

Vegetarian Fast Food Restaurant Business Plan

VAMBURGER



Even Vampire could switch for true love,
so can you!

Contents

1.0 Executive Summary.....	2
1.1 Vision.....	2
1.2 Mission.....	3
1.3 Objectives.....	3
1.4 Keys to Success.....	3
2.0 Company Summary.....	3,4
2.1 Start-up Summary.....	4
2.2 Company Location and Facilities.....	4
3.0 Products.....	5
3.1 Product Description.....	5,6
3.2 Sales Literature.....	6
3.3 Future Products.....	6
3.4 Comparison with Competitors.....	6,7
4.0 Market Analysis Summary.....	7
4.1 Market Segmentation.....	7,8
4.2 Target Market Segment Strategy.....	8
4.2.1 Market Trend.....	8
4.2.2 Market Needs.....	9
4.3 Industry Analysis.....	9
4.3.1 Main Competitors.....	9
5.0 Strategy and Implementation Summary.....	9
5.1 Competitive Edge.....	9
5.2 Marketing Strategy.....	10
5.2.1 Pricing Strategy.....	10
5.2.2 Brand Challenges.....	11
5.2.3 Positioning Statement.....	11
5.3 Sales Strategy.....	11
5.3.1 Sales Forecast.....	11,12
5.4 Milestones.....	12

6.0

Application Plan Summary.....	13
-------------------------------	----

6.1 Application Marketing Strategy....	13
--	----

6.2 Development Requirements.....	13
-----------------------------------	----

7.0 Management Summary.....	13
-----------------------------	----

7.1 Management Team.....	14
--------------------------	----

7.2 Organizational Chart.....	14
-------------------------------	----

7.3 Personnel Plan.....	14
-------------------------	----

8.0 Financial Plan.....	14
-------------------------	----

8.1 Break-even Analysis.....	15
------------------------------	----

8.2 Projected Profit and Loss.....	15,16
------------------------------------	-------

8.3 Projected Cash Flow.....	16
------------------------------	----

8.4 Projected Balance Sheet.....	17
----------------------------------	----

8.5 Business Ratio.....	17
-------------------------	----

9.0 Corporate Social Responsibility.....	18
--	----

Appendix.....	19
---------------	----

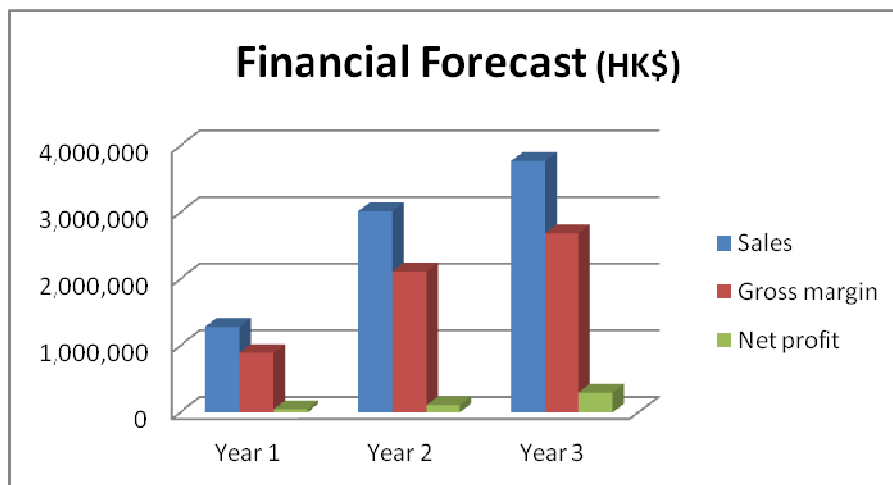
Reference.....	19
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1.0 Executive Summary

Vamburger is a MTR-located fast food outlet that provides customers from all walks of life with healthy vegetarian-styled fast food. We draw the picture based on three concepts: changing unhealthy fast food culture to a healthy one, changing monotonous vegetarian culture to a tasty one, and delivering health and taste combined food at a reasonable price conveniently.

In today's highly competitive environment, it is vital to differentiate ourselves from other fast food chains. We will be the only vegetarian fast food shop in the market that provides customers with a wide range of food choices through self-mixed ingredients burgers and meals. Apart from the variety in food, we offer convenient service to encourage regular meal by locating in MTR stations and launching application for smartphones. We emphasize on raising awareness of healthy eating habit and spreading the message through a profitable and sustainable business.

Our selling price will be set at a relatively low margin. We will confine our operating expenses at a reasonable range by employing adequate but not excessive staff, maximizing word-of-mouth marketing and utilizing free advertising. Through membership system and prepaid reloadable cards for direct order on application for smartphones, we will be able to retain existing customers. This is important for our development in the long run.



1.1 Vision

Our vision is to change the general view on fast food to a healthy one while at the same time change public impression towards monotonous vegetarian food to a tasty one.

1.2 Mission

Vamburger's missions are to:

- ➔ Bring healthy vegetarian-styled fast food to customers conveniently.
- ➔ Operate and grow at a promising rate.
- ➔ Serve high quality food at a great value.
- ➔ Meet stakeholders' expectations.

1.3 Objectives

Our objectives are to:

- ➔ Provide an income for owners with growth possibilities.
- ➔ Gross margin of 50% or more.
- ➔ Net profit above 15% of sales.

