



Burrito Burrito Franchise Plan



Burrito Burrito Inc.
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EXECUTIVE SUMMARY

The Purpose of this business plan is to outline the franchise opportunities for Burrito Burrito Inc. in the Greater Toronto Area (GTA). The franchiser “Burrito Burrito Inc.” is positioned somewhere between fast food restaurants, and sit-down restaurants. This segment of the market is better educated on healthy food choices and is more conscious of their buying habits than the general population. They are willing to pay more for a better fast food choice. Our goal is to be that choice for consumers in the GTA by offering competitive pricing and delivering consistent high quality product.

1.1 OBJECTIVES

The objective of this plan is to secure a franchise location in Toronto Ontario to be decided. Start-up costs will be discussed in the Start-Up Summary section.

1.2 MISSION

Our mission is to bring to the market the tastiest and health conscious traditional Mexican fast food at a competitive pricing while maintaining consistency and quality. Understanding our market segment, we are proud to provide **Vegan, Halal and Gluten Free** options for our customers. This increased level of choice empowers our customers and increases consumer confidence that they are in control of their healthy food choices.

1.3 KEYS TO SUCCESS

The most important key factor to success is the location. It is important that our location lives up to expectations, and is convenient to as many customers as possible. The pedestrian traffic must be adequate and the lunch habits of the customers must be conducive to eating out.

Another key to success lies with our franchise ability to execute our plan. If we neglect one or more aspects of our plan, whether it is our numbers, our employees, our cleaning and food standards, or our commitment to our customers, we will not give our opportunity the potential to succeed.

2.1 CORPORATE SUMMARY

Burrito Burrito Inc. owns and operates two quick-service Mexican style Burrito shops called Burrito Burrito. The company provides the convenience of fast-food with quick ticket fill times, affordability as well as dine-in and carry out options. Burrito Burrito offers a fresher and tastier alternative to fried fast food products such as hamburgers and a higher quality product than Mexican fast food restaurants or other burrito restaurants in the GTA. It is our commitment to serve all our menu items with the freshest ingredients and the highest quality cuts of meat.

The Burrito Burrito concept was designed at the end of 2009. The inspiration came from seeing this emerging market trend during trips to the U.S. The goal of the owner was to provide great Mexican fast food, in a clean environment, and at a reasonable price. The first Burrito Burrito



Location opened in January 2009. In July 2012, Burrito Burrito opened its second store. Burrito Burrito is now prepared to offer franchise opportunities to further expand its market share.

2.1 COMPANY OWNERSHIP

Burrito Burrito is owned by its holding company CDG Inc. and day to day operations for both corporate stores are managed by Charlie Arcuri.

2.2 START-UP SUMMARY

The start-up table shows a summary of the projected overall start-up costs. The highest initial investment will be the HVAC and the Cooking Line requirements. Cash requirements for start-up are 50,000.00. This will allow for both the franchise fee and an operating cash flow. All figures are projected values based on prior corporate store openings and current vendor relationships.

Start Up Expenses	
Business Licence	300.00
Insurance	2,700.00
Engineering Design and Building Permits	8,500.00
Furniture	3,000.00
Signage	10,000.00
Point of Sale Computer System	7,500.00
Digital Menu Boards	15,000.00
Sub Total	47,000.00
COOKING LINE	
All cooking line equipment including utensils, appliances and so forth. *see attached detailed Excel sheet*	
Sell Total	38,000.00
LEGAL FEES	2,500.00
LEASEHOLD IMPROVEMENTS	
Lease Deposits	15,000.00
Plumbing	10,000.00
Electrical	10,000.00
HVAC (Hood exhaust System)	30,000.00
Total Start-Up expenses (Encumbered Cash)	85,000.00 (Start Up + Cooking Line)
Cash Flow Required (25,000 Franchise Fee, 25,000 Cash Flow)	50,000.00
Start-Up Inventory	5,000.00
TOTAL (added from the "Sell Total", as	205,000.00



shown above)

These are all approximate figures and are subject to change

Everything subject to H.S.T.

3.1 PRODUCT DESCRIPTION

We offer a large variety of Burritos, Quesadillas, Burritos, Tacos, Nachos, Drinks, and Fresh Cut Fries. All products are made fresh to customer order. We also offer our health conscious customers a large selection of healthy drink alternatives along with traditional Coca Cola soda products.

