 404 and stay safe. In addition, we have a simple dress code that makes people of all ages and walks of life feel welcome and safe in our restaurant.

**Sanitation** - Studio 404 LLC. ensures guests comfort in our restaurant by keeping our dining rooms, bars, bathrooms and kitchen facilities well-maintained, clean and sanitized. All staff members are required to keep a clean appearance always and always wash their hand frequently.

These four standards will result in extraordinary customer loyalty and strong brand recognition. Our mission is to provide our customers with an honest portion of great tasting frozen daiquiris and food at fair prices in a safe, clean and fun environment. Studio 404 will market to all ages catering to all walks of life, keeping a diverse and open marketing strategy.

Revenue projected for fiscal year 2018 with external funding is expected to be \$1,411,200. Annual growth is projected to be 14.28% per year through 2019. We feel that within 3.5 years, Studio 404 will be in a suitable position for further expansion by partnering with Salt 7's management group. Salt 7's management group grossed 6 million in three years working at Salt 7; which is also a restaurant located on Atlantic Avenue just blocks down from Studio 404. Our objective now is to propel the company into a prominent market position.

This industry includes restaurants, bars, taverns, pubs, lounges and nightclubs that also prepare and serve alcoholic beverages for immediate consumption.

**Industry Products:**

- Sale of Raw materials
- Sale of meals and nonalcoholic beverages
- Admission to special events and nightclubs including cover charges
- Sale of distilled spirit drinks
- Sale of wine drinks
- Sale of beer and ale

- Other (accommodation and rentals)

### **Industry Activities:**

- Operation licensed bars
- Operating night club
- Operating nightclubs
- Operating wine bars

Having emerged from the recession relatively unharmed, the Bar and Nightclub industry turned around in 2010 and has continued to make strides over the past five years per the IBIS world reports. Revenue growth has been slow, however, hampered by shaky consumer confidence and high unemployment, people were more content to drink at home rather than at bars or nightclubs. In the coming years, bar and nightclub owners will reap the rewards of increasing household incomes and consumer spending, thereby, increasing revenue in the industry. With a growing industry and a growing city, Studio 404's unique style, look and staff will continue to grow to accommodate a growing economy.



Studio 404 offers a 3,500sqft outdoor patio, which is the largest in Delray Beach, an exclusive 100% private VIP 1,200sqft full rooftop section for high end guest near and far and 1,200sqft of covered AC dining room with a wall display of daiquiris. The patio area will serve all local and visiting guests as they sit out under the Florida sun in America's Most Fun Small Town. The open rooftop will bring high-end guests (celebrities) which equates to a better branding strategy and more business for Studio 404. Some destination establishments have signs with uniqueness to them, Studio 404 will have a mile marker sign to display to tourist where they are and how far they are from other destination cities.

Along with the largest outdoor patio on the Avenue, 100% private VIP rooftop and dining room; Studio 404 brings their very own in-house Promotions/Marketing team. With our mixologist to entertain all our guest with top shelf Premium Daiquiris including the children with our virgin look-a-likes. Studio 404 management offers 10yrs managing over 200+ employees for a fortune 500 company, also bringing in an experienced management team of sum 20+yrs in the business; 13+ yrs. bank manager experience; 3+yrs food safety manager experience; 12+ years Promotion/Marketing; 17+ years business owner, 12+ Mixologist and 15+ years Chef.

Legal form of ownership: Limited Liability Corporation (LLC). Studio 404 has chosen to form as an LLC for tax purposes. Instead of the LLC being taxed, the Partners individually would be taxed. Some Partners may contribute more sweat equity than others

## **2.1 Mission Statement**

Studio 404 Frozen Daiquiri Bar & Cafe' is dedicated to serving premium frozen daiquiris, savory tapas and live bands for the 404 experience.

## **2.2 Principal Members**

Alexius Burns - Owner- Managing in retail for 10+ yrs. for a fortune 500 company with 200+ employees, Manager of Ben and Carla's Good Eats' take out restaurant for 2 yrs.

Dexter Murray - Owner, Manager/Marketing - Owner of D & M Contractor Services LLC for 15+ yrs., Owner of DMD Marketing for 10+ yrs. and Owner of Air Experts for 10+ yrs.

Angela Burns - Owner - Silent Partner - Manager of Carteret Savings Bank 20+ yrs.

