

The Villages Golf and Country Club



Bistro and Bar Business Plan

November 2011

The Villages Bistro and Bar Business Plan

Table of Contents

	<u>Page</u>
Executive Summary	1
Background	4
Mission Statement	6
Short-Term Goals and Objectives (First Six Months)	7
Financial Performance	7
Maintaining and Maximizing the Customer Base	7
Management Reporting	8
Long-Term Goals and Objectives (Years 1-5)	9
Financial Performance	9
Maintaining and Maximizing the Customer Base	9
Customer Satisfaction	10
Operations	10
Marketing	18
Marketing Overview	18
Target Market Segmentation	19
California Restaurant Business Analysis	25
Competition Analysis	26
Positioning Statement	36
Branding Strategy	37
Staff Training	38
Atmosphere	39
Pricing Strategy	40
Marketing Techniques	41

The Villages Bistro and Bar Business Plan

Table of Contents

	<u>Page</u>
Marketing continued	
New Trial Marketing	46
Frequency Marketing and Loyalty Programs	46
Check Average	48
Internal Marketing	49
Community and District Specific Marketing	49
Clubs and Organizations	51
Public Relations (PR)	51
Data Capture Techniques	53
Marketing Analysis	55
Quality Control	55
Personalized Service	56
Special Events	57
Pricing Analysis	59
Financial Analysis	62
Revenue	63
Cost-of-Sales	63
Revenue Forecast	64
Payroll and Related Expenses	65
Utilities	66
Other Operating Expenses	66
Net Results	66
The Organization	68
Organizational Chart	69

The Villages Bistro and Bar Business Plan

Table of Contents

	<u>Page</u>
The Organization continued	
Key Personnel	70
Cross-Training	70
Uniforms	71
Grand Opening Events	72
Other Operational Concerns	74
Timing and Seasonal Demands	74
Liquor License	74
Health Department	74
Inventory Loss Prevention	75
Entertainment	75
Noise Concerns	75
Adjustments to Operating Plan	76
Risk Evaluation and Response	76
Conclusion	80

EXECUTIVE SUMMARY

In July 2011, The Villages' membership, by way of a formal survey, conveyed to The Villages Golf and Country Club (Club) Board of Directors its support to move forward with construction documentation and formal bidding of the Bistro and Bar initiative. To that end, the Club's Facilities Projects Committee (along with the Board), consulting with staff, its construction consultant (TBI) and architect (Habitec), designed a new amenity that will enhance the community's infrastructure by providing Villagers with a new, socially-oriented food and beverage venue — the Bistro and Bar. If the membership approves of the project's financing via the Capital Project Improvement Fund (vote to take place in December 2011), this new amenity could open for business late summer 2012.

The pages that follow detail staff's business plan for the Bistro and Bar operation. We developed the plan's financial assumptions from an objective perspective; this plan was not influenced significantly by historical data from prior Villages' food and beverage operations.

The cornerstone goal of this initiative is to be the bistro and bar of choice for all Villagers and their guests, as well as to impress outsiders invited to experience The Villages community, e.g. outside golf groups, etc. To make a comparison to other food and beverage operations in our geographical area, one could say that the Bistro and Bar will be similar in style and atmosphere to Mexico Lindo, Le Boulanger and

Starbucks — each of the foregoing representing a specific element of the Bistro and Bar operating platform.

According to what we know about Villager sentiment in general, many Villagers prefer a socially-oriented and informal food and beverage environment; and, as such, the community should provide a loyal customer base.

Along with exceptional services, fun fare, great snacks and a variety of soft drinks and libations, word-of-mouth referrals will significantly augment an aggressive, yet responsible, marketing program that will eventually make the Bistro and Bar Villagers' first choice for fun and socializing with friends.

The success of any restaurant business hinges on a number of things, which include location, parking, customer service, quality of food, pricing, atmosphere, services offered, organizational structure and depth of experience, operational schedule, and cost-of-sales. Equally important, however, is the need to remain flexible and resilient. Flexibility is important, as programming and menu design may need to change from time to time. Resilience is important because the business may not achieve its objectives out of the gate, and holding strong to the ideals and principles by which the business was founded may be difficult to do. If the organization can achieve high marks in each of the foregoing areas, the business will undoubtedly be successful. Most establishments fail by only achieving a few of the above criteria or

perhaps, more to their detriment, not achieving them on a consistent basis. Unlike many other businesses, restaurants get only one opportunity to present their wares and satisfy the customer. If the target is missed, chances are another opportunity will not present itself.

Realizing the importance of the foregoing, The Villages' Food and Beverage Director and his team have spent considerable time on the following: selecting menu choices, preparing food purchase specifications and food production worksheets, selecting table tops, serving pieces and other equipment, as well as developing the procedures manual, all of which are designed to create a great first impression and lasting friendships.

Because the Bistro and Bar is not as complex an operation as The Villages' Clubhouse and Restaurant, we are determined to break the tradition of operational losses for food and beverage functions at The Villages (a norm in closed communities such as The Villages) by paying extra attention to the following: 1) marketing the operation more effectively, 2) installing and managing controls to monitor food and beverage cost ratios on a routine basis, 3) training the operation's personnel to invariably provide professional and friendly service, 4) hiring key personnel to fill positions vital to achieving success, 5) setting clear objectives that challenge the operation's management, 6) establishing a roadmap for the future; and finally, 7) by "hitting our mark" every day the operation is open for business. Moreover, we intend to

capitalize on this opportunity by creating awareness of the Bistro and Bar such that when the doors open for business, it will be the place everyone wants to go. This new amenity presents the framework that we can build around to create something exciting and extraordinary for Villagers, their guests and outsiders invited to visit our community.

The following pages will support a reasonable opinion that the Bistro and Bar operation can achieve a favorable financial performance in about two years. Our investigations and analysis of the demographics and competition, marketing plans, financial risk evaluations, operation modeling, and organizational structuring shape the belief that the Bistro and Bar will be a very popular amenity for Villagers for years to come.

BACKGROUND

On January 3, 1968, when the Terrace Room in Cribari Center (the first Villages' restaurant) officially opened, 16 customers had lunch and the restaurant registered \$13.59 in revenue for the day. It was not until the following year, in April, that food and beverage services were extended to include Friday dinners. At that time there were fewer than 800 people living in The Villages.

A leap into the future was made in 1978, when the Pro Shop/Golf Course Grille opened and offered dinner services Wednesdays through Sundays, in addition to daily lunch.

The Grille had an inside capacity of 100 people and outside capacity of 32 people. It offered food and beverage services six days per week. The majority of the Grille's customers were golfers. In addition to the Grille, special celebrations and larger dinner functions were held at the renovated Terrace Room and Cribari Auditorium.

Throughout the history of The Villages, various dynamics have prompted changes and improvements. The very mission statements of the Club and Association cite the desire of the Boards of Directors to maintain and *enhance the property of the members while providing an enriching lifestyle for its residents.*

By the time the current Clubhouse opened, in August of 1996, the community was comprised of 10 districts and approximately 3,500 residents. By 1999, there were 12 distinct districts all differing from one another in terms of age, architecture, floor plans and demographics. That fact notwithstanding, there has always been a common theme among Villagers in general, such as the desire to enjoy a quality lifestyle and to benefit from the great amenities The Villages offers.

The Villages Clubhouse is one of the most cherished amenities. Roughly 90 percent of all Villagers use the Clubhouse at least once a year. In 2006 a total of 93,334 meals

were served. Since that time the Clubhouse has experienced continued growth. A recent utilization study showed that during 2010 the Clubhouse served 114,340 meals.

The Bistro and Bar idea is not a novelty to this community. Roughly eight years ago the Facilities Projects Committee conceptualized the first Clubhouse expansion. At that time the Club Board of Directors directed the Facilities Projects Committee to research such a project because, a) Villagers requested an expansion, b) there were concerns about the small size of the kitchen in relation to the volume of business the operation required, and c) storage and related efficiencies were a concern as well. Because of other priorities at the time, the concept was put on the shelf.

In the fall of 2010 the Club Board identified this project in its Three-Year Strategic Plan as one of its priorities for 2011. In July 2011 when the membership was surveyed, more than 60 percent of the respondents favored moving forward with the initiative.

MISSION STATEMENT

The Bistro and Bar will provide a casual and informal, yet energized setting for not only Villagers and their guests, but to everyone who visits. We pledge the utmost satisfaction to all patrons with every opportunity, by offering personal attention to detail, value, service, and quality foods and beverages.

SHORT-TERM GOALS

(The First Six Months)

Financial Performance

The revenue and expenditure format for the Bistro and Bar is divided into three categories:

1. Labor Expenses
 - Maximum cost of labor of 63 percent of total revenue
2. Food and Beverage Expenses
 - Cost of goods for food of 31 percent
 - Cost of goods for alcohol of 25 percent
 - Combined cost of goods (food and alcohol) less than 30 percent
3. Operating Expenses (utilities, services, fees, start-up costs, marketing, and maintenance)
 - 30 percent of total revenue

The goal in the first six months is to recover 70 percent of the overall expenses.

Maintaining and Maximizing Customer Base

- Utilize existing tracking database to determine frequent and infrequent users.
- Develop a rewards and incentive program for both groups (those who are and those who can become frequent users).
- Create a maximum seating capacity model using 90 percent of the total available seats in the Bistro and Bar as the benchmark. Using this benchmark, we have

determined that 95 covers per three-hour meal period represent the maximum capacity in the Bistro and Bar. The maximum capacity is 442 covers per day. The goal is to reach 50 percent of maximum capacity, or 221 daily covers.

- Build a relationship with frequent and infrequent customers and establish a model to maximize the seating capacity in the Bistro and Bar enhancing our ability to grow the customer base.

Management Reporting

- Create and maintain a daily sales report for the Bistro and Bar identical to the current reporting model now being used in the restaurant to track net sales and cover (meal) counts.
- Develop an expense reporting model that, along with the daily sales report, will allow management to analyze financial performance as close to real-time as possible. This data will allow management to proactively identify trends, both good and bad, in terms of overall cost, benchmark percentages for food and beverage, as well as labor.
- Conduct a customer survey within the first six months.

LONG-TERM GOALS

(Years 1 - 5)

Financial Performance

As mentioned previously, the revenue and expenditure format for the Bistro and Bar is divided into three categories that we intend to improve upon in comparison to the first six-month targets:

1. Labor Expenses
 - Maximum cost of labor at 49 percent of total revenue by Year 3
2. Food and Beverage Expenses
 - Cost of goods for food at 29 percent
 - Cost of goods for alcohol of 23.5 percent
 - Combined cost of goods (food and alcohol) less than 29 percent
3. Operating Expenses (utilities, services, fees, marketing and maintenance)
 - 20 percent of total revenue

The goal by Year 3 is to post an operating surplus to the Bistro and Bar's bottom line.

By Year 5, the goal is 100 percent recovery of overall expenses (break-even).

Maintaining and Maximizing Customer Base

- Evaluate for Years 2 through 4 the return on the rewards and incentives program created in the first year to better understand its effectiveness and to consider new programs as well.

- Continue to monitor and create ways to move toward maximum capacity in the Bistro and Bar.

Customer Satisfaction

- Build a survey system using the data from comment cards in five specific areas (ambiance, management, food, service and cleanliness). Survey bi-annually as a minimum.

OPERATIONS

The Bistro and Bar will be adjacent to the first tee in the current location of the Patio Barbecue. This new facility will present spectacular vistas of the golf course and mountains. The Bistro and Bar will consist of approximately 60 seats, including 10 barstools. There will be sliding glass doors designed to bring the outdoors in on nice days and summer evenings, creating an alluring ambiance for Villagers and guests.

The main entry into the Bistro and Bar will be through the existing Clubhouse Foyer. This foyer will be redecorated with rich, warm tones with comfortable chairs and small coffee tables to create an inviting path that leads to either the Clubhouse Restaurant or the Bistro and Bar. As you enter the Bistro and Bar, the room will transition from a porcelain tile (wood plank) floor to a specially-designed carpet tile.

The tabletops will have a rich wood color and a non-porous surface. Though the room has mostly double glass panels, contemporary wall sconces will help transition from day to evening. Upon entering, you will see a picturesque wine rack to assist patrons in selecting a special bottle of wine for the occasion.

The countertop for the bar will be made of a beautiful Brillante Bruno quartz material, while the front of the bar will be covered with a spectacular Honey Onyx — sure to set it apart from the norm. To accentuate the bar finishes, the wall colorings will be soft and comfortable, blending with an Ivory Oat color on the ceilings — wood beams will accent the ceiling as well. The warm and visually appealing decor will go hand-in-hand with the exemplary food and beverage standards that are sure to satisfy Villagers and guests.