All our menu items are available for customization. Menu items ingredients are strategically placed on our menu boards and allow the customer to choose their “toppings” at the time of the order. We also offer the “Double Burrito” which is a burrito rolled on two overlapping 12’ inch flour tortillas. This is the largest burrito option sold in the GTA. For those looking for a lower carbohydrate alternative, we also offer the “Burrito Bowl” with all the ingredients of our burritos served in a salad form. We also offer Gluten Free nachos and shells for our Tacos. Currently, all chicken menu options are 100% Halal, and all beef menu options will be 100% Halal effective fall 2014.

Below is a list of our menu items we will be marketing. Historical sales data will be provided during the disclosure process.

Burritos: Chicken, Steak, Shrimp, Halibut, Veggie, Soy Veggie, Surf N’ Turf (steak and shrimp mix).

Quesadillas: Chicken, Steak, Shrimp, Halibut, Veggie, Soy Veggie, Surf N’ Turf (steak and shrimp mix)

Burrito Bowl: Chicken, Steak, Shrimp, Halibut, Veggie, Soy Veggie, Surf N’ Turf (steak and shrimp mix)

Fresh Cut Fries: Regular Fries, Supreme Fries, Extreme Fries

Nachos: Regular Nachos, Supreme Nachos, Extreme Nachos

Tacos: Steak, Chicken, Shrimp, Veggie

3.2 COMPETITIVE COMPARISON

Our competition consists of sandwich shops such as Subway and Mr. Sub, fast food restaurants, and other quick service eateries. Within a 1.5 km radius the proposed location will have, but not limited to, direct competition from a McDonalds, Pizza Pizza, Pita Nutso, Topper’s Pizza, Dairy



Queen Brazier, and a Pitas and Burritos. Pitas and Burritos would be our most direct competitor in the immediate area. While the only menu items we would both carry are Burritos, Tacos and

Quesadillas, we are competitive in price point, food quality, and superior in customization of the aforementioned menu items. Our competition will be fierce, but our specialized and customizable menu selections will set us apart from the competition, as will our focus on healthy yet delicious fast food.

3.3 SALES LITERATURE

Our sales literature consists of:

- Print Menus
- Point of Sale Marketing Print
- Programming of Digital Menu Boards to include events and daily specials
- Customer Loyalty Program
- Branded Gift Cards
- Business Cards

3.4 SOURCING

To maintain competitive margins and to take advantage of economies of scale, the franchisee will purchase all products required for operation based on a pre-approved vendor list that is determined by Burrito Burrito Inc.

3.5 FUTURE PRODUCTS

The product mix is determined by the Franchisor. Future product suggestions are welcomed by the Corporate, and if approved, may become part of the product mix.

4.1 VALUE PROPOSITION

Our value proposition is that we offer high quality, healthy fast food at a reasonable price. Our facilities are clean and our food is tastier than that of our competitors. The ambiance of our facilities contributes to customers' desire to eat their meals in a comfortable, healthy environment.

4.2 COMPETITIVE EDGE

We have a competitive edge in regards to the overall quality and differentiation of our products, and in the cleanliness and ambiance of our seating area. Our Burritos, Quesadillas, and all other menu items are of the finest quality, and have been refined through taste-tests sponsored by Burrito Burrito. Our seating area will be clean, and will have both sit-down and counter table areas. The walls are white with glossy red backsplash tile up to a green chair rail, echoing Mexican National colors in a subtle manner. The tables and chairs are a rich red color, and the floor will consist of polished concrete.



We will differentiate our food from Burrito Boyz, Mucho Burrito, and other burrito franchises in regards to taste, quality of bread and contents, attentiveness to customers, and overall experience. We are confident that our pricing structure and high quality product will continue to succeed in the market place

4.3 MARKETING STRATEGY

Our marketing strategy is to reach the largest amount of working professionals, residents, and student for the least amount of money.

Our strategy will focus on three solid points:

1. Building customer loyalty
2. Extending the franchise brand locally
3. Develop local word-of-mouth advertising (buzz)

4.4 PRICING STRATEGY

Our pricing strategy is to aggressively maintain acceptable food cost and operations margins to offer customers a higher quality product at a reasonable price. We also price our menu options so that when combined with HST, the result is a rounded off total for the customer. For example, currently our regular Chicken Burrito is \$7.83, making it \$8.85 when adding HST. If a customer adds a beverage the total for the meal is \$11.10 per meal. This represents a price 30% above the average price of a McDonald's Big Mac Combo. We feel customers are willing to pay more for healthy, delicious food served in a clean, comfortable environment. Current pricing is competitively aligned with other major players in our market segment.