1.4 Keys to Success

We strive for the following keys to success:

- ➔ Unique and quality products – create an innovative menu with quality products that differentiates us from the competitors.
- ➔ Convenient locations – easily accessible location to get close to the market.
- ➔ Excellent services – provide heartfelt services to customers.
- ➔ Fine reputation – promote goodwill of the company to achieve word-of-mouth advertising.

2.0 Company Summary

What is Vamburger?

Vamburger holds the concept of changing the general view on fast food to a healthy one as well as changing public impression towards vegetarian food to a tasty one by introducing healthy vegetarian-styled fast food conveniently to customers. We sell vegetarian burgers and other vegetarian fast food by replacing the meat ingredients with organic vegetables, and replacing the unhealthy fast food with healthier ones to make fast food refreshing. Customers are able to choose their own mix of ingredients to create their own burgers so as to enjoy fresh feeling towards our food. We also provide friendly customer service to support the ambiance of youthful lifestyle.

Youthful and healthy sheek lifestyle

As our core target market is teenagers aged between 12-20¹, we would like to create a vibrant youthful image towards vegetarian food, making them feel that fast food could be healthy too. The outlets will be arranged for fast food setting with a gothic theme featuring vampire-related decorations for gimmicks, such as gargoyle fixtures. Our ingredients will be placed in a transparent hip pantry to let customers see our choice of various healthy organic ingredients. Since we choose to locate inside MTR stations with comparatively smaller shop area, we focus on takeaway meals. In addition, we spread the idea of healthy eating to teenagers through provision of lunchpacks for primary and junior secondary schools.

¹ Market Research, See Appendix

Variety of food

Customers are allowed to choose their own mix of ingredients to create burgers based on their taste and preferences. Set meal will also be provided as suggestions.

Convenience

Our store is open everyday from 6am to 9pm for the early travelers who have not much choice on the street. Our chain of outlets will be located inside MTR stations, where customers can buy their food on the way home or to the office. We will launch an application for smartphones which allows customers to access the types of food, their nutritional values and order in advance. With the given code number, they can pay for and take their food when they arrive the selected outlet, or they can apply for a prepaid reloadable account to pay automatically when they make their order.

Healthy eating habit

Our choice of fresh organic ingredients promotes healthy eating habit. Through the provision of convenient services, customers are encouraged to have regular meals timely.

2.1 Start-up Summary

Start-up Requirements (HK\$)

Start-up Expenses

Legal	\$7,070 ²
Rent	\$20,000 ³
Total start-up expenses	\$27,070

Start-up Assets

<i>Non-current assets</i>	
Furniture and fixtures	\$13,100
<i>Current assets</i>	
Cash Required	\$59,830
Total assets	\$72,930
Total Requirements	\$100,000

2.2 Company Location and Facilities

The first retail outlet of Vamburger will be located inside Mongkok MTR station in size from 20-30 meter square. We believe this choice of location can echo with Vamburger's objective of bringing healthy food to customers conveniently. The location includes an 8 person capacity eating area with 2 tables, and a counter area where food warmers, beverage dispensers and cashiers are located.

² "Business Registration Fee and Levy Table", Inland Revenue Department

³ MTR Shop Leasing

3.0 Products

Not only vegetarian burgers are provided, but also snacks and juice of a number of choices to complement. We choose fresh and healthy organic vegetarian ingredients for customers to choose from and a vital point to be noted is that customers are allowed to mix their own choices of ingredients, thus increasing the combination of products to offer customers novelty.

3.1 Product Description

Special names are given to the organic soy meat we use to imitate and replace the usual meat choices, eg, fakon for bacon, neat sauce for meat sauce.

Menu



A. Burger (With eggs or milk, unless specified)

(I) Vegetarian meat (Choose any one kind)

1. God-fish (codfish, without egg and milk)
2. Cheat-ken (chicken, without egg and milk)
3. Fakon (bacon, without egg and milk)
4. God-fish (codfish)
5. Cheat-ken (chicken)
6. Fakon (bacon)
7. Mock chop (pork chop)
8. Cheat-ken filet (chicken filet)
9. Pesce (seafood, shrimps and scallops)
10. Veef (beef)

(II) Vegetables (Choose any two kinds)

1. Lettuce
2. Mushroom
3. Bamboo shoot
4. Onion
5. Hash brown
6. Cheese
7. Egg

(III) Sauce (Choose any one kind)

1. God-fish sauce
2. Vegetarian Kyoto sauce
3. Pepper sauce
4. XO sauce
5. Italian sauce
6. Neat sauce (meat sauce)

B. Snacks

1. Sweet corns
2. Fruit salad
3. Caesar salad
4. Pepper sauce mashed potatoes
5. Cheese balls
6. Skewered mushroom

C. Drinks

1. Spinach juice
2. Ginger juice
3. Tomato juice
4. Watermelon juice
5. Kiwi juice
6. Orange juice
7. Apple juice
8. Lime juice
9. Mocktail (mixed juice)

Recommended Sets

(I) Kids

(A) Burger

1. High proteins: Chicken+Egg+Lettuce+Pepper sauce
2. High dietary fibre: Pork chop+Lettuce+Onion+XO sauce
3. High nutrients: Codfish+Cheese+Lettuce+Codfish sauce

(B) Snacks

Sweet corns / Fruit salad / Caesar salad / Skewered mushroom

(C) Drinks

Kiwi juice / Apple juice / Orange juice / Watermelon juice

(II) Mother-to-be

(A) Burger

1. High proteins: Chicken+Cheese+Onion+Pepper sauce
2. High dietary fibre: Pork chop+Lettuce+Bamboo shoot+XO sauce
3. High nutrients: Codfish+Cheese+Lettuce+Codfish sauce

