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### BarLee: Business Plan for an Urban Beer Garden

Marcella M. LaHara

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# **BarLee: Business Plan for an Urban Beer Garden**

A Capstone Project Submitted in Partial Fulfillment of the  
Requirements of the Renée Crown University Honors Program at  
Syracuse University

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and Renée Crown University Honors  
May 2013

Honors Capstone Project in Hospitality Management

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Stephen Kuusisto, Director

Date: [Current Date]

## **Abstract**

The development of a business plan is a requirement of all graduating seniors enrolled in the Hospitality Management program. The concepts and development of the businesses are extremely varied. In the particular case of BarLee, an urban beer garden, the idea came from a variety of sources.

BarLee's layout and format adheres to that outlined by the Small Business Association. The guideline for business development is a standard followed by all small business entrepreneurs. The style of the writing is in the form of a pitch to an investor. The investor may be a bank, in the form of small business loans, a private angel investor, or other sources of financial capital.

Some of the key components of the business plan are the financial all summarized in the text as well as showcased in the appendices. The appendices are to a certain extent more important than the written work because of the heavy importance placed upon financial forecasting. The financial forecasting shows the overall success of failure of a business based solely upon the number, known in business as the bottom line.

The successful completion of a business plan requires a variety of skills, including marketing, advertising, accounting, and human resources. The processes involved in the development of a food and beverage related business plan required the used of four years of academic knowledge as well as years of internship experience acquired over the duration of my college matriculation.

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## **Section 1.0 Business Overview**

### **1.1 Executive Summary**

BarLee is a limited liability corporation (L.L.C.) located at 500 Pike Place in Seattle, Washington. The business focuses on substantial commitments to the environment, creative approaches to brewing, and dedication to providing first rate service. Success will be measured not only financially but also by implementing guest satisfaction surveys. Without a happy clientele financial success is not possible. The owner will act as general manager and maintain a presence at the establishment in order to ensure all goals are being met.

The opportunities for BarLee are the ever-growing market of female beer drinkers and the demand for East Coast beers in the West Coast. As a result of many Seattle residents originating in other locales they demand beers from areas with which they are familiar, beers that are not readily available in the Seattle metropolitan area. There are voids in the market that need to be explored. BarLee addresses these needs, all while adhering to our commitment to the triple bottom line. The triple bottom line as defined by John Elkington is the commitment to financial, social, and environment sustainability. The triple bottom line takes into account the full “cost” of conducting business.

BarLee seeks to begin yielding comfortable profits at the end of year three.

BarLee has a projected income of \$37,397.18 at the end of year three and a projected net income of \$ 281,188.89 by end of year five. BarLee will maintain financially conservative in order to follow our growth model and expand to different locations. The goal is two have developed two locations, including 500 Pike Place, within a seven-year period.

### **1.2 Mission Statement**

BarLee strives to be the top rated beer garden and exceed our customer's expectations. We plan on yielding success that will allow for continued development in future locations.

BarLee aims to provide superior guest service. We strive to provide quality brews from local breweries, and imports from all around country and all around the world. Our goal is to have vast selections of specialty brews, provide quality service, and execute great quality food.

The key to BarLee's success is established by a strong management team with knowledge of the food and beverage industry, an on-sight brewmaster whom will provide specialty brews, and front of the house staff that is committed to serving patrons in an efficient and welcoming manner. We strive to be the place where



people come to relax with friends, unwind after a long day, and enjoy great beer and great food. We aim to create memories.

### **1.3 Vision Statement**

BarLee is dedicated to providing our guest with a diverse assortment of brews found regionally, nationally, and internationally. BarLee will do so while adhering to our commitment to the triple bottom line. Our patrons are our priority.