The Bistro and Bar will have at least three high-definition televisions and Wi-Fi service as well. Additionally, there will be a pick-up window specifically designed for golfers, allowing them to order food from our existing phone at the eighth tee, for pick up as they make the turn and complete their round of golf.

The Bistro and Bar's operating platform (seven-day week, 15-hour day) and wonderfully comfortable and informal atmosphere will offer Villagers something that's been requested for a long time.

The Bistro and Bar team was formed after the membership survey showed Villagers were in favor of moving the project forward through construction documentation and

the bidding process. The Board-appointed Facilities Projects Committee (working closely with Board and staff), brought two key players onto the team to help with the process and to provide guidance. As was published and disclosed to the membership, the Board of Directors decided to take the “design-build” approach rather than the “design-bid” approach. That being the case, the services of TBI (a San Jose construction and consulting company) were engaged. Shortly thereafter, the selection of an architect was made - Habitec Architecture Planning and Interior Design. Due to the collective efforts of the foregoing, the Bistro and Bar moved through the conceptual, design and development stages with full and complete construction documentation due by mid-November 2011.

In terms of the kitchen itself, the design, layout and equipment selection process was specifically designed for the Bistro and Bar. TriMark Restaurant consultants worked closely with our team in a process that required a great deal of forethought as we attempted to anticipate all of the service needs the new facility may require. The consultant helped us select an efficient package of equipment capable of servicing the Bistro and Bar, while providing a degree of flexibility to allow for operational adjustments.

We expect the bar activity to do a high volume of business, as it will service both the Bistro and Bar and the Clubhouse Restaurant. There has been a longstanding opinion that many non-resident golfers may not gather for beer or drinks after their round of golf because the Clubhouse Bar area is not easily accessible. It is reasonable to think that the Bistro and Bar will put an end to that concern. In addition, many Villagers

have requested a more casual setting to enjoy light appetizers and their beverage of choice. The Bistro and Bar will now be the perfect place to meet people during happy hour and enjoy new exotic drinks.

The breakfast menu will consist of pastries, hot breakfasts and gourmet, specialty coffees and teas. While we will continue to serve favorites from the grill such as hamburgers and hot dogs in the afternoon, the Bistro and Bar will provide an ideal place to have “before” and “after” dinner drinks, pizza, along with light appetizers, such as sliders, fried calamari and shrimp cocktail. This menu concept will encompass a wide variety of tastes and help keep the cost of food, payroll and other variable expenses within an acceptable range. The following pages represent sample menus that will be available through the day.

BISTRO BREAKFAST MENU

Cooked-to-Order Breakfast

Montgomery Muffin Sandwich

English Muffin with Fried Egg, Cheese, and Choice of Bacon, Sausage, or Ham

Cribari Croissant Sandwich

Croissant with Fried Egg, Cheese, and Choice of Bacon, Sausage, or Ham

Hermosa Breakfast Burrito

Eggs, Potatoes, Cheese, and Choice of Bacon or Sausage

The Villager

Eggs Any Style, Potatoes, and Choice of Bacon or Sausage

Fairways Flapjacks

Two Pancakes with Maple Syrup

Del Lago Daily Omelet Special

Served with Potatoes

Fresh from the Oven

Blueberry or Apricot Scone

Flaky Butter Croissant

Muffin of the Day

Cold Breakfast

Bagel with Lox

Fresh Fruit Cup

Whole fruit

Yogurt

Mixed Berry Smoothie

Assorted Fruit Juices

BISTRO BEVERAGE MENU

Villagers' Favorite Cocktails

Strawberry Splash

Captain's Mug

Olivas Frosty Peach

Pomegranate Sunset

Valle Vista Ultimate Long Island

Freshly Muddled Mojitos

Mango Lime

Strawberry

White Peach

Margaritas

Highlands Original Lime

Pomegranate

Very Berry

Strawberry

From the Tap

Blue Moon

Fat Tire

Sierra Nevada

Michelob

Featured Wines

Bogle Sauvignon Blanc

William Hill Chardonnay

Acacia Pinot Noir

Louis Martini Cabernet Sauvignon

BISTRO MENU

Villager Specialties

Glen Arden Spinach and Artichoke Dip

Mini Tomato Bruschetta on Crostini

Tomato Mozzarella Salad

BBQ St. Louis Riblets

Village Verano Shrimp Cocktail

Fried Calamari with Lemon Aioli

Fruit Kabobs with Honey Yogurt

Baskets

Crispy French Fries

Crispy Garlic Fries

Onion Rings with BBQ Sauce

Sonata Sweet Potato Fries

Potato Skins with Bacon, Cheddar, and Sour Cream

Jumbo Chicken Tenders

Chicken Wings

(Buffalo, BBQ, or Oriental)

From the Grill

Grilled Angus Burger

Pesto Chicken Sandwich

Garden Veggie Burger

Jumbo Beef Hot Dog

Polish Sausage

The Heights Cheese Steak Sliders

Angus Beef Sliders

Signature Pizzas

Pepperoni

Sausage

Margarita with Tomato and Basil

Estates Chicken Pesto

BISTRO AFTER-DINNER MENU

Available Anytime

Desserts

Villages Hot Fudge Sundae

Cheesecake Bites

Molten Lava Cake

Signature Milkshakes

Frozen Yogurt

Specialty Coffees and Teas

Cappuccino

Latte

Espresso

Chai Tea

MARKETING

Marketing Overview

The Bistro and Bar marketing plan will focus on differentiating this new amenity, and what it has to offer, from the already popular Clubhouse. While it is expected that the Clubhouse will continue to function as it has in the past (that is, providing Villagers with a more upscale dining experience and banquet facilities), the Bistro and Bar will add a new venue for Villagers and guests to frequent. Providing a friendly, inviting, relaxing atmosphere combined with a myriad of delectable food and beverage offerings from morning until night, is sure to entice just about everyone.

Villagers and their guests are the primary target market for the Bistro and Bar. Golfers constitute the secondary market, with emphasis on Villager guest play, unaccompanied guest play and tournament play. Finally, reciprocal relationships with other private country clubs have been identified as a tertiary market.

Recent data from the Villages Clubhouse operation with respect to meals served and frequency of use, along with an analysis of the Bistro and Bar's direct and indirect competitors in the Evergreen area, provide valuable insight incorporated into this comprehensive marketing plan.

Careful attention will be paid to ensure that the overall customer experience delivered is consistent with the branding strategy for the Bistro and Bar. A well-

trained staff, comfortable atmosphere, personalized service, competitive pricing, attractive décor and tasty menu selections are all important elements that must complement each other.

Several marketing techniques will be utilized in promoting the Bistro and Bar including new trials, loyalty and referral programs, bounce-back offers and up-selling to increase check average, to name a few. Additionally, promotional efforts will concentrate on neighborhood or village-specific marketing, as well as clubs and organizations. Data capture and marketing analysis will be critical for evaluating the success of this marketing plan.

Target Market Segmentation

Primary Market: The Villages Golf and Country Club is a private community; and as such, it is evident that the primary market is Villagers (renters and owners). Consisting of 2,536 total residential villas and single family homes, there are more than 4,100 people residing in the community at any given time.

The average age of current Villagers is 74. The average age of incoming Villagers is 65. There are 200 to 300 new Villagers each year. Of the 4,100 residents, in terms of gender, males represent 42 percent of the population and women 58 percent. This information is available via the community's database of information. See Age/Gender table that follows.

Age/Gender Table			
	Average		
	Age	Female %	Male %
Cribari	70	61	39
Montgomery	73	59	41
Heights	74	63	37
Hermosa	73	59	41
Verano	74	57	43
del Lago	74	57	43
Highland	75	58	42
Glen Arden	75	62	38
Olivas	75	55	45
Fairways	73	55	45
Sonata	74	57	43
Valle Vista	74	54	46
	74	58%	42%

In terms of disposable income, the community spans from one end of that spectrum to the other. A significant portion of the community (estimated at 15 percent) is represented by long-time residents (more than 20 years), many of whom struggle to keep up with their household expenses; however, we believe there is an equal share of residents who still have disposable cash and are willing to spend it. Somewhere in the middle lies the rest of the community — moderate incomes and frugal spenders, but still wanting to have a good time and get a good value. Villagers in general support the Clubhouse and its food and beverage operation as the table below shows.

Meals Served						
	2005	2006	2007	2008	2009	2010
Meals Served	90,461	93,334	104,154	113,003	108,256	114,340
Growth %		3.2%	11.6%	8.5%	-4.2%	5.6%

Dividing total meals served in 2010 by the 4,100 Villagers, the average annual visits equate to 28 per Villager. The table below shows Villager visits by frequency, which highlights opportunities to market less frequent users — roughly 50 percent of all Villagers visit the Clubhouse less than one time per month during the year.

Villagers' Frequency of Use				
	2009		2010	
Single Visits	282	11.12%	281	11.08%
2-6 Visits	659	25.99%	678	26.74%
7-11 Visits	319	12.58%	344	13.56%
12-20 Visits	339	13.37%	309	12.18%
21-30 Visits	182	7.18%	182	7.18%
31-48 Visits	205	8.08%	196	7.73%
49 Visits Plus	201	7.93%	190	7.49%
Total	2187	86.24%	2180	85.96%

Conclusion: We believe that, as it relates to the Bistro and Bar operation, Villagers and their guests will be the “meat and potatoes” and will provide the lion’s share of all patronage. It’s important to remember that, while the Bistro and Bar will serve existing Villagers, the influx of Baby Boomers (77 million of them across the country) into the community is sure to come, and as a general statement, this demographic will enjoy a food and beverage platform such as what is planned for the Bistro and Bar.

Secondary Markets (Golf Related):

- Villager Guest Play. Last fiscal year there were more than 2,900 Villager-guest golf rounds played. This market is a captive one that can be targeted better than it has been in the past.
- Unaccompanied Guest Play. This category of golf play is the only one that has shown improvement the last two years. Villagers clear these golfers at the entrance gate, many of whom are family and friends. Last fiscal year 850 rounds in this category were played.
- Tournament Play. Roughly 50 outside golf tournaments will be held this fiscal year at The Villages golf course. Many of the larger tournaments arrange for food and beverage services as part of the tournament program; however, many of the small tournaments do not. It is thought that, while the Bistro and Bar may provide opportunities to expand large tournament food and beverage programs, more importantly, the small tournament player will now have a place in a relaxed setting to grab a beverage or something to eat.

Conclusion: The existing formality of the Clubhouse does not offer a particularly inviting and convenient environment to the casually attired golfer. Most golfers tend to lean toward a more casual environment to relax after a round of golf. It is believed that the Bistro and Bar will be more welcoming, thus capturing a larger share of this market than is currently captured by the Clubhouse. According to the Golf

Tournament Association of America (GTAA), of the golfers' total expenses, 25 percent represents the cost of food and beverage. It is important to note that last fiscal year the golf course generated more than \$300,000 in "outside" player revenue — meaning that, according to GTAA, as much as \$75,000 in gross sales could be captured in food and beverage purchases from this market. Although all revenue captures are not specifically tracked, we estimate 20 - 25 percent is currently being captured.

Tertiary Market:

- Reciprocal Relationships. The Villages Golf and Country Club maintains reciprocal relationships with a number of private golf and country clubs. This market represents a fairly affluent demographic that, if enticed, and if convenient, could result in additional patronage at the Bistro and Bar. (See table.)

Country Clubs Maintaining Reciprocal Relationship With The Villages	
Almaden Valley Country Club	Moraga Country Club
Antelope Valley Country Club	Napa Valley Country Club
ATD Golf Club	Olympic Club
Bayonet Men's Golf Club	Pacific Golf Club
Baywood Golf and Country Club	Palo Alto Hills Country Club
Blackhawk Country Club	Pasatiempo Country Club
Braemar Country Club	Peach Tree Country Club
Brookside Country Club	Peninsula Golf and Country Club
California Country Club	PGA West Country Club
Cameron Park Country Club	Rancho Murietta Golf and Country Club
Castlewood Country Club	Richmond Golf and Country Club
Contra Costa Country Club	Ridgemark Country Club
Corral de Tierra	Royal Oaks Country Club
Crow Canyon Country Club	Salinas Country Club
Discovery Bay Country Club	San Jose Country Club
Golf Club at Boulder Ridge	Saratoga Country Club
Golf Crest Country Club	Sharon Heights Country Club
Green Hills Country Club	Silver Creek Valley Country Club
Hidden Valley Country Club	Spring Creek Country Club
La Rinconada Golf and Country Club	Sunnyside Country Club
Lake Wildwood Country Club	Wilcox Oaks Country Club
Los Altos Country Club	Yolo Fliers Country Club
Mill Valley Country Club	

Conclusion: This market could generate supplemental revenue through the year. While not expected to be significant in terms of scale, opportunities to “sell the community” can be realized.