(B) Snacks

Sweet corns / Fruit salad / Caesar salad

(C) Drinks

Spinach juice / Kiwi juice / Lime juice / Orange juice / Ginger juice

(III) Elderly

(A) Burger

1. Low fats: Codfish + Lettuce + Onion + Codfish sauce
2. Low cholesterol: Pork chop + Lettuce + Bamboo shoot + Meat sauce
3. Low sugar: Chicken filet + Mushroom + Bamboo shoot + Pepper sauce

(B) Snacks

Sweet corns / Fruit salad / Caesar salad

(C) Drinks

Spinach juice / Kiwi juice / Apple juice / Orange juice / Watermelon juice

(IV) Office workers

(A) Burger

1. High dietary fibre: Pork chop+Lettuce+Bamboo shoot+XO sauce
2. High nutrients: Codfish+Cheese+Lettuce+Codfish sauce

(B) Snacks

Sweet corns / Fruit salad / Caesar salad

(C) Drinks

Spinach juice / Kiwi juice / Apple juice / Orange juice

(V) Athletes

(A) Burger

1. High proteins: Chicken+Egg+Lettuce+Pepper sauce
2. High dietary fibre: Pork chop+Lettuce+Onion+XO sauce
3. High nutrients: Codfish+Cheese+Lettuce+Codfishd sauce

(B) Snacks

Sweet corns / Fruit salad / Caesar salad / Skewered mushroom

(C) Drinks

Kiwi juice / Apple juice / Orange juice / Watermelon juice

3.2 Sales Literature

Our main sales literature consists of flyers with coupons distributed around. They contain information including company background, comprehensive menu and nutritional values. Moreover we will update our information on food websites like the OpenRice.

3.3 Future Products

In Year 1, we focus on providing basic types of vegetarian burgers. However, as we extend further, we will introduce seasonal products that are only available for a specified time period. We will also introduce special burgers in different series, like honorable series with truffle topped burger.

3.4 Comparison with Competitors

The main competitions we face are from large fast food shops, including McDonald's, KFC, Burger King, Mos Burger, Freshness Burger, Absolute Burger, Triple O's, Subway and many others. Vamburger is selling its special vegetarian burger at the price range of around \$20-\$22 per burger. This low price strategy has already helped us stand out above our vast competitors. Furthermore, our products are of high nutritional values, with taste, appearance and price more appealing to those sold by our competitors.

McDonald's		Burger King		Vamburger (Recommended mix of ingredients)	
	Cal (kcal)		Cal (kcal)		Cal (kcal)
Big Mac	497	Whopper	700	Beef + Lettuce + Cheese + Onion + Meat sauce	279
McSpicy Chicken Filet	460	Chicken Whopper	570	Chicken Filet + Lettuce + Cheese + Bamboo shoot + Pepper sauce	185
Filet-O-Fish	362	-	-	Codfish + Lettuce + Cheese + Mushroom + Codfish sauce	230
Sussage Muffin	361	-	-	Pork chop + Lettuce + Cheese + Onion + Vegetarian Kyoto sauce	289
-	-	Bacon Double Cheeseburger	638	Bacon + Lettuce + Mushroom + Onion	317

4.0 Market Analysis Summary

Vamburger's target customers are:

- ➔ Teenagers, the main circle for fast food customers, especially for those pursuing groundbreaking new products.
- ➔ Students and office workers with busy schedules seeking convenience for breakfast and lunch.
- ➔ Families looking for take-out food, particularly for families with young children to strike a balance between children's desire for fast food and their health.

4.1 Market Segmentation

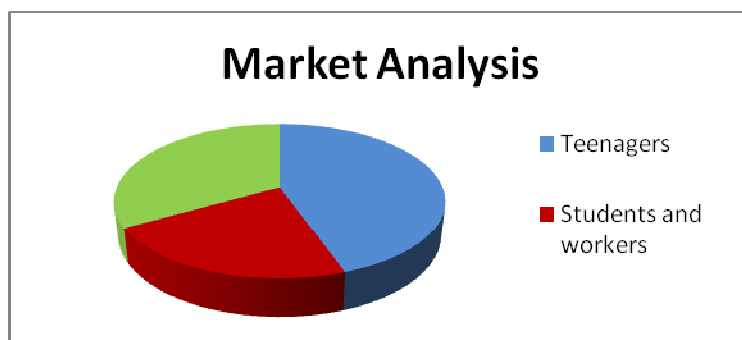
We consider teenagers our core market as most of them are more appeal to fast food. Our outlet location, Mongkok, is a popular hang out location among teenagers. It is common for them to look for special products as teenagers are more open to try out new tastes and new products.

Another market segment is the "Students and Office workers". Under the booming of the development of shopping malls in Mongkok, many businesses are established there, creating over 30,000 office workers⁴. Furthermore, there are 13 schools⁵ in Mongkok, providing us loads of potential customers.

⁴ "2006 Population By-census", *Census and Statistic Department*

⁵ Hong Kong District Information

Lastly, Mongkok is a populated district with over 23,000 family units⁶. Most families are of low income group and they may look for value-priced food at around \$20. We trust this also applies to family units shopping in Mongkok or being there for other purposes.