### **1.4 Business Model**

Structured as an L.L.C., BarLee will enable limited ownership liability, similar to that of a corporation. However, the internal tax structure will be organized as a sole proprietorship as a result of the L.L.C. designation. BarLee is an urban beer garden, with many of its concepts modeled after traditional German beer gardens. We offer a vast selection of beers, with a rotating selection of beers brewed in-house by our brewmaster. Our in-house brewery aims to produce between 3,500BBL (108,500 gallons) to 4,000BBL (124,000 gallons) per year. In order to achieve this, we will utilize a 30-barrel system and produce between 1.5-2 brews per week, based on a 50 week brewing year. While beer sales in our highest revenue generator, BarLee will also offer a limited food menu. This type of beer to food ratio is found in the traditional beer garden model. Approximately 88% of total sales are generated from beer sales alone, and roughly 10% from food sales. The remaining 2% come from miscellaneous revenue. The same food menu will be offered to guest regardless of time and day of the week. The kitchen

will operate from open to close, while this will influence labor costs it will be another point of differentiation from our competition. The food selections are based on local ingredients and products. While we may add and remove items from the menu based on popularity and menu mix some items will remain constant. In addition to food and beverage BarLee will also feature local artist for live entertainment, while we will not have live performers daily, we strive to offer this to patrons on a weekly to biweekly basis.

### **1.5 Opportunity**

BarLee is an establishment much different from others in the Seattle metropolitan area. We offer niche beers that are difficult to find in the greater Seattle, Pacific Northwest region. East Coast beers are nearly impossible to find in Seattle, an area with a large population of east coast natives. By providing these beers we will differentiate ourselves from the competition. Another way in which we differentiate ourselves from the competition is by targeting an untouched segment of the demographic, women. “Overall, women represent one-quarter of U.S. beer consumption by volume” (Clarke, 2012). According to the director of the Brewers Association, Paul Gatza, there has been a “steady growth in female attendance at craft beer events like the Great American Beer Festival” (Clarke, 2012). This information along with additional research suggests targeting the female demographic would yield lucrative return. BarLee will be successful because of the skills of our staff and understanding of our guest’s needs. One area to which we are committed is the triple bottom line. BarLee creates opportunity in

the competitive market by providing guests with unique brew selection, delicious food, and excellent service. We do this while remaining true to economic sustainability, community sustainability, and environmental sustainability.

## **1.6 Licenses**

Like all states, Washington requires liquor licenses for retail and non-retail outlets. According to the Washington State Liquor Control Board restaurants, clubs, and taverns fall into the retail category for liquor licenses and non-retail license types include breweries. Therefore, BarLee will be required to hold retail and non-retail license types. An applicant must complete a Business License Application even if you already have a business license, along with a Liquor Control Board Addendum (Washington Liquor Control Board, WLCB). Square footage requirements apply however, they are not applicable in BarLee's case. The costs for the licenses are listed in the appendix in section A-1. The costs are factored into the pro forma for costing and forecasting purposes. BarLee is also required to obtain a food services operator permit through the Seattle and King County Public Health Department. This is a three-step program that focuses on a various areas of the business. The first step is a checklist covering every area of business, the second step is an application for review by the department of public health, and the final step is applying for a food service business permit. Step three occurs after your business plan has been approved by a plans examiner, which occurs in step two (Public Health Department, Seattle & King County). The equipment plans, and equipment guidelines can be found in appendix section A-2. It will also be a requirement that the front of the house of the house manager,

executive chef/ back of the house manager obtain ServeSafe certifications. The front of the house manager and bar staff will also be required to receive alcohol training programs including, but not limited to, ServeSafe Alcohol Training and Certifications. This will help reduce the liability involved with running a food and beverage establishment. Training is the best way to educate employees, which is important the successful operations of BarLee.

## **Section 2.0 Company Summary**

### **2.1 Company Ownership**

Marcella LaHara is the sole proprietor of BarLee. She will seek small business loans to cover start-up costs required to establish the business. The financing structure and start-up costs will be covered in further detail in section seven. She is a graduate from the Hospitality Management at Syracuse University with a minor in Real Estate from the Martin J. Whitman School of Management. Her primary experience has been in property management. Marcella has guest service and staffing experience at Hyatt Regency Chesapeake Bay. As well as operations and guest service experience from Eagle Rock Resort located in Hazle Township, Pennsylvania. At Eagle Rock Resort her experience is within the lodging operations as well as their food and beverage outlet, The Clubhouse Restaurant. Her focus within real estate has been in development. With her background she has developed a strong understanding of financing for real estate structures. This is advantageous when looking for sites for BarLee. Her knowledge of tenant lease agreements will be an asset to BarLee's development plan. Real estate knowledge coupled with her solid education in hospitality and her experience in hotel and restaurant operations have provided her with key skills required to operate a successful food and beverage establishment. Additionally, Marcella is Servsafe®

