



# **The Palmado Restaurant Business Plan**

Name:

Professor:

Course:

Date:



# Part 1. Business Description, Vision, and Mission

## Legal Business Name

The name of the business will be The Palmado Restaurant. This is a Mexican type of restaurant

## Description of the Business

The Palmado Restaurant is a five star restaurant business that offers an assortment of the international menus to customers. It offers breakfast, lunch and evening meals, ranging from cold beverages to a whole set of meals. Besides, the restaurant will offer daytime conference services, cold and warm swimming pools, kids' fun facilities, such as the bouncing castles, and other world class entertainment services, such as musical performances from the established artists.

## Form of Business Ownership

This business will be a partnership between Mr. Fahad, Mr. Almolawi, and Mr. Mena. This form of business ownership was chosen due to some financial reasons: we want to make contributions that will be necessary to start the business.

## Location of the Business

The restaurant will be situated in Dubai, the United Arab Emirates. Particularly, the restaurant will be situated near the Dubai Coast beach where many people, local natives and tourists spend most of their luxury time. The restaurant will provide a perfect antique premise with air conditioning for people who look for meals or spend their day out.

## Vision

The Palmado Restaurant is a premier luxury five star restaurant that seeks nothing less than offering quality foods, luxury, aesthetics, and customer services to the esteemed customers.

### **Mission**

The Restaurant aims at offering calm setting for customers. The customers will be able to experience firsthand the tranquility of the Dubai Coast beach. Luxury, rest and quality, meals, as well as professional hospitality services will be a top priority for customers.

## **Part 2. Competitive Market Analysis**

### **Market Analysis**

#### **Assessment of the Competition**

The competition is likely to come from three restaurants: Splendido Restaurant, Blue Jade, and Lobby Lounge. The Splendido Restaurant's strength is in the specialization in Italian foods. The Blue Jade draws its strength from a specialization in Asian cuisines. The Lobby Lounge is known for its wonderful atmospheric meeting spot. The weakness with these three restaurants, however, is that they specialize in one or two main meals. Given that customers have different tastes and preferences; this should be an important consideration. The Palmado Restaurant will take full advantage of this weakness and offer a world class assortment of cuisines for every customer's desire, besides the Mexican cuisines

### **Business Strengths**

The Palmado Restaurant differentiates itself by personal service offerings and the general ambiance of the restaurant. The restaurant usually has a very nice sit-down breakfast, midmorning tea, lunch/evening tea, and dinner for their guests/customers. The Restaurant creates a home-kind of climate where



guests become temporary members of a larger family.

## **Anticipated Challenges**

The main challenges the Restaurant will likely face include: satisfying the demanding customer. Every customer can become a make or break experience. An overly demanding type of guest will bring a challenge to the Restaurant. Another challenge is in the guests' profiling. The need to know particular tastes and preferences is paramount so as to offer superior services. The final challenge lies in striking a balance between lowering costs while also aiming at increasing the revenues. The challenge will be identifying prices customers can appreciate while at the same time looking for means of increasing the sales revenues.

## **Planned Responses**

The Restaurant management has devised a strategy that will address these challenges. For the demanding customer, the Palmado staff will be trained to prioritize the guest/customer no matter what the circumstance may be. Information technology will prove useful solving the guest profiling hurdle, enabling the gathering and profiling of data for different guests/customers. For costs, the Restaurant will try to find the low cost suppliers through an open bidding process. The restaurant will offer high-cost, high-quality menus that customers will not mind the price, but quality.

## **Industry Profile**

### **Industry Description**

The Hotel industry is characterized by the high fixed costs that are increasing in every facet, and the incomes are variably changing. There are occasional fluctuations in demand for the services. The operating environment is increasingly difficult and competitive due to the increasingly number of interested parties who wish to open such kinds of businesses. The hiring of



staff is done proactively, especially with key positions, such as executive posts.

### **Opportunities and Threats**

The availability of international tourists visiting Dubai, especially at the islands beaches, presents a good opportunity. The industry also boasts a diverse topography. There is also great heritage providence by the restaurants, providing the tourist with a unique experience. Technological advancement enables the online presence, which is very beneficial to the industry.

Wherever there are opportunities, so are threats. The main threat is poor manpower training, which affects service rendering, and consequently, there are a lot of customers' complaints. Besides, economic downturns also pose a threat to the industry, especially the global economic crises, whenever they occur.