Market Analysis							
Sales		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Teenagers	2%	18480	18850	19227	19611	20003	1.60%
Students and office workers	1%	9120	9211	9303	9396	9490	0.80%
Family units	1%	13800	13938	14077	14218	14360	0.80%
Total		41400	41999	42607	43225	43853	

4.2 Target Market Segment Strategy

Vamburger caters for the needs of teenagers that they mostly look for value-priced food due to their limited source of income. Teenagers are also important in our brand building that we need a youthful style and image. We utilize much information technology in marketing, such as Facebook, Openrice and application, which are easily accessible for teenagers.

For students and office workers, they will buy from us much during breakfast and lunch hours and one crucial point to note is that our opening hours is as early as 6 a.m.

Family units also pursue convenience. Flyers need to be sent to the parents specifying our healthy ideas.

4.2.1 Market Trends

It is observable that one of the recent trends in eating is the awareness of healthy food, as shown from the 'EatSmart@restaurant.hk' Campaign held by the government and the rise in the popularity of organic food. Therefore, our healthy foodstuff is one of our keys to success to take advantage of the market trend.

⁶ "2006 Population By-census", *Census and Statistic Department*

4.2.2 Market Needs

Our market segments are compound of customers with different desires, including value-priced and healthy foodstuff, variety and innovation in products, convenience, as well as a hip, yet comfortable environment. However, we focus on takeaway instead of dine in with spacious environment in the first phase of business.

4.3 Industry Analysis

In Hong Kong, food spending made up of about 27% of total consumption expenditure⁷. McDonald's, the fast food industry tycoon in Hong Kong, increases its sales outlets from 216 in 2002⁸ to 232 in 2012⁹. The fast food industry in Hong Kong succeeds in maintaining wide appeal amongst youngsters, and constant launching of groundbreaking products. Despite the intense rivalry in the market, Vamburger stands out by the idea of "vegetarian", which provides with us opportunities to survive and grow substantially.

4.3.1 Main Competitors

The direct competitors include those food outlets inside Mongkok MTR station. Mrs Fields Cookies, Maxim's Cakes, Arome Bakery, Hung Fook Tong and Beard Papa Sweets are our main competitors. After analyzing their businesses, none of them are of similar type as Vamburger as a fast food shop. We have confidence that we will be able to appeal to groups of customers in the differentiated target market.

5.0 Strategy and Implementation Summary

5.1 Competitive Edge

Vamburger has the following advantages over its leading competitors.

- ➔ Unique concept of vegetarian fast food.
- ➔ Choice of healthy organic ingredients, compared to most fast food with low nutrition values¹⁰.
- ➔ Our innovative concept of self-chosen mix of ingredients by customers according to their own preferences.
- ➔ Convenience in making orders and payments.
- ➔ Launching of applications as a way to attract customers.

⁷ Census and Statistic Department

⁸ Pingali P., "Westernization of Asian diets and the transformation of food systems: Implications for research and policy", *Food Policy*, 2007, 281-298

⁹ McDonald's

¹⁰ See 3.4 Comparison with Competitors

5.2 Marketing Strategy

In the first year, Vamburger's promotion strategies tend to be less costly and are divided into in-store promotion and local promotion. We believe that word-of-mouth advertising and local promotions are better ways to bring customers to our locations¹¹.

The first year's in-store promotions are mostly

- ➔ Wall posters,
- ➔ Brochures with company introduction, comprehensive menu and nutrition values, and
- ➔ QR codes for downloading our application for smartphones;

while local promotions includes

- ➔ Delivering flyers with coupons outside the MTR stations

There will be other special promotions as follows.

- ➔ *"FREE Lunch Day"*: In the first month of the new outlet, we will provide 50 free burgers at 11a.m. on each Monday to let our products reach more potential clients of our business.
- ➔ *Media promotion*: Contact different media like newspapers, magazines and television broadcasting to welcome them to interview us.
- ➔ *Online and free advertising*: We will utilize Facebook, Twitter, Miroblog and other social networking sites by creating accounts and updating information or interacting with customers through promotion activities.
- ➔ *Food websites*: We will update our information on food websites like the OpenRice and online forums, and encourage customers to give us comment and vote for us. We can receive customers' opinions to improve our service and products too.
- ➔ *Talks in schools*: Vamburger will invite dieticians to give talks on vegetarian diets and healthy eating in schools, which helps spread our business idea and makes Vamburger accessible for more teen customers.
- ➔ *Vampire book signing and movie premier*: We will work with authors and producers to offer Vamburger's coupons.

In the second year, Vamburger will increase the budget on advertising and will extend the promotion strategies to local media by print media advertising. Eat Travel Weekly and Weekend Weekly are choices for advertisement. We will continue our local promotions to expand the sources of customers.

5.2.1 Pricing Strategy

As reflected from our market research, most people expect our burgers to be priced at around HK\$20¹² and this is the price that they are willing to pay for a value-priced products like Vamburger.

¹¹ George Silverman, "The Secrets of Word-of-Mouth Marketing", Amacom, 1995

¹² Market Research, See Appendix

5.2.2 Brand Challenges

- Our brand “Vamburger” shows customers our unique concept of vegetarian burgers by mixing “vegetarian” and “hamburger” into one new word, which is fun and youthful, and is geared towards our core target market, i.e. teenagers. Another idea is the prevailing “Vampire” trend. Even vampires could become vegetarians for true love, so can you!
- Our logo directly shows our idea of bringing healthy products to customers, and the use of gothic theme, the teeth of vampire in bright colour reflects our positive and energetic image to attract teenagers.