certified and has certification in menu marketing by The National Restaurant Association. She has worked with executive chefs in varying capacities and served in leadership positions of differing capacities. Marcella will own and operate the establishment with a management team as described in detail in section 6.2. Her resume can be found in appendix section B-1.

## **2.2 Start-Up Plan**

The business is on a six-month development start-up trajectory. Below please find the basic outline of the start-up plan.

Completion of business plan: May 7, 2013

- Marketing
- Financials
- Promotions
- Sales Strategies

Acquisition of loans: Mid June, 2013

Renovations/Installations: June, 2013

- Check utilities
- Arrange equipment delivery

Employee Recruitment/hiring begins: Late June, 2013

- Payroll Accounts
- Prepare press release/advertising

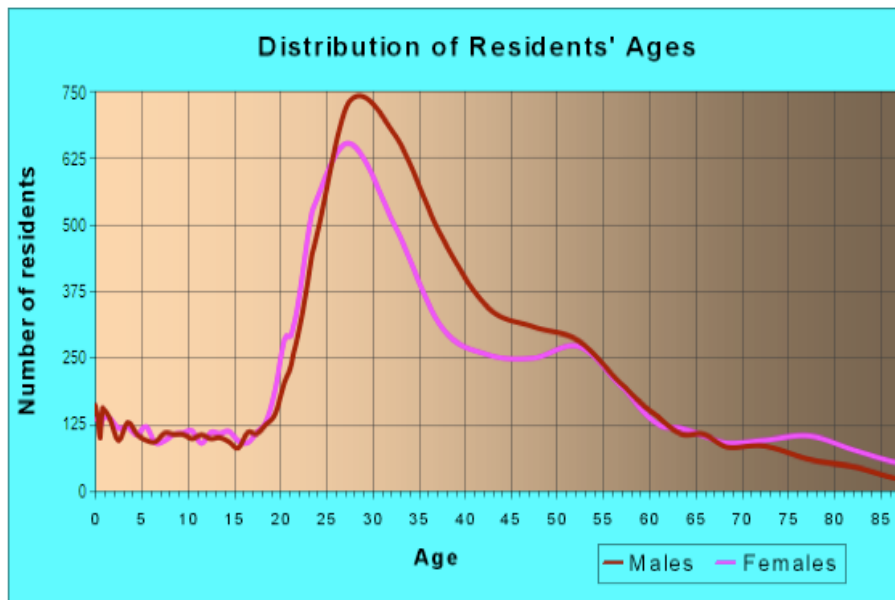
Grand opening: October 2013, in time for Oktoberfest, a traditional German beer festival.

### **2.3 Location**

The location of BarLee is the Greenus Building, located on 500 E. Pike Street Seattle Washington 98122. This building is located in the Capitol Hill/First Hill market area. The Capitol Hill/First Hill neighborhood is 5.863 square miles and yet contains a population of 40,078 people (Capitol Hill City Data) and is located just east of the city's central business district. "Capitol Hill is the most densely populated residential district in Seattle, Washington. It is the center of the city's gay and counterculture communities, and is one of the city's most prominent nightlife and entertainment districts" (Goldstar National). The population density is 6,836 people per square mile, which is higher than that of the greater Seattle area, which has a population density of 6,717 people per square mile (Capitol Hill City Data). As represented by the graph below, the neighborhood in which BarLee is located is populated in majority by the target age demographic. The primary age demographic that BarLee seeks to capture is the 24-45 year old age bracket. "Seattle's Capitol Hill neighborhood is home to a vast array of music venues, bars, and clubs, as well as thousands of young, single people who frequent these places" (Seattle, Washington, HottBlock). The graph below 2.3a, indicates that a majority of Capitol Hill's residents are between the ages of 21-45. The median age of males in Capitol Hill is 35.8 and females 36.9 (Capitol Hill City Data). Image 2.3b below shows the comparison of median ages in Capitol

Hill and the Greater Seattle Area. The median age in the city and the neighborhood are good indicators that the target age for BarLee’s clientele and the majority of the population coincide with one another. Also depicted below, in graphic 2.3c is the gender distribution by age of Seattle residents.