## **Part 3. The Management Team**

The Palmado Restaurant is a partnership business, which is owned by Mr. Fahad, Mr. Almolawi, and Mr. Mena. Mr. Fahad has a wide educational and professional experience. He previously worked at La Baie Lounge where he held a wide range of responsibilities. He has a degree in Hotel and Institution Management from Toronto University and the Master's degree in the same field from Middlesex University in England. He is the current Restaurant Chief Executive.

Mr. Almolawi has a degree in Business Administration from New York University. He has everything needed to succeed and will fulfill his duties. He recognized his passion over three years ago while working at Hilton Group of Hotels. He is the Director, Operations.

Mr. Mena has participated with others in developing businesses and

managing the Tourism Department for the government of Dubai. He has a degree in Accounting and Finance from Pretoria University, South Africa. His strategies, as well as practical experiences have given him an ideal skill-set required for operating the Palmado Restaurant. He is the Chief Accountant and Finance Officer.

Generally, the management style will be the democratic one, with open communication channels across the departments.

## Organization Chart

Owners		
Restaurant Manager		
Assistant Restaurant Manager		
Beverage Manager	Dining Room Manager	Executive Chef
Head Bartender	Host	Assistant Chef
Drink Runner	Server	Line Cooks
Busser		

## Business Goals

- Total annual revenue to exceed US \$ 50 million in 2014 and US \$.70 million in 2015
- Average US dollars per customer transaction to exceed US \$ 3,800 in 2014



- Exceed 50 leading restaurants in Dubai by 2016

## **Ethical Issues**

The ethical issues in the hotel industry deal with the going green concerns, the human rights, human resources treatment, hotel relationships, and diversity. For example, the extent through which hotels and restaurants in this case do to help the environment. An example is the conservation of water, gas, and electricity. The treatment of human rights, whether protected or violated, is another issue. Consequently, the Palmado Restaurant will keep to the following code of ethics in order to cater for the above issues: mutual respect and understanding between the staff and customers; protection of workers' rights, and environmental protection.

## **Social Responsibility**

The Palmado Restaurant has set up the following seven guides regarding Social Responsibility: Accountable organizational governance; Protection of human rights; Fair labour practices; Sensitivity towards the environment; Fair operating practices; Addressing consumers' issues; and Community involvement and development. All these guides will be anchored on the seven principles of social responsibility, which are accountability, ethical behaviour, respect for stakeholder interests, and respect for the rule of law, transparency, respect for international behaviour norms, and respect for human rights.

# **Part 4. The Marketing Plan**

## **Market Research**

The target markets for the Palmado Restaurant share most of the following characteristics:

- Ages between 25 and 90 who are visiting Dubai from any part of the world.
- Professional career, income over US \$ 300 or net worth over US \$ 30,000.
- Believe that experiences are as valuable as material things.



- Feel entitled to luxurious experiences due to their success and hard work.
- Guard free time jealously.
- Prefer high quality meals.

## **Product and Service Description**

The Palmado Restaurant provides two-star restaurant services: Full Board and Half Board Restaurant with a full complimentary morning and evening tea served to this category of visitors. The restaurant premises have a unique theme, embracing individuals who look for solitude and special Mexican cuisines.

## **Product Differentiation**

The Palmado Restaurant differentiates themselves by personal service offerings and the general ambiance of the Restaurant. Palmado's customers will not only look for a place to dine or eat but for the whole experience in staying in a lovely setting. The assortment of Mexican menus offered makes every customer who visits the restaurant feel well considered.

## **Pricing**

The Restaurant will adopt the market penetration pricing strategy as it looks to amass many customers. Therefore, it will offer slightly lower prices than other market players but will try to adjust this in accordance to the operational requirements.

## **Sales and Promotion**

### **Advertising**

The Restaurant will apply advertising using the internet, as well as the mass media devices, such as television. The website will be a complete source of information about the restaurant. The Restaurant will have a full-service website that allows the visitor to view it, read details about what it has to



offer, as well as provides information on activities. Also, it will allow the visitor to book a reservation. With advertising, masses of geographically dispersed buyers can be reached at a low cost per exposure and it enables the restaurant to repeat a message times.

## **Promotion**

The restaurant will adopt activities which will be intended to persuade a customer to buy services or products offered. Such will include Membership associations that will be used to drive in prospective customers. A large number of visitors will address the regional Palmado associations for information. Most associations publish a guide to the local Palmado, and the enchanted Palmado Restaurant will try to be in this guide.