California Restaurant Business Analysis

In 2009, there were 62,280 eating and drinking places in California; the restaurant industry continues to thrive. In 1955, 25 percent of the food dollar was spent in restaurants; today it has risen to 49 percent. In restaurant industry sales for 2011, the U.S. will exceed \$600 billion and California's restaurants are projected to register \$61.6 billion in sales.

A new study from the National Retail Federation and BIGresearch shows that 32 percent of Americans are now actively embracing casual dining. Food Service Warehouse provides the following general psychographic statistics on eating out:

- Smaller households eat out more often than bigger households.
- Empty-nesters eat out more and spend more when they eat out. They typically spend 65 percent more on dining out than couples living with children.
- Empty-nesters are generally more concerned about the quality of food and the elegance of the atmosphere than the price.
- Traditionally, as people age, they eat out less frequently. However, this may change soon since many Baby Boomers grew up eating out often.
- Seniors tend to eat early and slowly, and they look for good values with small portions.

Competition Analysis

Le Boulanger: Roger and his brother, Dan, began Le Boulanger, Inc. (Luh Boo-lawn-ZHAY), in downtown Los Altos in August 1981 as a tiny, 14-seat café. They offered delicious sourdough and specialty breads that were unprecedented in the area at the time and quickly became a premier bread bakery.

Le Boulanger, Inc. is still a family-owned and operated business today. Three divisions comprise the company, which are as follows: retail, wholesale, and catering. There are 18 Bay Area locations. Le Boulanger offers a wide variety of award-winning breads, pastries and gourmet coffees in “Old World-style” establishments, and through the years has won numerous awards for its San Francisco sourdough and 20 other varieties of breads and pastries.

Their “claim to fame” is the breads and pastries baked fresh everyday; however, they also provide a variety of other food and beverage options, the price of which top out around the \$10 mark. Specialty coffees, breakfast items, soups, personal pizzas and an assortment of sandwiches and other light fare offer the diner many options at a reasonable price. A meal with beverage will price out in the range of \$8 to \$15.

Catering primarily to the breakfast and lunch crowds, they do provide early dinner options too, but generally close their doors between 7 and 8 p.m. They have a faithful following and it is common to wait in line five minutes to place your order

and then another five to ten minutes to receive your food and beverage (especially for breakfast or lunch). Knowing this is often the case, Le Boulanger offers a “call ahead” option to its patrons, as well as an Internet order option via the Le Boulanger website. Notwithstanding the busy atmosphere, it is difficult to find anyone who says they just don’t like the place. Consumer ratings are strong and general opinions on Internet-based “posting boards” such as *Yelp* are very positive. Knowing the dinner crowd is much thinner than the breakfast and lunch crowds, Le Boulanger offers a free brownie dessert to every patron placing an order.

Le Boulanger has carved out its *niche* and does quite well. Free Wi-Fi is also available at all 18 locations. It is important to note that there is a Le Boulanger location within one mile from The Villages on San Felipe Road.

Pasta Pomodoro: The very first Pasta Pomodoro restaurant opened in San Francisco in 1994. Since then this casual, family-friendly restaurant chain has grown to 26 stores, all located in California. The menu boasts modern interpretations of Italian classics. The nearest Pasta Pomodoro to The Villages is at the corner of Yerba Buena and San Felipe Road.

Menu prices at Pasta Pomodoro are moderate. A lunch or dinner entrée will range from \$8.95 to \$14.95. Pasta Pomodoro firmly believes that fresh ingredients sourced from leading, local purveyors don’t necessarily have to translate into pricey dishes. The restaurant offers a limited appetizer menu priced from \$3.50 for garlic bread to

\$10.50 for sautéed Manila clams. The wine list is a value-oriented one, featuring old Italian favorites and up-and-coming wines from locally owned wineries. Customers can sit at the wine bar and enjoy a four-ounce glass of white wine for \$4 while a four-ounce glass of red wine is \$5. Bottled beer prices are \$4 to \$4.75. Draft beer is not available.

The décor at Pasta Pomodoro is much like a contemporary Italian bistro. Wall and accent colors are various shades of brown and deep red. Minimal wall art featuring black and white photos of Italian restaurants, people and scenes creates a nice atmosphere. A red painted Leaning Tower of Pisa adds to the desired charm. Pendant lights, natural dark wood tables and chairs, as well as upholstered red booths work together to further enhance the ambiance of the restaurant. An outdoor patio area, surrounded by grape vines, creates a relaxing setting for customers to enjoy on a pleasant day.

The greatest strength of Pasta Pomodoro is its reasonable prices. By not serving oversized portions they can afford to offer lower prices to customers, which is important to Villagers. The close proximity of this restaurant to the Villages is another strong point for Pasta Pomodoro. On any given day for lunch or dinner, Villagers can be seen dining at the restaurant.

The menu is limited to typical Italian fare so there is not much freedom for a chef to create original dishes.

Mexico Lindo: Mexico Lindo at Silver Creek is a newer restaurant. The grand opening was in December 2010. The restaurant is located in a strip mall on Silver Creek Valley Road. It is a privately owned, “branch” restaurant, being one of three within San Jose, California.

Mexico Lindo at Silver Creek offers Mexican cuisine at a moderate price. The menu is typical Mexican food. An average dinner entrée is between \$12.50 and \$15, and an average appetizer is \$8. The signature drinks run from \$7 to \$16. They utilize social media advertising and periodically offer specials through Groupon and Yelp. Mexico Lindo is active on Facebook and Twitter.

Mexico Lindo’s primary market is Silver Creek area residents. The atmosphere is energetic and festive. They reinforce the feel of a cantina with brightly painted walls and rustic décor. During summer months and warm evenings they offer a patio area that embraces a carefree ambiance. They have multiple large flat screen TVs displaying sporting events, and on the weekends they include live Mariachi music. The staff is generally young and attractive.

Mexico Lindo’s strength is the atmosphere and bar. Patrons enjoy watching sporting events in the casual milieu and drinking specialty cocktails while decompressing from the stresses of life. The patio offers another positive attribute of Mexico Lindo’s appeal; guests can enjoy nice weather while eating and/or drinking in an outdoor setting. Mexico Lindo’s weakness is the service and food. The staff is inattentive to

the needs of the customers and there is nothing unique about the food that distinguishes them from similar style establishments. The plates of food are large with mediocre quality. The noise level can be elevated at times within the restaurant, making it hard to hold a conversation.

Mexico Lindo has made a presence in its short time of operation in the Silver Creek area — it is becoming a destination for happy hour and/or a casual dinner.

Starbucks: Starbucks was founded in 1971 and has grown into a multi-national company and brand that is recognized in over 50 countries as the place to go for coffee and to experience the “coffeehouse” atmosphere. Through 2011 they have opened over 17,000 stand-alone locations throughout the world, which does not include their Ready-to-Drink and other packaged branded products sold in markets and grocery stores. Registered sales in fiscal year 2010 were \$10.7 billion and operating income in excess of \$1.4 billion.

There are ten locations within a few minutes’ drive from The Villages, with the closest one at the corner of Yerba Buena and San Felipe Roads.

Starbucks’ main products are roasted coffee beans and takeout coffee, along with other related drink and food items. Since 1971 they have expanded into baked goods, ice cream, sandwiches and branded retail goods related to the coffeehouse experience. Their beverage offerings range in price from \$3 to almost \$10 for their

most expensive espressos and cappuccinos. Sandwiches start at \$5.99 and other fare like baked breakfast products, cookies and muffins have become very popular additions to their menu.

The atmosphere of a typical Starbucks is warm and inviting with the use of dark woods and warm colors to go along with the enticing aromas coming from the coffee roaster and oven. The Baristas are trained to efficiently take the customers' orders and fill them as quickly as possible. Everything is designed to encourage customers to stay and enjoy the surroundings and relax. Many locations have free Wi-Fi to further lure people into the comfortable chairs and couches in the dining area. Newspaper stands and magazine racks hold the latest periodicals for the coffee-drinkers' reading pleasure.

The allure of Starbucks comes from the desire of the company to create a coffeehouse community that can come together around their brand and store locations. People are encouraged to gather together over coffee to feel a connection to something positive that is larger than them.

Starbucks may be best understood by its mission statement:

To inspire and nurture the human spirit — one person, one cup and one neighborhood at a time.

When our customers feel this sense of belonging, our stores become a haven, a break from the worries outside, a place where you can meet with friends. It's about enjoyment at the speed of life — sometimes slow and savored, sometimes faster. Always full of humanity. We can be a force for positive action — bringing together our partners, customers, and the community to contribute every day.

Pizza My Heart: Pizza My Heart eateries are small, convenience oriented, and can be classified as fast food restaurants. Pizza My Heart is a specialty restaurant offering customers a variety of pizzas (both eat-in and delivery), bread sticks, chicken wings, pre-packaged salads, and soft drinks. Pizza My Heart takes pride in taking enough time and care necessary to deliver delicious pizza by hand tossing every pizza and preferring to use locally and organically grown ingredients. Pizza My Heart promotes, “that although the customer is in a hurry, they realize that their taste buds are not.”

Pizza My Heart opened their first restaurant on Capitola Beach, California in 1981. It was a tiny restaurant, not much larger than the average bedroom, and it soon became a landmark for surfers and beach goers alike. The line for pizza during the summer sometimes reached a block long. After merging in 1997 with Pizza A Go Go, a similar concept eatery, the family-owned operation now boasts 18 locations in the Bay Area. The nearest Pizza My Heart to The Villages is located in the shopping mall at the corner of Yerba Buena and San Felipe Roads.

The ambiance of Pizza My Heart is fun, easy, and comfortable. The décor includes surfboards, and the walls are covered with framed photos of surfers and other beach activities which quickly transport visitors from the small pizza eatery at the strip mall to vacation at the beach. There are two flat-screen televisions, lively rock music playing in the background, and the aroma of pizza quickly stimulates one's appetite with the cafeteria/deli style offering ease in ordering. The casual and easy style continues as customers help themselves to beverages and comfortable booth, table, or bar-style seating.

Pizza My Heart is open seven days a week from 11 a.m. to 10 p.m. and has pre-prepared pizzas under counter glass, that when ordered are reheated prior to serving. Whole pizza pies, bread sticks, chicken wings, pre-packaged salads, and soft drinks complete the menu.

Menu prices at Pizza My Heart are moderate. Large portion, single slices of pizza range from \$3.25 to \$4.00, salads, serving two to ten, range from \$3.46 to \$33.26, and beverages are priced from 92 cents for milk to \$2.08 for a bottle of vitamin water. Whole pizza pies start at \$10.62 for a small (12") cheese pizza and go up to \$25.64 for their several-topping large pie (18").

Pizza My Heart's greatest strength is its quick delivery of reasonably priced and tasty pizza. Its youthful appeal draws both the Evergreen Valley College crowd, yet also

provides a place Villagers can bring their grandchildren or other guests for a fast casual bite to eat.

MegaByte Pizza Company: Created in 2000, the one and only MegaByte Pizza restaurant is located at the Canyon Creek Shopping Center on Silver Creek Valley Road. The name MegaByte was chosen to celebrate Silicon Valley. Although “pizza” is in its name, the MegaByte slogan is “More than just Pizza” with menu offerings of appetizers, salads, sandwiches, pasta and calzones.

The Silicon Valley theme is prominent throughout this casual dining restaurant with wall art consisting of computer parts and famous faces from the high tech industry, as well as Albert Einstein. Spacious, high open ceilings add to the high tech flair. A look at the menu further plays on the computer industry theme with appetizers known as “Boot Ups,” pizza with names “Assembler,” “Cobol,” “Basic” and “The Byte” and salads nicknamed “Peripherals.” You can even “Build Your Own System” by adding “Extra Ram Toppings.”

As you enter the restaurant, you are directed to the counter where orders are taken before choosing your table. Appetizers range from \$3.20 for french fries to \$7.95 for steak or chicken quesadillas. Pizza is \$7.95 for a 7” personal-sized one and \$25.85 for the largest 16” size. A variety of sandwiches are offered with fries or Caesar salad for \$8-9. There are several pasta entrees (served with garlic bread) to choose from in the \$11-14 range. The bar offers beer and wine only.