Our highest margins will come from our fries, nachos and beverages. We will focus on expanding sales in these areas soon and as aggressively as possible through Combo options and program pricing.

4.5 PROMOTION STRATEGY

In order to reach local clientele, and build customer loyalty, we will offer: special weekday promotions, and the Burrito Burrito Customer Loyalty. Our company strategy is to focus on promoting the business through local PR efforts, such as a grand opening and yearly eating contests.

Burrito Burrito will contribute \$10,000.00 launch promotion through Radio Campaign.

4.6 MARKETING AND SALES PROGRAMS



Our marketing programs include customer-centric appeals to build loyalty, provide cost value to our customers, and build word of mouth marketing.

Here is a list of the sales and marketing programs we are currently running for the corporate locations:

- Daily in-store specials, up to 15% off one particular menu item
- A direct ad mail menu blitz targeting the franchises' surrounding areas
- High profile sponsorship of two local sporting or charity events
- Cinco de Mayo Eating contest with Radio Station presence.
- Facebook and Twitter presence throughout the year.

We may institute more programs as we see fit. The Franchisee may recommend any additional marketing campaigns subject to Franchisor approval.

4.7 MARKETING PROMOTION FOR NEW FRANCHISEES

As a promotion to our new franchisees, we are offering an incredible 10,000 advertising “marketing bonus”. Burrito Burrito has agreed to work with the number 1 hit music station in Toronto KISS 92.5. What this means for you is Burrito Burrito will be advertised during the month of November an incredible 33 times including 7 times during the number one rated morning show in the GTA, Roz and Mocha, on KISS 92.5. Moreover, Burrito Burrito will continue to be in commercials on KISS 92.5, at least once a month, until December 2015. This also includes 400,000 Brand sell impressions on the KISS 925.com website. Please see the appendix for further details on this incredible opportunity.

What this Means for YOU!

As a franchisee, you will be the beneficiary of Burrito Burrito’s commitment to expanding our brand and ensuring success for all our franchisees. By partnering up with KISS 92.5 the Burrito Burrito brand, and your business, will be exposed to an average weekly audience of over 1.4 million people (over the age of 12) of which 79% are in the coveted target market of 18-54 year olds. Moreover, 2 in 3 of KISS 92.5 listeners ordered take out in the past month and almost 40% have spent over \$100.00 in the past month in restaurants. As you can see, this is the ideal target market for our advertising dollars to help you and Burrito Burrito excel and become the number one Burrito franchise in the GTA.

All this comes to you at no additional cost and is further proof to our commitment to ensuring all our franchisees are set up for success!

5.1 STRATEGIC ALLIANCES

The fast-food business is based largely on the impulsive choice of consumers. Many people buy their business lunch, personal lunch, or family dinners at a fast food restaurant. Most fast food restaurants do not necessarily offer the best food selection but they do offer a reliable menu and a



fast order completion time. Customers will try other fast food restaurants and “shop around” but the majority of their fast food purchases are usually made through one retailer. Our goal is to

capture those customers, and to build loyalty to the product through purchase punch cards, consistent daily specials, and a direct mail list.

5.2 PERSONNEL PLAN

Most of our employees are entry level students and the recommended starting salary is 10.30 per hour for students under the age of 18 and 11.00 per hour for all other employees.

Our employees will be respected, and will wear a company polo or t-shirt, and adhere to our Burrito Burrito dress code. All employees, including potential franchise owners, will complete the Burrito Burrito New Hire Training Plan and obtain any required food handling certificates.

5.3 ORGANIZATIONAL STRUCTURE

The Burrito Burrito organizational structure is flat. While it is important that our manager on duty is clearly in charge, all Burrito Burrito employees should be trained to fully perform service functions at the location independently with little or no supervision. This is critical to maintain appropriate payroll levels to maximize profit margin and service.