## **2.3 Legal Structure**

Studio 404 Frozen Daiquiri Bar & Cafe' is a Limited Liability Corporation since July 2015. Percentages are as follows:

- Alexius Burns 40%
- Dexter Murray 40%
- Angela Burns 20%

## **3. MARKET RESEARCH**

### **3.1 Industry**

Studio 404 Frozen Daiquiri Bar & Cafe' is a part of the Restaurant industry. Frozen Daiquiris are considered a niche market, comprised of two leading companies, Wet Willies and Fat Tuesdays. Wet Willies now has 10 units' company owned and 7 franchised units. Fat Tuesdays, the oldest of the two, has over 50 locations.

The [drinking place sales](#) in the United States has steadily grown since the mid 1990's reaching 23.15 billion U.S. dollars in 2015. This includes bars, pubs, lounges, taverns and nightclubs as well as other drinking places that primarily sell alcoholic beverages for immediate consumption. The National Restaurant Association estimated that [food and drink sales in U.S. bars and taverns](#) would reach 19.9 billion U.S. dollars in 2016. This is a relatively small figure in comparison to the wider restaurant industry, for which food and drink sales were expected to rise to approximately 783 billion U.S. dollars during the same year.

Florida currently has 39,143 eating and drinking places and are projected to reach 41.7 billion in sales for 2017. With 1,024,900 restaurant and food service jobs in Florida for 2017, which is 12% of employment in the state, by 2027 that number is projected to grow 16% which equals 163,500 more jobs totaling 1,188,400 per the National Restaurant Association.

### **3.2 Customers**

The companies target market is the working-class ages 30 and up with an income range of \$32,000 - \$100,00+. Our customers range from your city employee, lawyer, doctor business owner etc. They value relaxation, quality food, music and good vibes. Our customers are willing to spend money in a well-established Bar/Restaurant that prides itself in Quality, Service, Safety and Sanitation.

### **3.3 Competitors**

Fat Tuesday and Wet Willies are our immediate competitors, of whom are 50+ miles away, serving Frozen Daiquiris. Other competitors like Dada's,

Deck 84 and Rocco Taco just to name a few are located down Atlantic Ave. within a 2-mile radius totaling 22.

### **3.4 Competitive Advantage**

Studio 404 Frozen Daiquiri Bar & Cafe has the following advantages compared to competitors:

- Only Business Owners Native to Delray Beach on Atlantic Avenue
- Full Frozen Daiquiri Bar with signature Frozen Daiquiris
- Biggest Patio on the Avenue (about 3500sqft)
- Only full Rooftop (1200sqft) on the Avenue
- Only establishment with live Jazz, Blues, Poetry and Latin music
- Only Landmark (Destination stop) for Delray
- Only establishment with a dedicated radio personality's support (spanning from Puerto Rico to Orlando FL.)

### **3.5 Regulations**

Studio 404 will meet all of Federal and State regulations concerning Bar/Restaurants.

## **4. PRODUCT/SERVICE LINE**

### **4.1 Product or Service**

Studio 404 Frozen Daiquiri Bar &Cafe' will sell premium signature Daiquiris, using an ultra premium gluten free vodka as its base and savory southern style Tapa's.

## **4.2 Pricing Structure**

Studio 404 Frozen Daiquiri Bar & Cafe' will Offer its products for the following prices:

All regular Daiquiris- \$7 per 12oz

All Large Daiquiris-\$10

Shots for Daiquiris- \$1

Premium Spirits- \$8

House Spirits- \$5

Wine- \$7

Beer- \$3.50

Tapas (small plates) range from \$3.50 - \$10

## **4.3 Product/Service Life Cycle**

Upon approval of contract, all products will be ordered in and prepared for our customers.

## **4.4 Intellectual Property Rights**

Studio 404 Frozen Daiquiri Bar & Cafe' will be patenting its signature Daiquiris.

## **4.5 Research & Development**

Studio 404 Frozen Daiquiri Bar & Cafe' has researched the following establishments:

Wet Willies, Miami  
Fat Tuesdays, Ft. Lauderdale  
Salt, Delray Beach  
IL Bacio, Delray Beach  
Fogart's Flying Monkey Saloon, Key West  
The Daqshaq, Jacksonville  
The Sunset Lounge, Delray Beach

Studio 404 plans to conduct the following research and development:

Include a feedback mechanism on the website for ideas, suggestions and improvements  
Review available market research to identify top restaurant and reason for their popularity