5.2.3 Positioning Statement

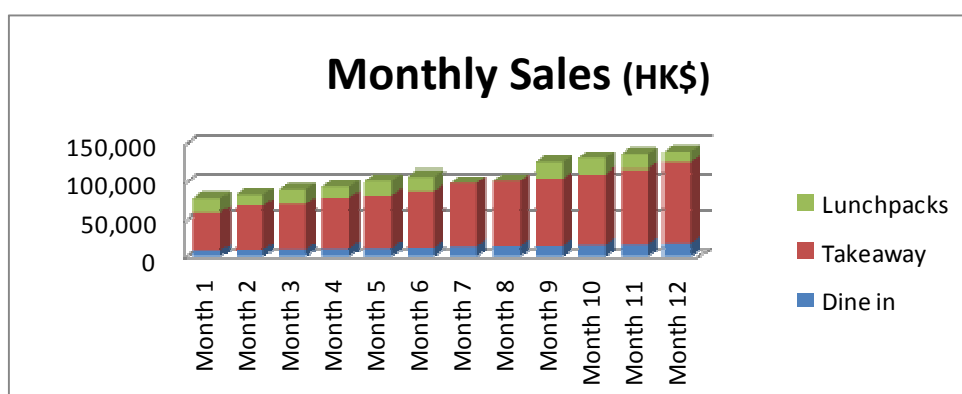
Vamburger is the only fast food shop in the market that delivers health and taste combined food for all groups of people at a reasonable price but without delay.

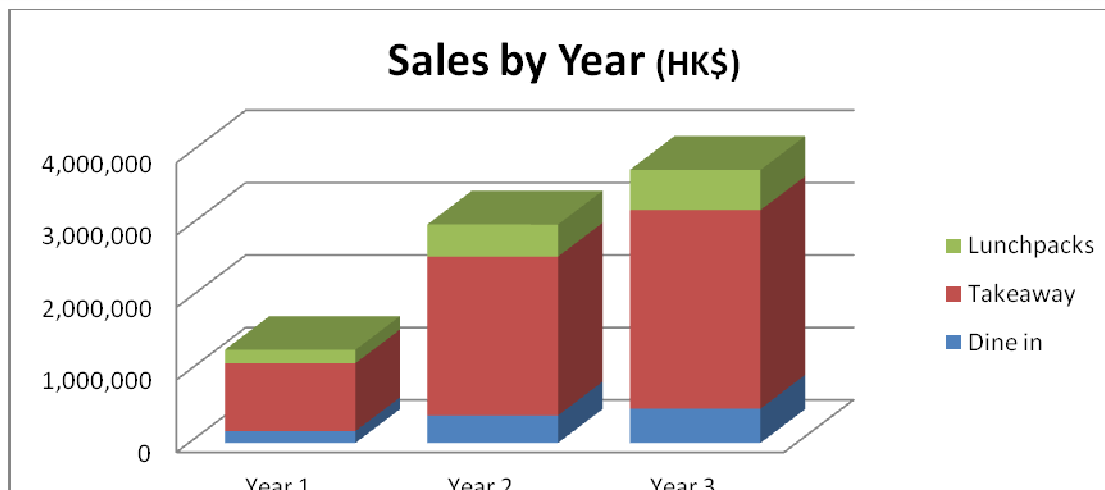
5.3 Sales Strategy

The sales strategy aims at converting potential customers and first-time customers into long-term customers to support the sustainable development of Vamburger. The tactics include membership system. Customers can apply for membership and have discounts in purchases. They will receive our most updated information through email too. Moreover, the prepaid reloadable account system is a way to keep existing customers to use up the balances in their accounts and then look for reloading discounts.

5.3.1 Sales Forecast

Due to limited outlet space for lunchpack production, we will outsource the packing process of school orders thus the sales volume of lunchpacks is known in advance. We anticipate a gradual increase in the sales volume of outlets with the effort of advertising. We expect the sales in February, April, July, August and December to increase in a larger extent since these periods are mostly school holidays, meaning youngsters mostly studying in schools can have more time to hang around our outlet, which locates in shopping areas. However, the sales of lunchpacks will drop at the same time. In the second year, we plan to open our second outlet in Causeway Bay in order to have a significant increase in the sales. We believe the sales forecast shown in the following charts and table is a manageable and attainable one.

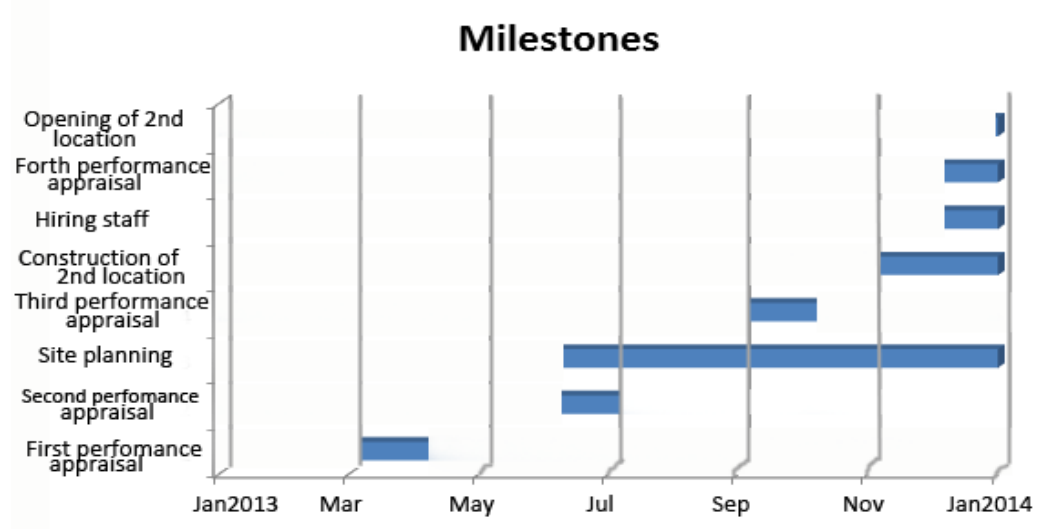




Sales Forecast (HK\$)