5.4 FRANCHISE RAMP UP PLAN

Burrito Burrito will provide end to end support during the launch of a new franchise store. To set up our franchisees in a position for success, Burrito Burrito will implement the following actions:

- Primary Operator Training
- Corporate Store Shadowing
- Dedicated Full Time Training Resource for your store for 30 days
- Continuous Touch Points with Burrito Burrito Inc.
- Soft launch and Grand opening staffed by Burrito Burrito Inc.

5.5 BE A PART OF THE “FOUNDERS CLUB”

In an effort to correct many of the mistakes other franchises have made, namely not giving their franchisees an opportunity to help share the success of the organization, we at Burrito Burrito are implementing a revolutionary concept that we affectionately call the “Founders Club”.

This is a program that will grant out first 10 franchisees membership into the club. The club will consist of the owner and the 10 members meeting on a monthly basis to discuss new and exciting menu items, promotional ideas, and/or any other opportunities for the franchisee and the brand. Through membership in this new club, new franchisees, like you, you will have a significant

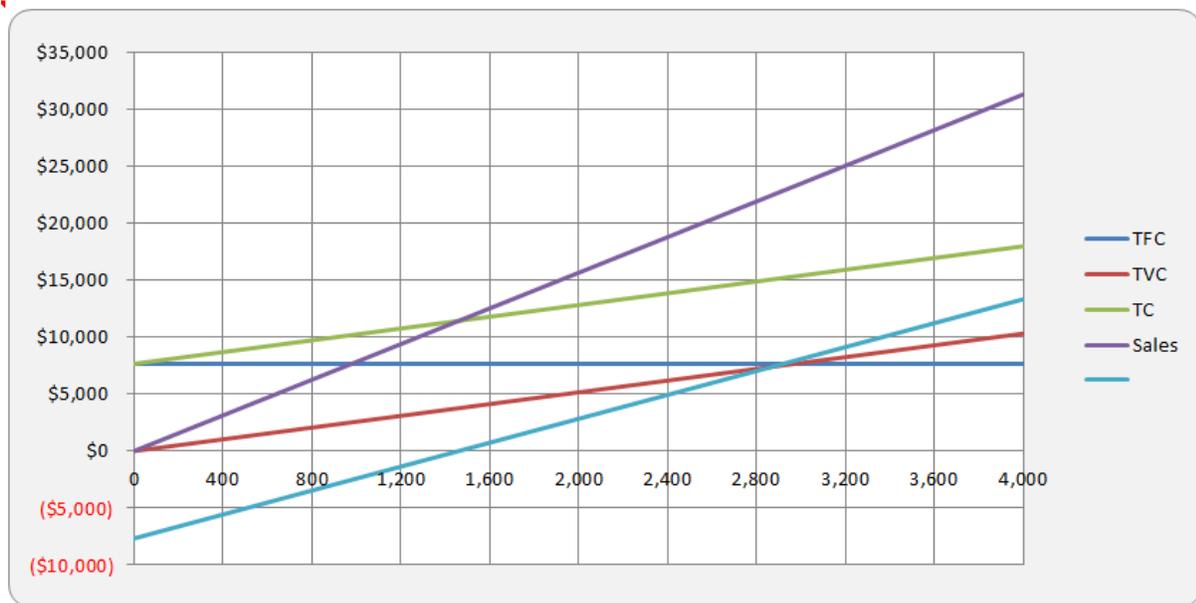


hand in shaping the future of Burrito Burrito and helping us make our brand number one in the GTA.

6.1 BREAK-EVEN ANALYSIS

Our break even analysis is based on a rough estimate of fixed costs based on the potential new location. We predict average fixed costs to include the cost to lease the building, equipment leases, and various other equipment costs and fees. Our variable costs include the cost of labour, food inventory, and other product-related costs. It does not include franchise and/or advertising fees. Our variable cost estimate is \$2.58, which is 33% of 7.83 which is the price of a Burrito, chicken or steak. This number may be revised as we review our actuals upon a deeper dive into the store launch.

Break-Even Analysis



Break-Even Point (units) = 1,461

Break-Even Point (\$'s) = \$11,436

Total Fixed Costs	TFC =	\$7,668
Variable Cost per Unit (33% of 7.83)	VCU =	\$2.58
Sales Price per Unit	SPU =	\$7.83

Formulas:
 BEP (units) = TFC/(SPU-VCU)
 BEP (\$'s) = BEP (units) * SPU