## **5. MARKETING & SALES**

### **5.1 Growth Strategy**

Studio 404 Frozen Daiquiri Bar & Cafe' will do the following to grow the business:

Franchise the business

Host events

Become a vendor for the new West Palm Beach Baseball Stadium

## **5.2 Communication**

Studio 404 will communicate with its customers by way of the following:

Utilizing social media (Pinterest, LinkedIn, Facebook, Tumblr, YouTube,

Instagram and Twitter)

Broadcasting on the radio

Listing the company in the 411 directories

Providing contact information on the company website

Delray Beach Chamber of Commerce

Delray Downtown Authority

Sponsor different Organizations

Using targeted Google and Facebook advertisements

## **5.3 Prospects**

Currently the owners Alexius Burns and Dexter Murray are primarily in charge of sales for Studio 404 Frozen Daiquiri Bar & Cafe'. Upon the grand opening, Jessica Hall will be added to assist with account management/coordination. This individual is currently providing the companies social media and online marketing support. The company is increasing awareness to our targeted customers through online advertising, proactive public relations campaigns and attending tradeshow. Upon

opening we will be bringing in Salt 7's management team for the first two years to ensure a great start.

## 6. FINANCIAL PROJECTIONS

### 6.3 BALANCE SHEET

Cash in bank	\$104,306	\$2,911,562
Accounts Receivable		
Inventory		
Prepaid Expenses		
Deposits		
Other current Assets		
<b>TOTAL CURRENT ASSETS</b>	<b>\$104,306</b>	<b>\$2,911,562</b>

#### **FIXED ASSETS**

Machinery & Equipment		
Furniture & Fixtures		
Leaseholder improvements	\$15,000	
Land & Buildings		
Other fixed assets	\$70,000	
<b>TOTAL FIXED ASSETS</b> (net of depreciation)	<b>\$85,000</b>	<b>\$0</b>

#### **OTHER ASSETS**

Intangibles		
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Other		
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<b>TOTAL OTHER ASSETS</b>	\$0	\$0
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<b>TOTAL ASSETS</b>	\$189,306	\$2,911,562
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## **Liabilities & Equity**

### **CURRENT LIABILITIES**

Accounts Payable		
Interest Payable		
Taxes Payable		
Notes, short term (due in 12 months)		
Current part, long-term debt		
<b>TOTAL CURRENT LIABILITIES</b>	\$0	\$0

### **LONG TERM DEBT**

Bank loans payable		
Notes payable to stockholders	\$40,000	
LESS: short-term portion		
Other long-term debt	\$149,306	
<b>TOTAL LONG-TERM DEBT</b>	\$189,306	\$0

<b>TOTAL LIABILITIES</b>	\$189,306	\$0
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### **OWNERS EQUITY**

Common Stock		
Retained Earnings		\$2,911,562
<b>TOTAL OWNERS EQUITY</b>	\$0	\$2,911,562
<b>TOTAL LIABILITIES &amp; EQUITY</b>	\$189,306	\$2,911,562

## 6.4 BREAK EVEN ANALYSIS

**DIRECT COSTS**                      **Fixed Costs (\$)**      **Variable  
Costs (%)**

Cost of Goods Sold		
Inventory		
Raw Materials		
Direct Labor		

## INDIRECT COSTS

Salaries		
Supplies		
Repairs & Maintenance		
Advertising		
Car, delivery & travel		
Rent		
Telephone		
Utilities		

Insurance		
Taxes		
Interest		
Depreciation		
Other Costs		
<b>TOTAL DIRECT COSTS</b>		
<b>TOTAL INDIRECT COSTS</b>		

**BREAKEVEN SALES LEVEL:**

## **6.5 FINANCIAL ASSUMPTIONS**

### **6.5.1 Assumptions for Profit and Loss Projections**

These projections are based on the following minimum:

- Peak hours for the restaurant business in Delray (4p.m.-9:30p.m.)
- Studio 404's seating capacity is 75 seats per. (not including the rooftop of 1200sqft)
- Low turn rate of 2 turns per day
- The ability to bring out 150-300 people per event (Dexter Murray DMD Marketing Group in house)
- Average Ticket of \$25

### **6.5.2 Assumptions for Cash Flow Analysis**

These figures are based on the profit & loss summary and quotes received along with projections.

### **6.5.3 Assumptions for Balance Sheet**

These figures are based off of the Cash Flow summary.

#### **6.5.4 Assumptions for Break Even Analysis**

Costs were determined from different vendors, payscale and Expenses.