Graphic 2.3a: Graph is courtesy of Seattle City Data, it show the distribution of residents age within the Capitol Hill neighborhood.

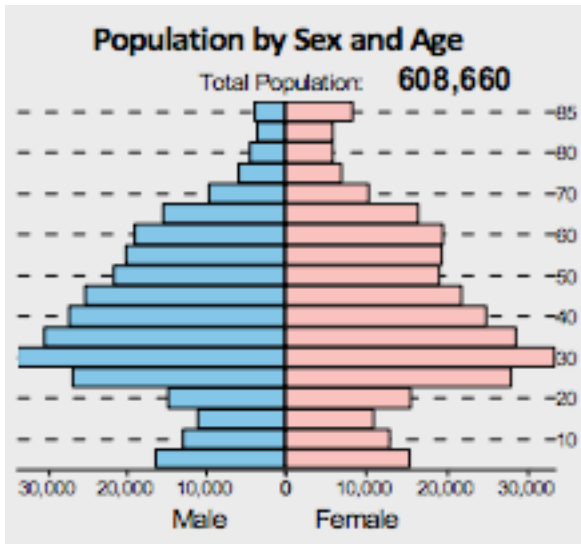


Graphic 2.3b: Graph is courtesy of Seattle City Data, showing the comparison of median ages between males and females in Seattle (shown in green) and Capitol Hill (shown in purple).





Graphic 2.3c: This graph shows the gender distribution and age in the city of Seattle. Image courtesy Seattle City Data.



## 2.4 Facilities

Currently the Greenus building is not LEED certified or Energy Star Certified. These are very important certifications currently being explored by the the property owner. This will be an important stipulation decided upon before signing the lease. The total building square footage is 24,476. Greenus is a three-floor building, which was originally constructed in 1924 and was renovated in 1987. Like previously mentioned the property owner is currently in the process of making building upgrades in order to meet the current LEED certification requirements. The lease price is \$35.00 a square foot and the building has 5,163 square feet available for leas. All of the available square footage is located on the first floor. BarLee with operate under a triple net lease, the total lease cost will be \$180,705 annually. The broker listing is available in appendix B-2.

## **Section 3.0 Products and Services**

### **3.1 Product and Service Description**

Seattle is the largest city in the Pacific Northwest. As of 2011 estimates, the population of Seattle is 620,778 and the population of Washington is 6,823,267 (Seattle Census Bureau). Ranking as the fifteenth largest metropolitan area in the United States, Seattle is a major coastal seaport. The surrounding municipalities are Shoreline, Lake Forest Park, Mercer Island, Renton, Tukwila, Vashon Island, Puget Sound, and Bainbridge Island. The median age for Seattle residents is 36.1 years and the median age in Washington is 46.6 years old (Seattle City Data).

BarLee, although similar it will differ from other brewpubs in that the primary focus of BarLee will be the draught and beer selection, with a very limited food menu. Therefore it will be positioned as a beer garden and not a brewpub. The way in which it will differentiate itself will be by elevating the atmosphere from a traditional beer garden to a beer garden with a modern flair. Although BarLee will be competing for the same target market as our competitors, the way in which BarLee will segment our audience is by our commitment to sustainability and marketing geared toward the female demographic. While BarLee will also market towards male clientele it will develop draughts geared towards women beer

drinkers. The establishment's unique focus on sustainability will not only be beneficial to the environment but will also target environmentally conscious patrons.

Seattle has a thriving and colorful musical and cultural history. This is something that correlates with the energy of the city and the proposed atmosphere at BarLee. The products offered at BarLee will focus on the local ingredients found in the Washington and Oregon area. The main emphasis on products will be obtaining the highest quality local ingredients in order to adhere to our commitment to sustainability.