MegaByte is open seven days a week from 11 a.m. to 9 p.m. The restaurant is busiest on weekends. During the week, the lunch crowd is unpredictable, while dinner maintains steady patronage. Catering is available, as well as a small banquet room for corporate parties or special events. The outside patio can seat 50 and is quite popular on pleasant days.

Marketing consists of direct mail to Evergreen Valley residents, including Villagers, whereby discounts are offered on salads, pizza and appetizers.

Two of MegaByte's strengths are its quality of food along with reasonable prices. Many items are made from scratch on a daily basis. MegaByte is proud that they have succeeded in establishing a restaurant with a "community-feel" within the Evergreen Valley.

MegaByte's main weakness is the lack of personalized service. Because it is a counter-service operation, there are no traditional servers. The soda fountain is self-serve; silverware, plates and napkins are stored at each table. While this food service approach helps to keep menu prices down, it may not be suitable for those who desire greater levels of service.

Positioning Statement

Positioning is the place the Bistro and Bar will hold in Villagers' minds relative to the competition. Positioning is the promise that we make to Villagers and guests. Effective positioning involves the incorporation of our unique selling proposition — *the Bistro and Bar will be the bistro and bar of choice for all Villagers and guests.*

This refreshing new venue is located in the most convenient setting in The Villages community and offers something for everyone. Whether one's choice is sipping coffee alfresco overlooking the first tee, snacking on popcorn enjoying a Blue Moon at the bar (while watching the Masters on the large flat-screen TVs), sharing sundaes with grandchildren, or grabbing a cheesy piece of pizza or a quick sausage sandwich before or after a round of golf, the Bistro and Bar will provide all that and much, much more.

As the Bistro and Bar will be open seven days a week from 6:30 a.m. to 9:30 p.m., it will provide a convenient, casual, comfortable and welcoming social gathering spot that will soon become a regular meeting place for Villagers before and after community, social, sporting or dining events.

The inviting and open design will not only bring in Villagers, but also encourage guests to partake in the experience, something that the current more formal dining atmosphere of the Clubhouse restaurant may not offer to some.

The convenient and accessible location of the Bistro and Bar inside The Villages community will encourage Villagers to patronize this exciting new and user-friendly venue. Why go to Starbucks, when Villagers can travel less than half the distance and pick up a mocha cappuccino and scone right here in their own backyard? Why buckle up the grandkids in their car seats and drive outside the gate to visit Yogurtland, when instead Villagers can take them for a fun ride in the golf cart and go to the Bistro and Bar? Why fight for a parking space and stand in line at the counter of Le Boulanger for a cup of soup and sandwich, when the lunch menu of the Bistro and Bar will be equally as tantalizing with all types of sandwiches and other lunchtime fare from the grill and butcher's block? Again there's no need to leave the community. Moreover, why go to Pasta Pomodoro for pizza and beer or to Mexico Lindo for nachos and margaritas, when all are available at the Bistro and Bar?

The Bistro and Bar will be the bistro and bar of choice for Villagers and guests because it's convenient, inviting, comfortable, offers a substantial and scrumptious menu with a variety of food and beverages for all tastes, all times of the day, all the days of the week, and because it belongs to Villagers.

Branding Strategy

A branding strategy is the personality that identifies a product and service, and how it relates to guests and staff.

The Bistro and Bar will be a fun, casual setting that will stand for great tasting food, specialty drinks, personalized service, convenience and a warm, jovial atmosphere created specifically for Villagers and guests.

Many steps, outlined later in the plan, will be taken to ensure the Bistro and Bar is able to meet or exceed the promise of service, ambiance, quality of food and beverage to our guests.

Staff Training

The highest level of professional performance is expected from the Bistro and Bar employee team. Prior to opening the Bistro and Bar, the entire Clubhouse staff will have received specialized training appropriate for a bistro and bar setting. A formal training schedule will be prepared and adopted, which will include professional training sessions every four months.

Emphasis will be placed on cross-training, not only among the Bistro and Bar employees, but among the entire Clubhouse serving staff as well. The training program will include TIPS, which is a comprehensive alcohol service training program which includes compliance with state and local regulations, as well as proper etiquette in food and wine servicing.

The training will be delivered by professionals and specialists affiliated with a local Culinary Academy.

Atmosphere

The Bistro and Bar will feature a welcoming, comfortable and casual setting with The Villages' spectacular championship golf course serving as its beautiful backdrop, clearly visible through the stylish floor-to-ceiling moveable glass walls adjacent to the first tee. Carefully selected interior finishes will present a relaxed ambiance utilizing warm color tones for paint, carpet, furniture and lighting. The bar will be eye-catching with its rich wood accents and onyx and slate bar, along with state-of-the-art food preparation equipment.

The dress code will be more informal in the Bistro and Bar compared to the Clubhouse. Jeans, shorts and flip-flops will be acceptable, which is sure to please many Villagers who have desired a more laid-back place in which to socialize. Golfers finishing their round will be welcomed in golf attire.

Time of day will determine the spirit or mood of the Bistro and Bar. Mornings will take on a "Starbucks-like" feel with the aroma of coffee and breakfast fare wafting through the air. Villagers can start the day gathering with friends for a light breakfast, or choose to spend quiet time alone reading a good book or newspaper, all the while soaking up the serenity and natural beauty provided by this wonderful community.

As lunch time approaches, the irresistible smell of barbequed food will certainly tempt passers-by as well as golfers headed for the 1st or 10th tees. The convenient

walk-up window will provide speedy service to golfers like never before. Lunch patrons will also be able to enjoy an array of tasty menu items including sandwiches and pizza.

Afternoons in the Bistro and Bar will be home to those ready for a dice game or those craving a flavorful snack or beverage. Grandchildren will quickly learn where to go for a delicious sundae or treat, as wonderful memories of time spent with grandparents are etched in the minds of youngsters. Tantalizing appetizers and specialty cocktails will provide a “Happy Hour” atmosphere in this new social hub. Watching the game on a high-definition television with neighbors or guests in a lively sports bar setting will finally be a reality.

Finishing the evening with an after-dinner drink or meeting up with friends following an event will now be a fun option for those who want to keep the party going. Imagine the convenience of stopping by the Bistro and Bar for a refreshing dessert on a balmy summer evening, or a warm drink on a cold winter night.

It is exciting to consider the versatility the Bistro and Bar will offer to Villagers and guests. From morning until night, the Bistro and Bar will satisfy a variety of needs for The Villages’ community in a casual and inviting atmosphere.

Pricing Strategy

The Bistro and Bar is committed to being price competitive with the four identified competitors — Le Boulanger, Starbucks, Mexico Lindo and Pasta Pomodoro. These

food and beverage establishments are often frequented by many Villagers. While each has its individual specialty niche, the Bistro and Bar will provide Villagers with similar products and services. Our research into these operations enables us to provide comparable pricing, portion sizes and products all of which combined provide a great value to Villagers and guests. Our goal is to maintain a competitive edge in pricing by continually keeping an eye on our local competition.

Marketing Techniques

The Villages has at its disposal several media options to keep the Bistro and Bar in the forefront of peoples' minds and reach all market segments.

The Villager newspaper where the following will be utilized:

- Articles
- Coupons
- Flyers
- Advertisements

The Villager is the official publication of the community. It is delivered to every home each week on Friday, and is a valuable communication tool. Articles will be published about the Bistro and Bar announcing upcoming events, new menu additions, and special occasions. Advertisements and coupons will also build on the excitement of the promotions and can be easily tracked to measure effectiveness.

The Villager also presents opportunities to distribute flyers and other types of inserts that will bring additional attention to the Bistro and Bar.

This medium will likely be most effective in our outreach to the membership as it is guaranteed to get to everyone each week.

Distribution to Mail Tubes and Direct Mail where the following will be utilized:

- Flyers
- Post Cards
- Newsletters

In this age of computers and e-mail outreach, direct mail marketing is still effective for many marketing programs. Many Villagers still rely on more formal forms of communication like mail. The printed offer is also easy to track to see who is responding to various offers and promotions.

This method is also effective in reaching entities and individuals outside the Villages community. Whether it is outside tournament groups with an attractive offer just for them, or to members on the registered guest list about their next round of golf, this medium can be very useful in marketing the Bistro and Bar. Tracking effectiveness will be monitored on a case-by-case basis to evaluate cost benefits.

On-Site Marketing at the following locations:

- The Bistro and Bar
- Community Centers
- The Clubhouse and Restaurant
- Golf Carts and Driving Range

In order to raise awareness of the Bistro and Bar, on-site marketing will be utilized throughout the community. This ensures the Bistro and Bar will be foremost in Villagers' minds when it comes to their needs for food and drink. The Community Centers (Cribari, Montgomery, Vineyard and Foothill) will have tasteful and informative signage about the Bistro and Bar and a menu to peruse.

The main Clubhouse and Restaurant can use table tents and post cards. Even the Bistro menu can advertise a new item or the latest drink and appetizer.

The golf carts owned by the Club, which are used mainly by guests and tournament players visiting the Villages, will have the advertising copy posted on them updated regularly to raise awareness about our new amenity. Appropriate signage can be developed for the driving range to further this effort as well, highlighting a new menu item or special event.

Electronic Communication where the following will be utilized:

- Fast Lane
- E-mail blasts
- VGCC website

The Villages has the capability to send out e-mail blasts directly to the membership. With media like Fastlane and Constant Contact at our disposal, we can quickly contact those who want to hear from us. Through these media we can send out the latest

news and updates on anything related to the Bistro and Bar. Furthermore, we can more accurately reach out to various groups based on interests, age, location, activity, affiliations and connection to the Club. At this time we are maintaining several e-mail lists and have used this method of outreach successfully in the Golf and Food and Beverage operations as well.

Through the use of the E-survey capability, we can quickly ascertain the effectiveness of a particular promotion and determine whether it is worth continuing. This tool will be useful to reach out to anyone thinking about coming to the Bistro and Bar.

The Villages website will serve as the main bulletin board for events, current information, menu updates and upcoming promotions related to the Bistro and Bar.

Channels 26 and 27

The Villages' local access cable channels will be utilized to announce special events and promotions happening at the Bistro and Bar. Channel 27 will be utilized to feature Bistro and Bar menu items and televise infomercials throughout the year. The bulletin board on Channel 26 provides daily opportunities to promote specials and daily events and will help maintain awareness of the Bistro and Bar.

Value Added Marketing

The definition of "Value Added" is to simply add value to an item or service while maintaining the same price structure. This is distinctly different from "discount"

marketing because when you discount a service you actually sell that service for less than the original value.

We will “create value” through the type of experience that a person will have at the Bistro and Bar. The décor will be distinctly different from the rest of the Clubhouse and of course it will also have several TVs showing the latest game in the background.

A new logo has been developed that will differentiate the Bistro and Bar from the existing Clubhouse and Restaurant. This logo will be visible throughout the Bistro and Bar and only be used there. This may also develop into a small retail opportunity when people start wanting to purchase logo wear with the Bistro and Bar logo.

Word of Mouth

The most effective marketing tool is word of mouth. It is important to understand that every aspect of the Bistro and Bar will be scrutinized by its patrons. This means the Bistro and Bar will need to consistently provide the best experience to all who visit.

Conclusion: In marketing, it is said that for a message to be effective it needs to be seen at least 19 times by the person or group you are trying to reach. This ratio improves if you are able to utilize different media with the message being sent. We will use several tools to get the word out, as no single marketing tool or technique

will reach everyone in every segment. This process will ensure that we carry the Bistro and Bar message to as wide an audience as possible.

New Trial Marketing

One of the most difficult tasks for a new business venture is to attract new customers to your location or service. From a marketing standpoint, because of the nature of The Villages, we have a “captive” audience - and this is a good thing. One of the most important opportunities (in terms of new trial) will be the New Resident Orientation process. This will be an important part of the marketing program to entice new residents to try the Bistro and Bar for the first time. We will create a coupon or promotion that new members will appreciate and which should prompt that first visit.

Frequency Marketing and Loyalty Programs

Frequency marketing is a means of identifying high value customers and building a solid relationship with them. It is a proven fact that developing relationships with your customers will increase sales and reduce expenses. It is more expensive to acquire a new customer than to retain an existing one. The most recognized tool in frequency marketing is the loyalty program. It is a very effective way of branding your product or service. Frequency marketing is not for all businesses and usually applies to businesses that have a high need for repeat business, such as retail outlets, restaurants, and specifically the Bistro and Bar.