Sales	Year 1	Year 2	Year 3
Dine in	\$162,239	\$379,260	\$474,075
Takeaway	\$938,881	\$2,194,787	\$2,743,484
Lunchpacks	\$185,000	\$444,000	\$555,000
Total sales	\$1,286,120	\$3,018,047	\$3,772,559
Direct Cost of Sales	Year 1	Year 2	Year 3
Dine in	\$48,672	\$110,775	\$132,741
Takeaway	\$255,402	\$592,593	\$713,306
Lunchpacks	\$88,430	\$199,800	\$238,650
Subtotal direct cost of sales	\$392,504	\$903,168	\$1,084,697

5.4 Milestones



6.0 Application Plan Summary

Launching applications (apps) for smartphones to promote our products is the current trend in marketing. According to a research done by Google and Ipsos Research in March to July 2011, 35% of mobile phones users are using smartphones. Another survey done by Hong Kong Productivity Council in August 2011 shows that 54% of smartphones users are interested in purchasing through apps, 58% of them will go to the outlets to purchase after using their apps. We believe that launching our apps for smartphones will boost sales.

To meet market demand, the apps will include order service, waiting time, types of food available and their nutritional values, as stemmed from the result of our market research¹³. With the given code number, they can pay for and take their food ready made at the selected outlet, or they can apply for a prepaid reloadable account for direct debit when they make their order. This convenient service can attract customers who are always on the run, yet promote the importance of having meals regularly. The apps will also feature our newest promotional items and discounts offers, some of this information will only be shown in the apps to encourage apps users to check for extra discounts regularly.

6.1 Application Marketing Strategy

We will increase the accessibility of our apps by displaying the QR codes for downloading our apps in the stores and other health food stores. As mentioned, some special discounts will only be available for apps users, that will also be highlighted in our brochures, wall posters and flyers.

6.2 Development Requirements

Nowadays, apps development is popular and the technology required is not rocket science. Therefore, the entire development and design of the app will be entrusted to our information officer and co-founder, Calvin Chung. The app will send orders directly to the computer system of our sales outlet to facilitate services provisions.

7.0 Management Summary

Initially Vamburger is a small company with management team depending on the founders with little back-up. Our employee categories include cashiers and waiters, while waiters may need to perform various job duties like handling orders and serving dine-in customers. Thus there will be changes in the number of front-line workers during different periods to achieve efficiency.

As the start-up of a new business, we focus on the review and appraisal systems of our employees. We plan to conduct monthly performance appraisal in the year one. This may seem tight but we

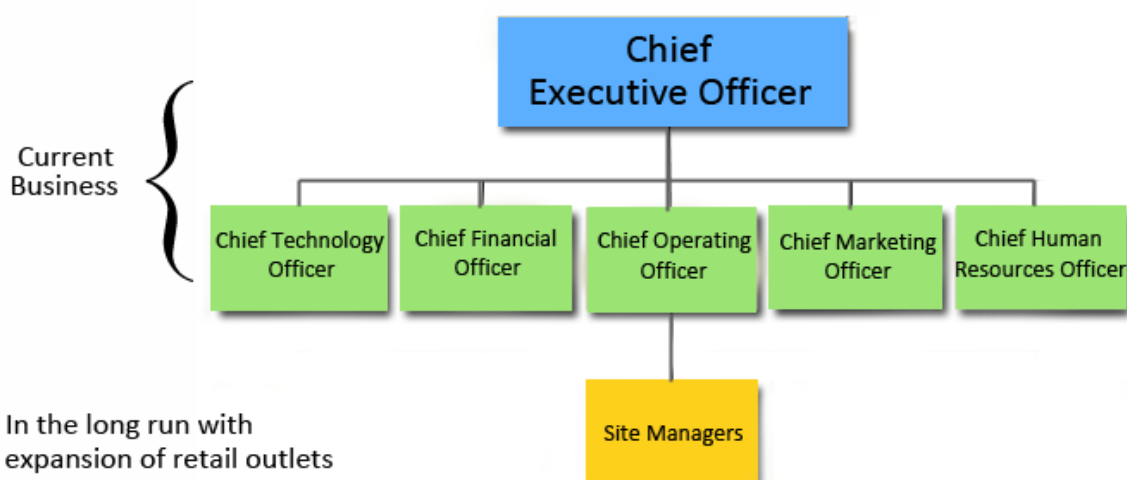
¹³ Market Research, See Appendix

believe it is needed for the healthy and sustainable development of a new business. The system will be entrusted to our co-founders Alice Lam, who is responsible for human resources management.