Our food menu and beer inventory can be found in the appendix in section C. Please see section C-1 for BarLee's completed beverage inventory selection and section C-2 for the domestic and import beer selection. The beer inventory will vary weekly, the list in the appendix shows any of the number of possible brews BarLee will have on a given month. While, we will have rotating taps we will also offer permanent draught that will not rotate out monthly. These brews will be determined through popularity assessments. This list is not inclusive of the house brews created by our Brewmaster and his or her staff.

BarLee's hours of operation will differ from weekdays to weekend. The competitor's hours of operations have impacted the hours of operation established by BarLee.

Table 3.1.a: This table shows the hours of operation at BarLee

<b>Hours of Operation</b>	
Sunday—Wednesday	4pm—1am
Thursday—Saturday	3pm—2am

### **3.2 Competitive Comparison**

The primary competitors are Naked City Brewery & Taphouse, Fremont Brewing, Two Beers Brewing Company, and Über Tavern. Each competitor has specific services and offers distinct products that can compete with BarLee. All of the competitors identified offer a wide array of brews that are threats to our product however there are areas for potential differentiation.

Naked City Brewery & Taphouse offers an extensive beer menu and a limited food menu. Their beers have won numerous awards including 2012—Hopvine Best of the West IPA Fest, 1<sup>st</sup> Place Washington IPA for Brute Force, and 2012—Phinney Neighborhood Association Winter Beer Fest, People's Choice Award for Kentucky Dude (Naked City Beer). They have 24 rotating taps that feature house beers and guest beers. Naked City features close to a dozen guest beers from local, regional and international brewers. In addition to tap selections there are also bottled beers in gluten-free and non-alcoholic varieties (Naked City Beer).

As previously mention Naked City also offers a food menu. Naked City specializes in American Comfort Food with fresh, seasonal, and local ingredients

attempting to utilize beer whenever possible. They also offer an array of healthy options for lunch and dinner (Naked City Food). Naked City prides themselves on supporting independent family owned local business and buying the freshest ingredients possible (Naked City Food). The hours of operation for Naked City Brewery & Taphouse are as follows:

Table 3.2a: Naked City Brewery & Taphouse hours of operation, obtained from company website.

<b>Hours of Operation</b>	
Monday—Tuesday	3pm—12am
Wednesday—Thursday, Sunday	12pm—12am
Friday—Saturday	12pm—1am

As indicated by their menu and by their hours of operation Naked City Brewery & Taphouse operates for lunch on Wednesday through Saturday. BarLee will also operate during the day but will not cater to the same lunchtime business clientele as Naked City Brewery & Taphouse.

Fremont Brewing is more of a brewery, or beer garden than brewpub. So much so that they do not offer food at their establishment. The Fremont Brewing Company is a small family owned brewery and urban beer garden that uses “the best local ingredients [they] can find.” “[They] use barley from Washington State, hops from a 4th generation hop-growing family in the Yakima Valley and water from the Cedar River Watershed in the Cascade Mountains” (Fremont Brewing). In addition to the brews available at the beer garden, *Fremont Brewing Company* also distributes their brews to local bottle shops and grocery stores. As previously

mentioned, no food is sold at Fremont Brewing Company. Their hours of operation are listed below. As indicated by the table, they do not cater to nightlife, but rather the early evening clientele. Fremont Brewing is child and pet friendly. Beer as opposed to atmosphere is their primary focus.

Table 3.2b: Fremont Brewing Company's hours of operation as indicated by their company website.

<b>Hours of Operation</b>	
Monday, Tuesday, and Wednesday	11am—7pm
Thursday—Saturday	11am—8pm
Sunday	11am—6pm

Two Beers Brewing Company “produces twelve beers available on draught including five year-round, seven seasonal and a host of intricate infusions. With a strong belief in supporting the local economy, Two Beers Brewing takes pride in using Washington ingredients to create all of its handcrafted beers” (Two Beers Brewing). Their beers come in bottle and can form and are brewed based on seasonality with the exception of a few brews that are produced year round. The beers that are brewed year round are 20:20 Blonde Ale, Evolutionary IPA, Immersion Amber, Persnickety Pale, and SoDo Brown (Two Beers Brewing). The hours of operation of Two Beers Brewing Company's tasting room is listed below. They operate under very limited hours and therefore do not pose a direct threat to the nightlife aspect of business posed by BarLee.