Frequency marketing is also a long-term strategy that requires commitment. Unlike many promotions that may last only days or weeks, frequency marketing programs could last for several years.

Here are a few more examples of frequency marketing and loyalty programs:

- Member Charge Programs - Based on the amount of business from an individual patron.
- Stamps or Points - Collecting credit to be redeemed at a later time.
- Contests and Games - A more adventurous and focused activity.
- Punch or Stamp Cards - The Bistro and Bar can issue cards that members carry with them, which get punched every time they buy a coffee or spend a certain amount, and when they fill the card up they get a reward.

Rewards can range from a discounted meal to a free round of golf. The rewards that are offered should be of real value to the customer. You do not necessarily need to offer a tangible reward. This might mean being “rewarded” with a wine glass or coffee cup etched with their name if they are a frequent Bistro and Bar customer. It can be as simple as a “Thank You” note from the Club to the individual in recognition of their patronage.

Once we have identified the most frequent customers, a database can be developed to market “special offers” to them through e-mail blasts and direct mail, differentiating them because of their status. We can create a “Bistro Club” for this purpose and be aggressive in promoting their continued patronage.

During the grand opening and for the first six months, the Bistro and Bar will focus all of its attention on the promotion of a frequent-user card that can be called the "Loyalty Card Program." This loyalty card will be developed to reward members based on how often they come into the Bistro and Bar to purchase specific items. As stated above, the awards can range from a discounted appetizer to a personalized coffee mug. It will allow members who have the card to get recognition for their continued patronage of the Bistro and Bar. Various themes might include "get the 8th espresso free after 7 purchases." This card will also allow the development of a database of frequent users with which to market most aggressively.

Check Average

Check average is defined as the average amount patrons spend on food and beverage per visit on a given day. There are many techniques used to achieve the desired check level in the food and beverage industry. Up-selling, price adjustments, and employee incentive programs are the most commonly utilized methods.

The Bistro and Bar menu will feature smaller portioned items. The service team will be trained to use suggested selling to entice customers to try multiple menu items, which affords customers the opportunity to enhance their experience with variety. Incentives on specialty items will prove to be very effective for increasing check average because the server, the operation, and the customer all benefit.

It is important to note that a higher check average does not always translate into an increased profit margin. This is due to the fact that some menu items have higher cost margins, which directly impact the menu prices. In these cases, a higher average check is attained; however, it is offset by the increase in the cost of goods. Check average will be one of the tools used to evaluate financial performance in the Bistro and Bar.

Internal Marketing

Internal marketing is primarily referring to employee training programs. Training is an important part of marketing because of the potential to involve employees in the process. It is essential to include a marketing component in our employee training program so that we have a knowledgeable staff of ambassadors to help sales-building efforts.

Employee training will not be limited to Bistro and Bar staff but will include all restaurant employees and employees from several other Villages departments, such as Golf Operations (Pro Shop), Community Activities, the Business Office, and the senior management team. Trained and knowledgeable employees will provide Villagers and guests confidence in this new amenity and a greater perceived value when deciding where to go for casual dining.

Community and District Specific Marketing

Marketing the Bistro and Bar to Villagers (its primary market) will be essential to the endeavor's success. Most Villagers who utilize the existing Clubhouse and its facilities

(restaurant and banquet services) maintain high opinions about the operation and capitalizing on that relationship will be very important. Not only will we market The Villages in terms of the community as a “whole,” individual districts will be marketed as well. Shown in the table to follow are the June 2011 Bistro and Bar survey results; on a district-specific basis, it is obvious to see that Villages Valle Vista and Olivas (including the Estates) appear most interested in the Bistro and Bar, while Villages Cribari and Montgomery appear least interested in the initiative. By utilizing various data capture techniques, information such as this will be maintained for community-wide and district-specific marketing purposes.

Bistro and Bar Survey Participation (overall 69% participated)			
<u>Voting Participation Percentages by District</u>			
Sonata	74%	Verano	77%
Del Lago	74%	Hermosa	66%
Fairways	77%	Highland	72%
Cribari	56%	Glen Arden	78%
Montgomery	62%	Olivas	80%
Heights	65%	Valle Vista	90%
<u>Single-Family Homeowners</u>			
Verano	64%		
Hermosa	78%		
Highland	73%		
Estates	81%		Jun-11

Examples of community and district-specific marketing include comment cards, bounce-back offers, referral programs, loyalty programs and frequency programs. Due to the various and effective media available for marketing and advertising within the community, it is reasonably thought that the Bistro and Bar will become a household name before very long.

Clubs and Organizations: Closely related to the primary market, clubs and community organizations present many opportunities to build and nourish a positive connection to the Bistro and Bar.

Public Relations (PR): Public relations is an essential part of the marketing mix. Put simply, “public relations” is about how to communicate with existing customers and those identified as future customers. It usually involves obtaining editorial coverage in newspapers or magazines, on radio or television, as opposed to placing a paid-for advertisement. At The Villages we are fortunate to have those opportunities available at little to no cost — and they will be utilized. Effective PR will generate word-of-mouth advertising, deemed very effective in terms of new business.

Public Relations also means the following:

- Anticipating, analyzing and interpreting public opinion, attitudes and issues that might impact, for good or ill, the operation and plans of the Bistro and Bar.

- Counseling management at all levels within the organization with regard to policy decisions, courses of action and communication, taking into account their community impact.
- Researching, conducting and evaluating, on a continuing basis, programs of action and communication to achieve the informed community understanding necessary to the success of the operation's aims. These may include marketing; financial; fund-raising; employee, community relations; and other programs.
- Planning and implementing the operation's efforts to influence or change public policy; setting objectives, planning, budgeting, recruiting and training staff, developing facilities — in short, managing the resources needed to perform all of the above.

The Bistro and Bar's public relations campaign will begin April 2012 and be in full swing by the beginning of summer. Construction, if on schedule, should be roughly half-complete and the anticipation level of Villagers will be high as they see the Bistro and Bar taking shape. As part of the public relations effort, via the "web-cam," the entire construction process will be available for view to all interested Villagers. At this time it will be easy to generate interest within the community; and, at the same time, steps will be taken to inform the second and tertiary markets about the advent of the Bistro and Bar as well (namely affiliate clubs, unaccompanied guests, outside golfers and tournament players).

After the excitement from the Bistro and Bar grand opening has subsided, the public relations campaign will focus on event-generated news. For example, in July and August of 2012, a series of special events is planned and each event will require efforts focused on public relations. Public relations (an ongoing process), if managed properly, will be highly effective as it relates to the Bistro and Bar's continued success.

Data Capture Techniques

The primary focus of a restaurant-type business is to build rapport with its customers. In order to accomplish this challenging task, data collection techniques are essential. It goes without saying that seven out of ten customers who have a less-than-satisfactory experience are less likely to say something about it to the server or manager — but will tell 15 of their friends. However, when given the opportunity to provide written comments, customers are generally more comfortable and likely to do so.

There are various types of data capture techniques; however, the two primary techniques (based on our demographic) that will be used to control and improve a multitude of attributes associated with the Bistro and Bar are comment cards and bounce-back offers. Comment cards are a short survey delivered to patrons at the end of their meals. Used to measure customer satisfaction and acquire data about customers' likes, dislikes, preferences and opinions, this method should not be over-utilized, because customers can feel badgered. That is where incentives come in to

play. Bounce-back offers are an incentive used to encourage guests to fill out a short survey that captures consumer data. More specifically, a discount or drink coupon will be offered to every customer who fills out a survey. This incentive not only captures the information, but also assures the customer's return to the Bistro and Bar. The uses and benefits of these two data-capture techniques are outlined below (Marketing Analysis).

Additionally, becoming connected with social media sites like *Facebook*, provides the opportunity to not only communicate directly with the customer base, but more importantly, hear from the customer base. Having the ability to monitor conversations about the Bistro and Bar allows the opportunity to interact where appropriate. Having online interaction also allows the customer base to get to know more about the Bistro and Bar operation. Giving the Bistro and Bar team the opportunity to contribute widens the appeal to our customers.

There is a direct correlation between customer satisfaction and staff satisfaction. By allowing the service team to participate in social media activity, we are giving them a degree of autonomy. There must be guidelines of course, but they are very likely to enjoy participating. Such a small thing can improve their job satisfaction and this in turn will lead to improved customer satisfaction.

Photos and videos could be added to the site to give added interest. People love to see themselves in photographs, so we could give them the opportunity to post some of their own pictures on The Villages' site.

Also surveys can be conducted on the site as a way of getting customers and potential customers involved. These surveys can be about anything and they can be basic yes/no, I agree/I do not agree surveys, or more in-depth ones.

Marketing Analysis

In order to ensure the accuracy of the Bistro and Bar marketing, data-capture techniques will be used to acquire information that is essential for marketing analysis. Comment cards and bounce-back offers will be used to gather as much information as possible regarding marketing efforts and customer experience. Obviously, the most important piece of information to attain from this data is customer satisfaction and sentiment. The success of the bounce-back offers can be easily measured by the rate of return. This is essential to the follow-through of a well-managed marketing campaign.

Quality Control

Quality control for the Bistro and Bar will encompass a variety of programs, which will include selecting a professional, well-trained staff; a formalized ongoing training

program; and expert staff supervision. Quality control will also include customer feedback programs such as comment cards, surveys, secret shoppers, and Villager (customer) focus groups, all with processes in place to capture and analyze data received to ensure and maintain quality standards.

First and foremost, quality control will start with selecting the most suitable people to build the Bistro and Bar team. Having the right employees in the right positions, combined with a formalized and ongoing training program and skilled supervision, will ensure the highest standards in terms of cleanliness, food quality and food preparation, as well as excellent customer service.

Comment cards, surveys (sent via *The Villager* newspaper and electronically), secret shoppers, and Villager focus groups will be used to measure levels of satisfaction and whether all aspects of the operation are working well and thriving. These focus groups also provide opportunities to solicit suggestions and gather feedback on what can be improved and/or implemented.

Quality control will be a proactive process for the Bistro and Bar focusing on doing what is expected, rather than correcting what is wrong.

Personalized Service

The Bistro and Bar will strive to be Villagers' first choice for a fun place to go for food and beverage. One way to accomplish this is through personalized service. The wait

staff will be exceptionally skilled in customer service. A staff with bright smiling faces, as well as helpful and positive attitudes is paramount in driving the return business results that will make the Bistro and Bar a success. Statistics show that approximately 14 percent of customers will not return to a restaurant because of food quality, but a whopping 68 percent will not return because of service quality. "Service" is not just simply delivering food and drinks to the table; it is anticipating a customer's desires and then following through at a higher level than the customer is expecting. Exceeding the needs and expectations of each customer with personalized service takes a little extra time, but it is well worth the effort. When the customer wins, everyone wins with more sales, increased tips for the service staff and happy customers who become loyal patrons for years to come.

Most people are familiar with the sitcom "Cheers" and the catchy theme song "Where Everybody Knows Your Name." The Bistro and Bar will be that kind of special place. Emphasis will be placed on knowing and referring to customers by name, remembering a customer's favorite food or drink and building a personalized rapport with Villagers and guests. People truly appreciate these "old-fashioned" measures in a seemingly detached, hectic and impersonal world. What a benefit it will be to have the Bistro and Bar so close to home!

Special Events

The Bistro and Bar will offer many enticing events and programming to attract and retain patrons while creating memorable experiences. By offering a wide variety of

weekly, monthly and seasonal fun-filled celebrations, the Bistro and Bar will quickly become the social hub for Villagers and guests to enjoy year round. Below are some special event ideas that Villagers and guests may see at the Bistro and Bar.

Weekly:

- Game Night (Monday Night Football or other sporting events)
- Breakfast Club
- Happy Hour (4:00 p.m. - 6:00 p.m.)
- Twilight Time: (8:00 p.m. - 9:30 p.m.)
- Martini Hour
- Mojito Hour (signature drink specials)

Monthly:

- Karaoke
- Sporting Events (Big Games: Stanford/CAL, Super Bowl, World Series, Masters, Wimbledon, NBA, Stanley Cup, etc.)
- Neighborhood Socials (monthly get-togethers by Village)
- Singles/Couples Night
- Live Music
- Date Night (sparkling wine and dessert or wine and cheese pairing)

Other Special Events:

- Invitation party for VIPs (most frequent users of the Bistro and Bar)
- Prohibition Remembrance Day (January 16)
- Mardi Gras

- Random Acts of Kindness Day (February 17)
- Sadie Hawkins Day (November 1)
- National Sandwich Day (November 3)
- Oktoberfest
- Seasonal Holiday Themes (Halloween, St. Patrick's Day, Christmas, Hanukkah, Kwanza, New Year's Eve, Thanksgiving, Valentine's Day, etc.)
- Events to celebrate special dates in The Villages History

PRICING ANALYSIS

The financial goal of the Bistro and Bar is to price menu items so that the revenue generated through their sale will cover the cost of food, payroll and other operational expenses. The price charged for a particular menu item begins with an analysis of its cost. The amount of each ingredient required in an item's recipe and the cost per serving is used to determine menu price. A 30 percent average cost-of-goods is an industry standard for a restaurant of this type.