7.1 Management Team

Initially, the management team depends on the 6 co-founders. We all will be monitoring the business activities and some will specify in a particular area. Current plan is to have our accounting functions done by Ivan Leung, marketing planning by Irene Yeung, information technology support directed by Calvin Chung and human resources handled by Alice Lam.

7.2 Organizational Chart



7.3 Personnel Plan

We plan to have 3 cashiers and 7 waiters per location while they will be working on shift such that there will be 1 cashier plus 3 waiters working during peak periods (breakfast, lunch and dinner hour) and 2 waiters for non-peak hours. Each worker will work for 36 hours per week, which is considered an acceptable working hours system by most workers, as labour unions have suggested¹⁴. As such, workers are believed to perform better in their positions to bring better services to our customers.

Personnel Plan (HK\$)				
	Year 1	Year 2	Year 3	
Cashiers	\$151,200 ¹⁵	\$431,424	\$577,030	
Waiters	\$362,880	\$887,501	\$1,068,328	
Total People	10	24	28	
Total Payroll	\$514,080	\$1,318,925	\$1,645,358	

8.0 Financial Plan

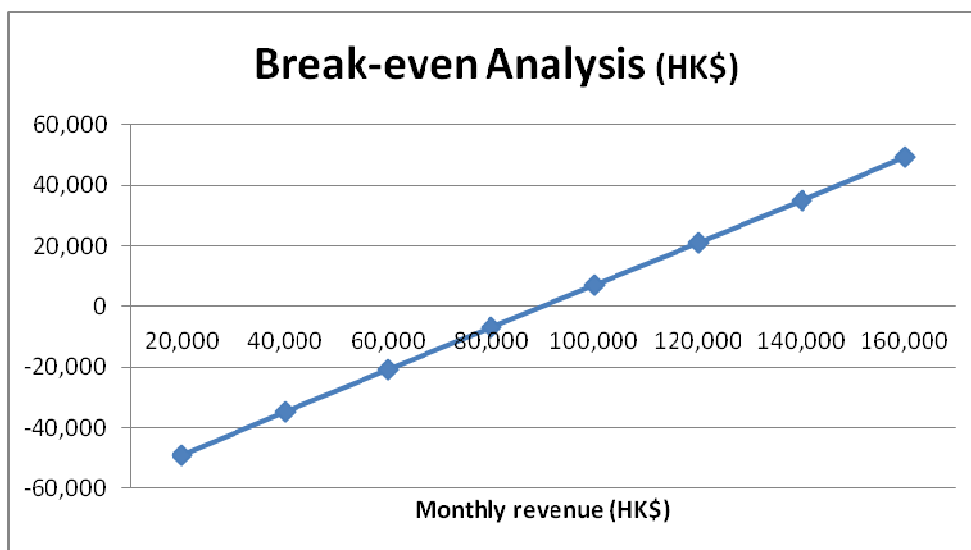
Start-up Funding

¹⁴ The Hong Kong Federation of Trade Unions

¹⁵ Recruit

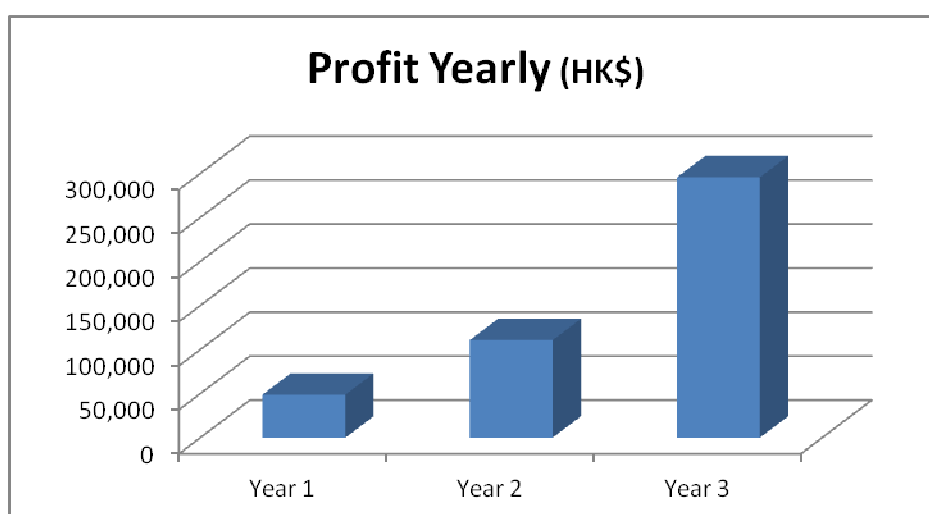
Vamburger will apply for the funding from Youth Business Hong Kong, which will provide us with a start-up funding of \$100,000.

8.1 Break-even Analysis



Break-even Analysis (HK\$)	
Monthly Revenue Break-even	\$89,771
Assumptions:	
Average Percent Variable Cost	30%
Estimated Monthly Fixed Cost	\$62,840

8.2 Projected Profit and Loss



Pro Forma Profit and Loss (HK\$)			
	Year 1	Year 2	Year 3
Sales	\$1,286,120	\$3,018,047	\$3,772,559
Less Cost of Sales	\$392,504	\$903,168	\$1,084,697
Gross Profit	\$893,616	\$2,114,879	\$2,687,862
Less Expenses:			
Salaries	\$514,080	\$1,318,925	\$1,645,358
Legal	\$7,070	\$7,070	-
Marketing	\$15,000	\$25,000	\$25,000
Utilities	\$60,000	\$120,000	\$120,000
Rent	\$240,000	\$513,600	\$549,552
Total Operating Expenses	\$836,150	\$1,984,595	\$2,339,910
Profit before tax	\$57,466	\$130,284	\$347,952
Less Taxation	\$8,620	\$19,543	\$52,193
Net Profit	\$48,846	\$110,741	\$295,759