Table 3.2c: Two Beers Brewing Company's hours of operation as indicated by their company website.

<b>Hours of Operation</b>	
Tuesday—Friday	3pm—8pm
Saturday	1pm—6pm
Sunday	Closed

Über Tavern offers customers kegs to go, bottles, and a fairly extensive draught selection. They do not offer a food menu. While they offer a bar atmosphere, they also have an extensive retail business that sells a variety of kegs, and bottles. Über Tavern runs many specials on kegs and bottles. They also partner with countless breweries in the United States, and breweries around the world, including but not limited to breweries in Italy, Belgium, and Australia. Über Tavern does not brew their own draughts. They do however stock Two Beers Brewing Company's brews and many other draught from local, national, and international brewers.

Table 3.2d: This table shows the hours of operation at Über Tavern. This information was obtained from their company website.

<b>Hours of Operation</b>	
Monday—Thursday	4pm—2am
Friday and Saturday	12pm—2am
Sunday	3pm—Close

### **3.3 Sourcing and Fulfillment**

BarLee's general manager/owner will be responsible for overseeing the purchasing of the front of the house supplies. Please see section 6.3 for further detail on the general managers responsibilities. BarLee aims to fulfill our inventory from local suppliers however there will also be inventory received from national and international vendors. Business will be conducted with these distant vendors in order to provide a variety of brews. The delivery schedule will vary based on purveyors and the distribution patterns of the selected vendors.

### **3.4 Technology**

The technology utilized at BarLee is a variety of sale software, brewing equipment, and kitchen equipment. It is important for BarLee to make use of user-friendly technology. The brewing technology will be sourced through Portland Kettle Works. Not only is Portland Kettle Works a leader in professional brewing equipment, but also they are located in Portland, Oregon and are in close proximity to BarLee. Additional information about the estimated cost of the brewery equipment can be found on the income statement is E-4 of the appendix. The point of sale system (POS) used at BarLee will be provided by MICROS Systems. The MICROS POS systems provided by MICROS is not simply a cash register, but a whole enterprise solution with options for front-of-house management, back-office applications, restaurant and enterprise operations, and providing the best possible customer experience. Some of the benefits of utilizing MICROS include improved operational efficiency, improved enterprise business intelligence and decision support, increased customer satisfaction and loyalty,



fewer overhead expenses, and increased revenue. Implementing an effective POS system will make the daily operations more efficient and more effective.

### **3.5 Future Products and Services**

The initial concept of BarLee is rather basic, however there are many ways in which the company can grow. At inception, BarLee will offer between 25-30 different brews, a combination of house and imported guest brews. In addition to our beverage selection we will also have a limited menu, which offers modern, local pub style food, with a healthy twist. Ways in which BarLee sees future growth and product offerings is by adding additional draught, adding menu items, offering venue rental, and participating in local beer festivals and brewing competitions. As BarLee encounters growth it will adjust to meet the needs of our guests. It is important that we do not remain stagnant. Because a primary objective of our company is to focus on the local economy and local food, many of our menu items will be seasonal, and by definition, seasonal items change based on crop harvest.

With that being said, BarLee will utilize local ingredients to its fullest potential. However, BarLee will also occasionally have to source ingredients that are not always readily available in the Pacific Northwest. These ingredients will be utilized on the menu as staple items that will prove beneficial to our menu engineering. The menu, like previously mentioned will undergo revisions and additions as part of our growth plan. A prime example of how this will be implemented is the development of new in-house brews. As new brews are

created by our brewmasters the executive chef will develop ways to incorporate the beers into the food. The results, if successful, will be featured on the menu.