As an example, the following two menu choices have been fully costed, according to the required recipe ingredients.

Breakfast Burrito		Menu Price \$5.95
Eggs	\$0.30	
Potatoes	\$0.20	
Bacon	\$0.20	
Cheddar Cheese	\$0.25	
Tortilla (1)	\$0.15	
Pico de Gallo	\$0.15	
10 Percent Waste	<u>\$0.18</u>	
Total	<u>\$1.43</u>	Cost-of-Goods = 24.03%

12" Pepperoni Pizza		Menu Price \$7.00
Pepperoni	\$0.75	
Pizza Sauce	\$0.15	
Mozzarella Cheese	\$0.40	
Pizza Crust (1)	\$0.40	
10 Percent Waste	<u>\$0.18</u>	
Total	<u>\$1.88</u>	Cost-of-Goods = 26.86%

From a pricing standpoint, including "other expenses" and labor, these items will be priced as follows: \$5.95 for the Breakfast Burrito and \$7 for the 12" Pepperoni Pizza.

The challenge is to find a balance between higher and lower-priced menu items that collectively provide an average cost-of-sales at 30 percent.

Pricing Model				
Item	Cost of Item	Menu Price	Cost of Goods	Net Revenue
Breakfast Burrito	\$1.43	\$5.95	24.03%	\$4.52
Pepperoni Pizza	\$1.88	\$7	26.86%	\$5.512
Sierra Nevada Beer (Keg)	\$132	\$462 (12 oz x 165 glasses)	28.6%	\$330
Martini (Well Alcohol)	\$1.25	\$6	20.83%	\$4.75

The volume of sales for individual items and the costs associated with those items will be evaluated regularly. Price adjustments will be considered if certain items do not sell at anticipated levels, or pulled from the menu altogether. Regular evaluation of menu items (cost versus price) will enable the operation to achieve its financial performance objectives.

FINANCIAL ANALYSIS

Revenue and expense projections have been carefully analyzed for the Bistro and Bar from the first six months of operation (including start-up related expenses), continuing for a full five-year period concluding in fiscal year 2016/2017. The assumptions and results of this analysis follow.

The four fold-out financial tables located at the end of this plan (following Page 82) are provided to assist in the overall understanding of the financial commentary that follows:

- Financial Table #1 — Five-Year Operating Forecast - New Business
- Financial Table #2 — Five-Year Operating Forecast Including Restaurant Bar
Sales and Patio Barbeque Business
- Financial Table #3 — Revenue Detail
- Financial Table #4 — Labor Costs/Labor Hours

Revenue

Development of revenue projections for the Bistro and Bar began with forecasts of the daily covers, or individuals, to be served. Factors influencing these projections include the following:

- Continued increases in patronage at the Clubhouse show more Villagers and guests are utilizing the facility than ever before, meaning that Villagers will support the new amenity
- Business currently generated from the existing Patio Barbecue area
- Market area pricing
- The Villages' demographics
- A brand new breakfast offering seven days per week in a stylish and welcoming environment
- A real bar and grill atmosphere that will draw more Villagers and guests, compared to the existing Clubhouse Bar
- New menu items and specialty drinks will be more popular than before
- Four HD televisions and Wi-Fi service will attract patrons
- Opportunities to draw more tournament and/or outside golfers
- An evaluation of the capacity and capabilities of the new facility was also considered

Cost-of-Sales

Cost-of-sales for food and beverage has been calculated using industry averages and were adjusted modestly for factors influencing our market area. The average cost of food and beverage (including alcohol) is estimated at 28.7 percent of sales on all

“new business” (Financial Table #1), and is estimated at 29.3 percent of sales on the combined operating budget (Financial Table #2). Shrinkage is included in this estimate. As a matter of specifics, the following benchmarks are targeted in terms of percentage of sales:

- Food cost - 28 to 32 percent
- Bar consumables - 4 to 5 percent of liquor sales
- Bottled beer - 24 to 28 percent
- Draft beer - 15 to 18 percent
- Wine - 35 to 45 percent

Revenue Forecast

The revenue forecast is shown on Financial Tables #1 and #2. Financial Table #1 represents all new business and Financial Table #2 represents not only new business, but the infusion of the existing Patio Barbecue and Restaurant Bar. For new business, the forecast shows that we expect a per patron ticket of \$5.90 the first year. In the following four years, the amount captured increases to \$6.44. In terms of the number of patrons, our assumptions (for the first year) show that we expect an average of 26 customers for breakfast, 58 customers for lunch and 80 customers for dinner. The lunch and dinner customers, unlike the breakfast crowd, are comprised of bar and food customers. Financial Table #3 provides the detail supporting the foregoing.

Payroll and Related Expenses

Staffing requirements were established for the number of covers and the level of service planned for the Bistro and Bar. Pay rates for the Bistro and Bar employee team were based on the existing payroll structure now in place at The Villages, specifically at the Clubhouse restaurant. As a percentage of “new” sales (which does not include the infusion of revenue from the existing Patio Barbecue operation — \$43,437), salaries and wages and other employee expenses vary from a high of 74.4 percent of sales during the first six month period of operation to 59.3 percent the second six months, rounding out the first year percentage at 65.3 percent. When the Patio Barbecue revenue is factored into the Bistro and Bar (Financial Table #2), the percentage of sales representing salaries and wages lowers to 54.6 percent at the end of the first full year, then it trends toward a percentage of 44.2 percent by the end of the fifth year in operation. It is assumed that wages will increase at an average rate of two percent per year.

Payroll taxes, workers’ compensation insurance and employee benefits expenses were calculated based on estimated rates for each year. Payroll taxes are estimated at 11.5 percent of payroll. It is assumed that workers’ compensation rates will increase only five percent per year following 2012/2013. Medical insurance expense for three full-time regular employees (one of whom is split between the Bistro and Bar and the restaurant) in 2012/2013 is estimated at \$875 per month, based on an inflated average of our current medical plans, and is assumed to increase 10 percent per year thereafter.

The 401(k) plan structure is assumed to remain unchanged, with the Club contributing an un-matched four percent of gross wages to the three full-time employees (the bartender's expense is split with the restaurant); all other personnel are part-time employees who are not eligible for medical and 401(k) benefits.

Utilities

Estimates for utility expenses, as seen in Financial Table #1, including gas, electric, water, sewer and disposal services, have been calculated using historic rates, physical characteristics of the space, and industry norms. Beyond 2012/2013, utility-related expenses are projected to increase 5 percent per year. Utility expenses equate to 3.9 percent of new sales in 2012/2013.

Other Operating Expenses

Other operating expenses, as seen in Financial Table #1, are projected at 18.41 percent of new sales in 2012/2013. Included in the 2012/2013 "other expenses" are costs associated with marketing and start up events (11.9%) considered essential for the Bistro and Bar's success, insurance (0.1%), laundry expense (1.7%), operating supplies (2.4%) and "other/janitorial" expenses (2.4%).

Net Results

Financial Table #1 shows expenses exceed revenues during the first six months of operation by \$45,801. During the first full year of business, the Bistro and Bar is

projected to experience a net operating loss of \$52,475. As revenues increase relative to expenses, net operating results show nearly a “break-even” at the conclusion of year two. Years three through five show net operating surpluses as follows:

- Year Three: \$ 28,383
- Year Four: \$ 45,545
- Year Five: \$ 58,245

It is important to note that the foregoing operating projections represent new business only, and do not take into account the infusion of roughly \$8,000 in operating surpluses from the existing Patio Barbecue operation (see Financial Table #2). Financial Table #2 illustrates how the Bistro and Bar will perform with the influx of the existing Patio Barbecue and the Clubhouse Restaurant bar revenue and, of course, the associated expenses. The following net operating surpluses are forecast the first five years for the combined operation:

- Year One: \$ 5,085
- Year Two: \$ 56,750
- Year Three: \$ 85,943
- Year Four: \$103,105
- Year Five: \$115,805

THE ORGANIZATION

The success of the Bistro and Bar will be a reflection of the quality of personnel appointed to carry out its objectives. The Clubhouse already has a strong team in place, and we will look to strengthen the team with new hires that are committed to providing excellent customer service and working together with a team of established professionals, such as the Food and Beverage Director, Clubhouse Manager, Event Coordinator and Sous Chef. These positions will collectively oversee the Bistro and Bar's operation; however, there are other key positions yet to be filled, those are: bartenders, servers and line cooks, three of which will be full-time benefited employees (bartender expense to be split with restaurant). All other positions will be part-time and non-benefited. Many existing Clubhouse employees will be cross-trained so that staffing efficiencies are realized when needed and/or available.

The three full-time benefited positions are as follows:

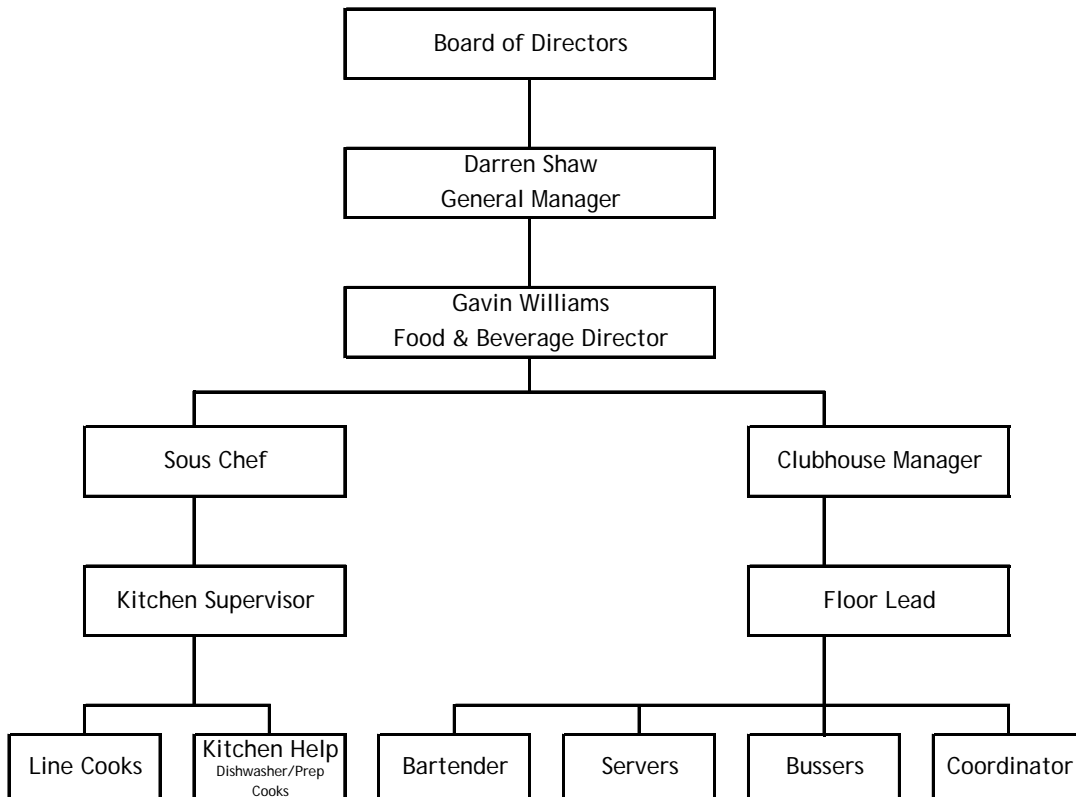
1. Kitchen Supervisor - This position is responsible for maintaining food quality standards. This position is an existing one that works six months of the year at the Patio Barbeque and the other six months in the restaurant on the line. The restaurant will function without this position for the six-month period identified above to reduce and/or offset Bistro and Bar expenses.
2. Floor Lead - This position will be responsible for ensuring staff efficiency, customer satisfaction and to lend a hand with any of the functions required to

present the best service standards, appearance and impression. This position is a new one that will serve only the Bistro and Bar, but will be available to help whenever needed in the Clubhouse, if available.