## **Place (Distribution) Issues**

The Restaurant will offer most of its products and services in one central location, in Dubai. However, it may consider personal selling through the traditional travel agents as a way of ensuring that the products quickly reach prospective customers.

# **Part 5. The Financial Analysis**

## **Expected Revenue**

Revenue will be obtained by selling products and services to the customers. There will be the rates set for each product and service so as to reach a given level of the desired revenue. Service rates will vary from \$ 380 – 500 per day in the peak season. In the low season, prices will range from \$ 320 -450 for full board. These prices will be well managed to bring about the sales revenues for the Restaurant.

## **Cost of Doing Business**

The start-up costs will be \$8 00,000. This will be financed the partners themselves. Mr. Mena has contributed \$.200, 000 into the enterprise. The costs of the building totaled \$ 350,000. Mr. Almolawi and Mr. Fahad



purchased the land a year ago with the intent of opening the business. The remaining balance will be contributed in the ratio of 2:3:5.

## Income Statement and Balance Sheet

### *The Palmado Restaurant*

### *Pro-Forma Profit and Loss Statement*

Profit and Loss			
	Year 2014	Year 2015	Year 2016
	\$ "000"	\$ "000"	\$ "000"
Sales	341,830	376,013	413,614
Direct Cost of Sales	17,092	21,000	24,000
Other Costs of Sales	12,000	14,000	16,000
<b>Total Cost of Sales</b>	<b>29,092</b>	<b>35,000</b>	<b>40,000</b>
Gross Margin	312,739	341,013	373,614
Gross Margin %	91.49%	90.69%	90.33%
<b>Expenses</b>			
Payroll	105,000	117,000	119,000
Sales and Marketing and Other	12,000	14,000	16,000
<b>Expenses</b>			
Depreciation	0	0	0

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**Profit and Loss** (continuation)

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	Year 2014	Year 2015	Year 2016
Rent	48,000	48,000	48,000
Utilities	12,000	14,000	16,000
Insurance	6,000	7,000	8,000
Payroll Taxes	15,750	17,550	17,850
Other	12,000	3,000	0
<b>Total Operating Expenses</b>	<b>210,750</b>	<b>220,550</b>	<b>224,850</b>
Profit Before Interest and Taxes	101,989	120,463	148,764
EBITDA	101,989	120,463	148,764
Interest Expense	29,885	29,660	29,411
Taxes Incurred	20,188	25,425	33,618
Net Profit	51,916	65,378	85,736
Net Profit/Sales	15.19%	17.39%	20.73%

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*The Palmado Restaurant*  
*Pro-Forma Balance Sheet*

Balance Sheet			
	Year 2014	Year 2015	Year 2016
	\$ "000"	\$ "000"	\$ "000"
<b>Assets/Current Assets</b>			
Cash	64,959	121,732	202,692
Other Current Assets	10,000	10,000	10,000
<b>Total Current Assets</b>	<b>74,959</b>	<b>131,732</b>	<b>212,692</b>
<b>Long-term Assets</b>			
Long-term Assets	370,000	370,000	370,000
Accumulated Depreciation	0	0	0
<b>Total Long-term Assets</b>	<b>370,000</b>	<b>370,000</b>	<b>370,000</b>
<b>Total Assets</b>	<b>444,959</b>	<b>501,732</b>	<b>582,692</b>
Liabilities and Capital	Year 2011	Year 2012	Year 2013
<b>Current Liabilities</b>			
Accounts Payable	15,689	15,915	17,168
Current Borrowing	0	0	0

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**Balance Sheet** (continuation)

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Other Current Liabilities	0	0	0
Subtotal Current Liabilities	15,689	15,915	17,168
Long-term Liabilities	350,354	347,523	344,494
<b>Total Liabilities</b>	<b>366,043</b>	<b>363,438</b>	<b>361,662</b>
Paid-in Capital	65,000	65,000	65,000
Retained Earnings	(38,000)	7,916	70,294
Earnings	51,916	65,378	85,736
<b>Total Capital</b>	<b>78,916</b>	<b>138,294</b>	<b>221,030</b>
<b>Total Liabilities and Capital</b>	<b>444,959</b>	<b>501,732</b>	<b>582,692</b>
Net Worth	78,916	138,294	221,030