Another area in which BarLee sees potential growth in the future is to offer additional services to our customers. BarLee is open seven days a week, with varying hours based on the day of the week. There can be market growth potential by offering space rental for events during the hours we are closed to normal operations. Initially the space would only be offered for space rental. BarLee would not offer catering immediately, only beer to guests who rented the space. This would allow BarLee to increase total revenue while keeping overhead expenses low.

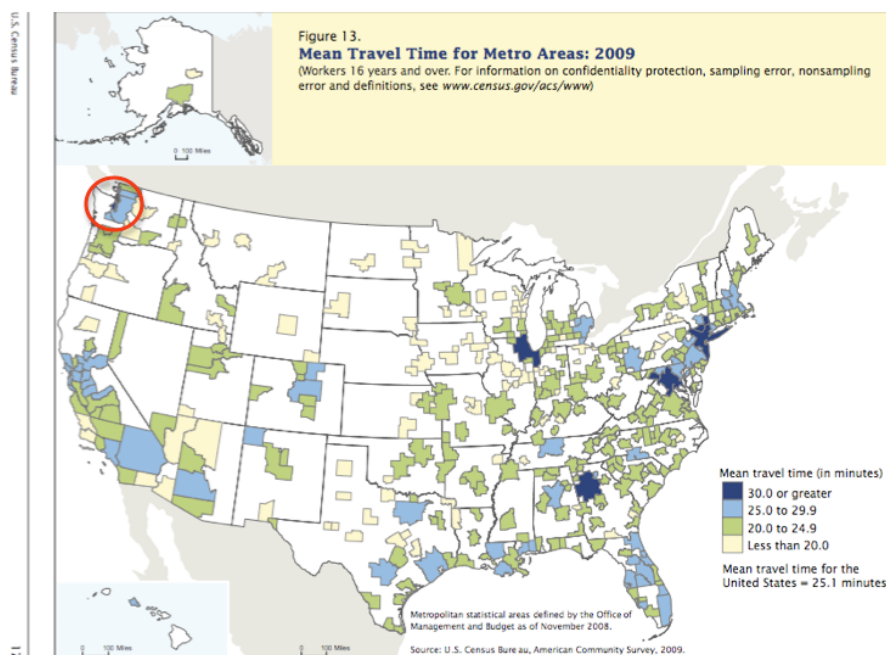
A fourth way in which BarLee can explore future products and services is by entering local competitions which will help strengthen the the brand reputation and, if successful in competition, will be an indecator of quality. It will also help increase positive publicity when our beers do well in competition. Local competition is a great way to support the community and increase name notariety. Some of the local brewing competitions and beer festivals are Seattle International Beerfest, Winter Beer Fest and Belgianfest. These competitions attracted brewers from all around the Pacific Northwest. While there is a fee associated with entering these brewing compeititions, they are a worthwhile way in which to expand and grow BarLee in the future. Ideally entrence into the brewing festivals would occur within a year from opening.

**Section 4.0 Market Analysis Summary**

#### 4.1 Market Segmentation

The estimated population of Seattle in 2012 was 616,500 (Seattle Population & Demographics). The primary segmentation for BarLee will focus on age and geographical location in relation to the centralized location to the establishment. It is our objective to narrow down the broad market to more specific consumer groups in order to identify common needs and focus our marketing, advertisements, and promotions to a specific sector of the market. According to the US Census Bureau, the average commute time in the Seattle Washington metro area is 25 to 30 minutes (McKenzie, Brian, and Rapino). This along with other information was used to help determine the geographic market for BarLee's customer base. The map below shows the commuter distance reported by the United States Census Bureau. The circled area in red is the general location of BarLee.

Graphic 4.1a: This image is courtesy of the U.S. Census Bureau; the map indicated mean travel times in varying locales. The area of interest, the Seattle Metropolitan area is circled in red. The average commute time is between



BarLee’s primary target market is men and women within the mean travel time distance from the location. The mean travel time in the market is 25.0 to 29.9 minutes according to the U.S. Census Bureau.