3. Lead Bartender - This position is responsible for maintaining beverage and hospitality service standards. One-half of this position will be expensed to the Bistro and Bar; the other half will be expensed to the restaurant.

The following organizational chart shows how the operation is structured with regard to staffing, supervision and leadership.

The Villages Golf and Country Club
Bistro And Bar Operation
Organizational Chart



Once assembled, the team (new and existing staff) will take part in a comprehensive training program to ensure standards of performance are understood and carried out to meet expectations. Additionally, ongoing training programs will play a vital role in maintaining a level of service consistent with expectation and the Bistro and Bar's mission statement.

Key Personnel

The General Manager has ultimate responsibility for the performance of the entire Food and Beverage operation, including the Bistro and Bar. The Food and Beverage Director will be responsible for meeting the established goals and objectives set forth in this business plan. The Clubhouse Manager, the Sous Chef and the Event Coordinator will all assist in the Bistro and Bar operation. In addition to the foregoing positions, as mentioned earlier there will be a Bistro and Bar Kitchen Supervisor and Floor Lead. These two new positions will play key roles in the day-to-day operations of the Bistro and Bar and will be responsible for managing the cooks, bartenders and service team.

Cross-Training

The benefits of cross-training can be realized in any business. Cross-training consists of teaching the team members different job responsibilities for each position, as well as the proper execution of tasks associated with these positions. Cross-training will be a priority in the Bistro and Bar. It has been defined as a key component in exceeding service expectations and accomplishing long-term financial goals. A cross-training

schedule will be developed for all team positions. The benefits to an effective cross-training program include the following:

- Increased knowledge and professionalism of team
- Improved performance in day-to-day operations
- Shared ideas leading to more creativity and innovation in the workplace
- Career enrichment and higher levels of loyalty from key staff
- Flexibility in staff scheduling
- Expense reduction

Uniforms

Uniforms are an important part of any successful restaurant; they help to establish the character of the operation. The Bistro and Bar, as well as the Clubhouse Restaurant, will maintain high standards of uniform appearance. Due to the cross-utilization of staff, we believe the best way to accomplish this goal is to have the same uniforms in both areas. Though the style of each restaurant is different, new uniforms will be designed to accommodate the feel of both environments.

GRAND OPENING EVENTS

To assist in achieving the desired result in terms of the community's excitement about the Bistro and Bar, grand opening events will be necessary and expected by Villagers. We believe the grand opening period should span three months, during which time a number of different events geared to "bring out the people" will be held. Of course, the first event will be the ribbon-cutting. To make that first impression, one that will linger in terms of sustaining a real appeal to the community, the ribbon-cutting event will consist of the following:

- Live music - \$300 to \$500
- Sample foods from the menu and a variety of drinks and libations - \$2,500
- Filming the event to be shown on Channel 27 - \$1,500
- Decorations - \$300

To peak interest and maintain Villager excitement over the course of the 90-day period following the ribbon-cutting, a number of other specialty events is planned as well, such as:

- Daily menu samplings - \$3,000
- "Bring a first time Villager to lunch day" (held twice a month) - half off Villager's ticket - \$400
- "Bring a guest golfer or outside tournament golfer day" (held twice per month) - half off Villager's meal - \$400

- Weekly sporting events with special pricing for food and drinks - \$2,000 for all events total
- Monthly Bistro and Bar Bash (entertainment, barbecue and specialty drinks) - \$1,500
- July 4th and Labor Day themed events - \$1,500 each

In addition to filming the ribbon-cutting event, we also intend to film the Bistro and Bar Bash events, as well as the two holiday-themed events and televise them on Channel 27. In terms of the “start-up” costs, including associated marketing and advertising, \$25,000 is set aside in the operating budget.

During the grand opening period, we plan to introduce the *Villager Loyalty Card Program*. This program will encourage repeat patronage, because the more Villagers frequent the Bistro and Bar, the quicker they will qualify for free food and drinks.

OTHER OPERATIONAL CONCERNS

Timing and Seasonal Demands

With the addition of sliding glass doors, the Bistro and Bar will not have the seasonal concerns that our current Patio Barbeque encounters. During the winter months these doors can remain closed and the Bistro and Bar will be comfortable and inviting for Villagers and guests. During warmer summer months these doors can be opened to give our Villagers and guests the ambiance and panoramic views of an open-air facility.

Liquor License

The Clubhouse maintains a year-round full liquor license at the Restaurant and Banquet Facilities. Since the Bistro and Bar will be an addition to the existing facility, the current permit and licenses will be valid. Although sales tracking for Banquets, the Restaurant, and the Bistro and Bar will be done independently, all food and beverage will operate under the Clubhouse umbrella.

Health Department

The Villages Food and Beverage Director is responsible for ensuring that the restaurant complies with the California Uniform Retail Food Facilities Law. This law sets specific minimum standards to which all food service facilities must adhere. The Santa Clara County Health Department inspects the Clubhouse three times per year.

The Bistro and Bar will adhere to the standards already in place for all food and beverage operations at the Clubhouse.

Inventory Loss Prevention

While inventory shrinkage cannot be completely eliminated, it can be controlled with proper steps. Identifying high-cost/high-risk inventory items that impact the bottom line will be pivotal in curbing losses from theft and/or waste. Inventory checks will be conducted on a daily basis and will be supplemented with a monthly detailed inventory. These spot checks will help identify patterns of loss and/or missing product. Management will then take preventative measures for specific situations. An internal audit system, including cash handling procedures, will be in place.

Entertainment

Along with large-screen, HD televisions, the Bistro and Bar will have opportunities to offer live music to its guests. When the sliding glass doors are open, music may be offered after 5 p.m. so as not to interfere with golfers. Live music can be played anytime during seasons when the sliding glass doors are closed. Restaurant patrons and neighboring residents will be given consideration when live music is programmed.

Noise Concerns

With the use of sliding glass doors at the Bistro and Bar, noise concerns will be addressed. The Clubhouse currently operates a 55-seat outdoor Patio Barbeque where the proposed Bistro and Bar will be located. In all the years the Patio Barbeque has

operated, noise concerns have never been an issue with golfers on the first tee. With the Bistro and Bar being primarily an enclosed space, noise should not be a concern for golfers or patrons of the Restaurant and adjacent residences.

ADJUSTMENTS TO OPERATING PLAN

As with all successful food and beverage operations, flexibility to change format and/or programs must be inherent to the operations business philosophy. This business plan outlines a strong foundation from which the Clubhouse team can continue to produce a successful operation. If we find, through our evaluation of the operation's financial analysis, that the programming is not producing minimum acceptable results, it can easily be re-evaluated and the operating platform adjusted. This change in direction could result in reduction of operating costs including operating hours, labor, cost of goods (food and beverage expenses) and other operating expenses in order to bring the operation to acceptable standards.

RISK EVALUATION AND RESPONSE

More than perhaps any other conventional business venture, food and beverage enterprises are fraught with risk. The key to success lies in the identification of that risk (what are the risks?), the continual measurement of the influence of the inherent

risks (how are we doing?), and the planning of constructive, timely responses to less-than-projected results (now what do we do?). While a restaurant operated by the Club enjoys the rather enviable advantage of a break-even operational objective, the risks to its success are the same as those encountered in the real world. Failing to recognize, monitor and react will result in the same disasters that befall many former restaurant owners with closed establishments.

Unacceptable financial performance is the overriding risk and must be analyzed in terms of its contributing components. Those components include the amount of business (number of covers and average cover price); cost-of-sales (price paid for inventory); labor and related expenses; as well as cash and inventory loss. Once risk components are identified, controls and procedures are developed that are both effective and efficient. If overall performance is lacking, the component measurement systems should indicate where the problem is centered. With this information, planned reactions can be initiated to amend the problem, which in turn will improve the business performance.

From restaurant design and decorating, through menu development, staffing and then on to marketing, the "amount of business" components have been studied and effectively minimized as a risk to the Bistro and Bar operation. Through coordinated menu-item selection, captive audience and the development of advantageous vendor relationships, the same can be said of the "cost-of-sales" component. The "labor and related expenses" component will be addressed through fit-for-hire recruiting, proper

training in compliance with labor laws and intensive staffing level analyses. Finally, the “cash and inventory loss prevention” component was given due consideration through the development of both point-of-sale assisted and non-point-of-sales assisted controls. Throughout these exercises we will stay constantly mindful that the level of business can be easily impacted by prices that are too high, disappointing food quality, mediocre service and poor ambiance, all of which can result in a negative experience for the patron.

To effectively respond, not only must the problem be identified in terms of the contributing risk component, but the operational unit or facet in which the problem falls must also be determined. Is the problem in the Bistro and Bar? Do seven days per week work? Has the format and menu proven to be less attractive than expected? Has offering breakfast, lunch and dinner seven days a week proven too costly, and are adjustments in service levels needed? Are food costs acceptable in the Bistro and Bar?

Diligent use of controls, management reports and customer evaluations will provide the most means necessary to reveal the source of the problem. Once the source is identified, a range of responses must be considered. Some problems may merit a wait-and-observe approach. There may be factors at play that need time to be fully integrated into the overall operation. On the other hand, proactive measures may be appropriate in response to a detected problem. Such actions might involve revised inventory or cash controls, or modifications of menu selections. Should the amount of

business not be sufficient to offset labor expenses, operational schedules may need adjustment and marketing strategies may require refocusing.

Having an appreciation for the potential risks, a methodology for monitoring those risks as they affect the business and a means of pinpointing the operational center being impacted, enables the business to appropriately respond in a timely fashion before the harm is irreparable.

CONCLUSION

Careful consideration and attention was given to every element of the food and beverage operation. As the development of this plan unfolded, our objective was to achieve operational break-even by the conclusion of year two. A panoramic perspective was maintained as each element was formulated, taking into account potential opportunities, as well as potential threats. The end result is a realistic business plan based primarily on the premise that the right people, coupled with an elevated level of personalized attention, along with fun food and beverages served on a consistent basis, will inevitably lead to success in this endeavor.

The Bistro and Bar will provide the perfect social atmosphere for Villagers, their guests and outsiders invited to our community. From the golfing aficionado to the club or committee member, and for the visitor looking for an experience apropos to what one would expect at a bistro and bar, the Bistro and Bar will provide a fun and enjoyable experience for all who visit. Villagers will be proud of this new amenity. Its inviting environment, along with its stylish décor, will be hard to resist when entering the Clubhouse or coming off the golf course. The Bistro and Bar will have that tractor-beam appeal, particularly on nice days when the sliding doors open to the outside, melding the two into one especially enjoyable experience. The Bistro and Bar, as it was designed, embodies the style and personality of this great community. As such, the programming of the facility focuses on providing the perfect “laid-back” venue where Villagers can enjoy themselves with their friends and guests.

There should be no doubt in Villagers' minds that the Bistro and Bar (if it becomes a reality) was constructed and designed for Villagers first and foremost, and the primary focus of the service platform will be Villagers and making sure they know it's their Bistro and Bar.

From a financial perspective, the pro forma shows, based on reasonable assumptions, that revenue will come very close to out-performing expenses by the end of the second full year of operation. The seven days per week schedule and 15 hours per day availability (6:30 a.m. to 9:30 p.m.) addresses concerns voiced by Villagers through the years that there should be food and beverage available every day of the week, as well as extended hours. The additional operational hours (in comparison to the existing restaurant) provide opportunities to generate more revenue, and we believe because of the Bistro and Bar's popularity, this will be the case.

A robust marketing plan focusing on all markets (primary, secondary and tertiary), which is detailed within this plan, affords the operation every opportunity to reach out and encourage new use as well as repeat business. The service standards and quality of fare (a very important element we control) will be the key to impressing the newcomer, and building a sustainable relationship with the core of the business (repeat customers).

A by-product of the Bistro and Bar not mentioned in this plan is the private dining room that will occupy the space in the Restaurant where the bar is now located. The

private dining area will provide seating for up to 10 patrons. It will have a warm, comfortable feel that Villagers will connect with from the start. Elevated service levels will make all users of this area feel special — as they should. A reservation system — yet to be developed — will provide fair sharing and equal opportunity for all Villagers (with large parties) to enjoy this special occasion area throughout the year.

In conclusion, we believe the Bistro and Bar will become a successful food and beverage opportunity that Villagers will feel is their own.