8.3 Projected Cash Flow

Pro Forma Cash Flow (HK\$)			
	Year 1	Year 2	Year 3
Balance	\$59,830	\$197,997	\$371,137
Cash Sales	\$1,230,620	\$2,884,847	\$3,606,059
Add Accounts receivable	-	\$55,500	\$133,200
	\$1,290,450	\$3,138,344	\$4,110,396
Less Expenses:			
Cash Purchases	\$274,753	\$632,218	\$650,818
Other expenses	\$817,700	\$2,134,989	\$2,663,053
Subtotal cash expenditure	\$1,092,453	\$2,767,207	\$3,313,871
Net Cash Flow	\$138,167	\$173,140	\$262,701
Cash Balance	\$197,997	\$371,137	\$796,525

8.4 Projected Balance Sheet

Pro Forma Balance Sheet (HK\$)			
	Year 1	Year 2	Year 3
<i><u>Non-current assets</u></i>			
Furniture and fixtures	\$13,100	\$26,200	\$26,200
<i><u>Current assets</u></i>			
Accounts receivable	\$55,500	\$133,200	\$166,500
Cash	\$197,997	\$371,137	\$796,525
<i><u>Current liabilities</u></i>			
Accounts payable	\$117,751	\$270,950	\$433,879
	\$148,846	\$259,587	\$555,346
<i>Financed by:</i>			
Capital	\$100,000	\$148,846	\$259,587
Add Net profit for the year	\$48,846	\$110,741	\$295,759
	\$148,846	\$259,587	\$555,346

8.5 Business Ratios

Ratio Analysis (%)			
	Year 1	Year 2	Year 3
<i>Profitability ratios</i>			
Gross profit ratio	69.5	70.0	71.2
Net profit ratio	3.80	3.67	7.84
Expenses-sales ratio	65.0	65.8	62.0
Return on capital employed	39.3	54.2	72.6
Return on assets	32.8	42.7	53.3
<i>Liquidity ratios</i>			
Current ratio (times)	2	2	2
Accounts receivable turnover (times)	23	23	23
Accounts payable turnover (times)	3	3	2
<i>Solvency ratio</i>			
Debt ratio	44.2	51.1	43.9
<i>Management efficiency ratio</i>			
Asset turnover (times)	5	6	4

9.0 Corporate Social Responsibility

Vamburger believes fulfilling corporate social responsibility is a way to build up brand image and can generate long-term benefits. Furthermore, we would like to contribute to the society in six aspects:

Promotion of healthy eating habit through pricing strategy

Vamburger would like to spread the idea of healthy eating through its expansion of business, and we will facilitate this with a value-priced pricing strategy. As we set the price of our burger at around HK\$20 each, an affordable price for most teenagers.

Pricing promise to customers

As stated before, we sell our products at an affordable price for the low-income groups. To help the disadvantaged groups to grasp public support and to gather long-term customers, we have a pricing promise to customers that we will not increase the selling price of our products in the first 2 years. We believe this will not cause peril in our survival but in return we gain public support and trust. This pricing promise echoes to the promotion of healthy eating habit through value-priced strategy.

Caring Company

Vamburger will apply for Caring Company of The Hong Kong Council of Social Service. As stated in our personnel plan that our employees will only work for 36 hours per week on average, we offer good condition for our staff that Vamburger is indeed a “Family Friendly Employer” as well as a model to promote the “Work-Life Balance Policy”.

Coupons for charity organizations

We will send promotional coupons to various charity organizations, covering elderly, children and low-income groups. The coupons can be used to obtain free meals so as to reduce the cost in food spending and at the same time help spread Vamburger’s name to different groups of people.

Cooperation with youth organizations

We plan to cooperate with youth organizations, hold visit to our outlets and experience the work in front-line. In addition, youth organizations can refer to us youngsters who are not in employment, education or training (usually termed as non-engaged youth). We are glad to provide job opportunities for people who need help and support. As Vamburger builds a youthful image, teenagers will be a suitable choice as our front-line workers. We are confident in maintaining good services with our well-planned appraisal system.

Support to local businesses

As a business founded in Hong Kong, we would like to create a booming economy by having close cooperation and relationship with local businesses, such as our suppliers of organic resources.



Appendix

Market Research Summary

The market research of vegetarian hamburgers was conducted in March of 2012. Questionnaires were distributed through Facebook, and 105 of them were collected and they were valid. The questionnaire consists of 17 questions in three aspects: personal data, market research on “Vegetarian Burgers” and services and promotion.

To conclude, most of the teenagers (about between 12 and 20) are interested in vegetarian hamburger products of our firm and they are our target customers. In addition, the characteristic of our products are healthy and tasty, the choose-your-own-ingredients option of Vamburger can attract more customers. For the price, it should be set around \$20-\$22.

Apart from the products, outlets should be set up in MTR stations, taking into account whether the shop is large enough for dine-in and the cost of providing delivery service. Besides, creating an app can attract customers and bring convenience. This is the promotional highlight that Vamburger should consider emphasizing on. However, our firm should explore whether it is necessary to promote in other apps and in Facebook. Factors such as the most should be considered.

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