In addition to myself, contributors to the development of this business plan were: Brad Barncord, Rick Casey, Meg Flanagan, Ileana Matei, Julia Meadows, Mike Reed, Albert Salcedo and Gavin Williams. Special thanks to proofreaders, Vera Buescher, Brenda Duval, Scott Hinrichs, and Claudia Nicolai.

A handwritten signature in black ink, appearing to read "Darren Shaw". The signature is fluid and cursive, with a large initial 'D'.

Darren Shaw
General Manager

Financial Table #1 - Five-Year Operating Forecast - New Business

BISTRO/BAR OPERATIONS - NEW BUSINESS														
	BUDGET		BUDGET		2012/2013		2013/2014		2014/2015		2015/2016		2016/2017	
	FIRST 6 MO.		SECOND 6 MO.		BUDGET		BUDGET		BUDGET		BUDGET		BUDGET	
					YEAR - 1		YEAR - 2		YEAR - 3		YEAR - 4		YEAR - 5	
SALES														
FOOD	98,844		150,696		249,540		294,494		335,626		362,926		383,674	
BAR	25,159		36,036		61,195		75,573		84,673		91,225		99,597	
TOTAL	124,003		186,732		310,735		370,067		420,299		454,151		483,271	
SALARY & WAGES	92,234	74.4%	110,824	59.3%	203,058	65.3%	205,562	55.5%	210,562	50.1%	216,762	47.7%	223,562	46.3%
COST OF SALES	36,995	29.8%	52,182	27.9%	89,177	28.7%	103,435	28.0%	117,774	28.0%	126,939	28.0%	135,169	28.0%
OPERATING SUPPLIES	3,025	2.4%	4,500	2.4%	7,525	2.4%	8,900	2.4%	9,400	2.2%	9,700	2.1%	10,050	2.1%
UTILITIES	6,000	4.8%	6,000	3.2%	12,000	3.9%	12,600	3.4%	13,230	3.1%	13,900	3.1%	14,600	3.0%
OUTSIDE SERVICE	600	0.5%	800	0.4%	1,400	0.5%	1,750	0.5%	1,800	0.4%	1,850	0.4%	1,900	0.4%
INSURANCE	150	0.1%	150	0.1%	300	0.1%	330	0.1%	350	0.1%	355	0.1%	370	0.1%
LAUNDRY	2,200	1.8%	3,100	1.7%	5,300	1.7%	6,500	1.8%	6,900	1.6%	7,100	1.6%	7,300	1.5%
ADVERTISING/START-UP	25,000	20.2%	12,000	6.4%	37,000	11.9%	24,000	6.5%	24,000	5.7%	24,000	5.3%	24,000	5.0%
ALL OTHER/JANITORIAL	3,600	2.9%	3,850	2.1%	7,450	2.4%	7,800	2.1%	7,900	1.9%	8,000	1.8%	8,075	1.7%
TOTAL	169,804	136.9%	193,406	103.6%	363,210	116.9%	370,877	100.2%	391,916	93.2%	408,606	90.0%	425,026	87.9%
SURPLUS/(DEFICIT)	(45,801)		(6,674)		(52,475)		(810)		28,383		45,545		58,245	
LABOR HOURS	7,501		8,541		16,042		16,082		16,302		16,402		16,502	
PATRONS SERVED	21,017		31,668		52,685		60,849		67,765		71,769		75,045	
REVENUE PER PATRON	\$5.90		\$5.90		\$5.90		\$6.08		\$6.20		\$6.33		\$6.44	

Note: The table above does not include revenue and expenses associated with the existing Patio Barbecue or the Restaurant Bar business.

Financial Table #2 - Five-Year Operating Forecast Including Restaurant Bar Business and Existing Patio Barbecue Business

BISTRO/BAR OPERATIONS - TOTAL BUSINESS																			
EXISTING BUSINESS					NEW BUSINESS					TOTAL BUSINESS									
LAST 12 MONTHS										2012/2013		2013/2014		2014/2015		2015/2016		2016/2017	
Existing Bar Business		Existing		BUDGET		BUDGET		BUDGET		BUDGET		BUDGET		BUDGET		BUDGET		BUDGET	
RESTAURANT		PATIO BBQ		FIRST 6 MO.		SECOND 6 MO.		YEAR - 1		YEAR - 2		YEAR - 3		YEAR - 4		YEAR - 5			
Stays in Restaurant		Bistro and Bar																	
SALES																			
FOOD			38,566		98,844		150,696		288,106		333,060		374,192		401,492		422,240		
BAR	184,295		4,871		25,159		36,036		250,361		264,739		273,839		280,391		288,763		
TOTAL	184,295		43,437		124,003		186,732		538,467		597,799		648,031		681,883		711,003		
SALARY & WAGES	72,100	39.1%	18,590	42.8%	92,234	74.4%	110,824	59.3%	293,748	54.6%	296,252	49.6%	301,252	46.5%	307,452	45.1%	314,252	44.2%	
COST OF SALES	53,446	29.0%	14,911	34.3%	36,995	29.8%	52,182	27.9%	157,534	29.3%	171,792	28.7%	186,131	28.7%	195,296	28.6%	203,526	28.6%	
OPERATING SUPPLIES	4,600	2.5%	975	2.2%	3,025	2.4%	4,500	2.4%	13,100	2.4%	14,475	2.4%	14,975	2.3%	15,275	2.2%	15,625	2.2%	
UTILITIES				0.0%	6,000	4.8%	6,000	3.2%	12,000	2.2%	12,600	2.1%	13,230	2.0%	13,900	2.0%	14,600	2.1%	
OUTSIDE SERVICE				0.0%	600	0.5%	800	0.4%	1,400	0.3%	1,750	0.3%	1,800	0.3%	1,850	0.3%	1,900	0.3%	
INSURANCE				0.0%	150	0.1%	150	0.1%	300	0.1%	330	0.1%	350	0.1%	355	0.1%	370	0.1%	
LAUNDRY	3,650	2.0%	775	1.8%	2,200	1.8%	3,100	1.7%	9,725	1.8%	10,925	1.8%	11,325	1.7%	11,525	1.7%	11,725	1.6%	
MARKETING/START-UP				0.0%	25,000	20.2%	12,000	6.4%	37,000	6.9%	24,000	4.0%	24,000	3.7%	24,000	3.5%	24,000	3.4%	
ALL OTHER/JANITORIAL	925	0.5%	200	0.5%	3,600	2.9%	3,850	2.1%	8,575	1.6%	8,925	1.5%	9,025	1.4%	9,125	1.3%	9,200	1.3%	
TOTAL	134,721	73.1%	35,451	81.6%	169,804	136.9%	193,406	103.6%	533,382	99.1%	541,049	90.5%	562,088	86.7%	578,778	84.9%	595,198	83.7%	
SURPLUS/(DEFICIT)	49,574		7,986		(45,801)		(6,674)		5,085		56,750		85,943		103,105		115,805		
LABOR HOURS	3,120		1,040		7,501		8,541		20,202		20,242		20,462		20,562		20,662		
PATRONS SERVED			7,193		21,017		31,668		59,878		68,042		74,958		78,962		82,238		
REVENUE PER PATRON			6.04		5.90		5.90		5.91		6.08		6.19		6.30		6.40		

Financial Table #3 - Revenue Detail

BISTRO/BAR OPERATIONS - SALES PROJECTIONS (Including Existing Patio Barbecue Business)													
		Ave. Daily-1st 6 Mo.		Ave. Daily-2nd 6 Mo.		Ave. Daily-Year 2		Ave. Daily-Year 3		Ave. Daily-Year 4		Ave. Daily-Year 5	
		Food	Liquor	Food	Liquor	Food	Liquor	Food	Liquor	Food	Liquor	Food	Liquor
<u>Breakfast:</u>													
	Patrons	25		27		30		33		35		36	
	Ave. Spend	5.00		5.00		5.05		5.15		5.25		5.35	
	Revenue	\$125		\$135		\$152		\$170		\$184		\$193	
<u>Lunch:</u>													
	Patrons	40	15	44	18	48	20	53	22	56	23	58	25
	Ave. Spend	7.00	3.50	7.00	3.50	7.07	3.53	7.21	3.60	7.35	3.68	7.50	3.75
	Revenue	\$280	\$53	\$308	\$63	\$339	\$71	\$382	\$79	\$412	\$85	\$435	\$94
<u>Dinner:</u>													
	Patrons	50	25	55	30	60	33	66	36	69	38	71	40
	Ave. Spend	7.00	4.50	7.00	4.50	7.07	4.55	7.21	4.63	7.35	4.73	7.50	4.82
	Revenue	\$350	\$113	\$385	\$135	\$424	\$150	\$476	\$167	\$507	\$180	\$533	\$193
	Daily Revenue Total	\$755	\$165	\$828	\$198	\$915	\$221	\$1,028	\$246	\$1,103	\$264	\$1,160	\$287

Financial Table #4 - Labor Costs/Labor Hours

Position	LABOR COST								LABOR HOURS								
	Rate	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total
<i>Kitchen:</i>																	0
Cook 1	\$17.00	\$186.59			\$186.59	\$186.59	\$186.59	\$186.59	\$932.95	8			8	8	8	8	40
Cook 2	\$12.00	\$62.64			\$62.64	\$62.64	\$62.64	\$62.64	\$313.20	4.5			4.5	4.5	4.5	4.5	22.5
Cook 3	\$12.00	\$55.68			\$55.68	\$55.68	\$55.68	\$55.68	\$278.40	4			4	4	4	4	20
Cook 4	\$12.00		\$83.52	\$83.52					\$167.04		6	6					12
Cook 5	\$12.00		\$83.52	\$83.52					\$167.04		6	6					12
Cook 6	\$12.00		\$62.64	\$62.64					\$125.28		4.5	4.5					9
Dishwasher	\$8.50																
Dishwasher	\$8.50																
Dishwasher	\$8.50																
Sub-total		\$304.91	\$229.68	\$229.68	\$304.91	\$304.91	\$304.91	\$304.91	\$1,983.91	16.5	16.5	16.5	16.5	16.5	16.5	16.5	115.5
<i>Administration:</i>																	
Floor Lead Person	\$18.00			\$185.22	\$185.22	\$185.22	\$185.22	\$185.22	\$926.10			7.5	7.5	7.5	7.5	7.5	37.5
Floor Lead Person	\$18.00	\$185.22	\$185.22						\$370.44	7.5	7.5						15
Sub-total		\$185.22	\$185.22	\$185.22	\$185.22	\$185.22	\$185.22	\$185.22	\$1,296.54	7.5	7.5	7.5	7.5	7.5	7.5	7.5	52.5
<i>Service:</i>																	
Bartender 1	\$10.50	\$100.84			\$100.84	\$100.84	\$100.84	\$100.84	\$504.20	7			7	7	7	7	35
Bartender 2	\$10.50		\$60.90	\$60.90	\$60.90	\$60.90	\$60.90		\$304.50		5	5	5	5	5		25
Bartender 3	\$10.50	\$60.90	\$85.26	\$85.26				\$60.90	\$292.32	5	7	7				5	24
Server 1	\$8.00		\$46.40	\$46.40	\$46.40	\$46.40	\$46.40		\$232.00		5	5	5	5	5		25
Server 2	\$8.00		\$51.04	\$51.04	\$51.04	\$51.04	\$51.04		\$255.20		5.5	5.5	5.5	5.5	5.5		27.5
Server 3	\$8.00		\$51.04	\$51.04	\$51.04	\$51.04	\$51.04		\$255.20		5.5	5.5	5.5	5.5	5.5		27.5
Server 4	\$8.00	\$46.40						\$46.40	\$92.80	5						5	10
Server 5	\$8.00	\$51.04						\$51.04	\$102.08	5.5						5.5	11
Server 6	\$8.00	\$51.04						\$51.04	\$102.08	5.5						5.5	11
Busser	\$8.00	\$32.48	\$32.48	\$32.48	\$32.48	\$32.48			\$162.40	3.5	3.5	3.5	3.5	3.5			17.5
Busser	\$8.00						\$32.48	\$32.48	\$64.96						3.5	3.5	7
Sub-total		\$342.70	\$327.12	\$327.12	\$342.70	\$342.70	\$342.70	\$342.70	\$2,367.74	31.5	31.5	31.5	31.5	31.5	31.5	31.5	220.5
Grand Totals		\$832.83	\$742.02	\$742.02	\$832.83	\$832.83	\$832.83	\$832.83	\$5,648.19	55.5	55.5	55.5	55.5	55.5	55.5	55.5	388.5
Footnote: The labor cost figures above are "loaded," meaning that all employer related payroll taxes and employee benefits are included.																	