Another way in which BarLee will segment the market is by focusing some marketing towards tourist business. “Seattle, the emerald of the Pacific Northwest, attracts travelers during all four seasons. Summer brings over 15 hours of daylight, rain-free months and high prices” (Locsin). There are a number of statistics that support the economic growth available through marketing to the tourist demographic. According to the Seattle Visitors Bureau, “In 2012, 10.2 million visitors spent \$5.9 billion in Seattle and King County, contributing \$479 million in state and local tax revenues.” (Visitor Statistics). The spending generated from outside dollars circulates into the economy. “Direct visitor spending benefits hotels, retailers, restaurants, attractions, transportation services and other

businesses, and supports jobs for more than 53,500 people in the Seattle region” (Visitor Statistics).

The market segmentation of men and women is discussed further in section 4.2, which is listed below.

#### **4.2 Market Segmentation Strategy**

It is critical to develop a market segmentation strategy in order to divide the market into units that identify specific groups and demographics needs. There are several strategies that can be implemented to segment the market, such as psychological segmentation, geographic segmentation, demographic segmentation, or behavioral segmentation.

Seattle is located on the shore of Elliott Bay and the snowy peaks of Mount Rainier. Historically it is a very eclectic city, filled with charm, coffeeshops, good restaurants, and engaging clubs (Seattle, Washington). It is important to understand the social climate of an area in order to determine whether or not BarLee will be met with success in the designated area. “Capitol Hill is the epitome of 21st century Seattle: young, high-tech, and culturally adventurous. It's the epicenter of coffee culture, home to clubs that spawned the grunge movement, and the site of some of Seattle's biggest events, like Block Party and the Pride Parade” (Williams, Capitol Hill). As a result of the resident distribution and industry within the area, many of the current inhabitants of Capitol Hill area are not native to the area.

a. Social

“Capitol Hill has about 25,000 residents. The median age is 32 and there are very few children. Over half of residents have a bachelor's degree or higher. The vast majority of residents were born out of state” (Williams, Capitol Hill). BarLee aims to mirror the ambiance that is synonymous with Seattle, while still maintaining unique individuality. The primary target market is people within the greater Seattle area between the ages of 24-45. BarLee will welcome all guests over the age of 21 as well as guests beyond the age of 45, however when segmenting our market we will focus on the specific age group mentioned above.

The estimated population of Seattle in 2012 was 616,500 (Seattle Population & Demographics). As of the 2010 Census the population of Seattle was 608,660. This is a population increase of 8% from the 2000 Census (Seattle Population & Demographics). Seattle sits in King County and is the most populated city in the county (Seattle Population & Demographics). “Seattle is the 23rd most populous city in the nation, and is the hub of Seattle-Tacoma-Bellevue Metro Area, which is the 15th most populous metro area in the nation” (Seattle Population & Demographics). Another metric that was used to assess the optimal location for BarLee is crime rates within the area. Guest safety is of utmost concern; therefore determining a location with low crime rate is also an important consideration.

The level of education in Seattle is slightly higher than that of many other competing cities. Adults with high levels of education have higher levels of

disposable income and can spend more on dining and drinking. The image below contains the level of education attained by residents that reside in Seattle.

Graphic 4.2a: This chart was obtained from the U.S. Census Bureau, showing the level of education amongst Seattle residents.

## Education

Persons over 25, a comparison of major U.S. cities; percentage completing:

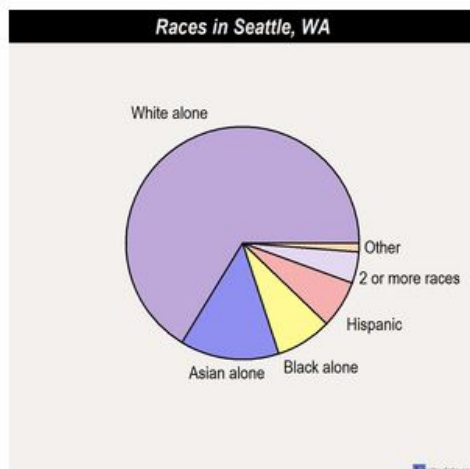
	<b>BA or Higher</b>	<b>High School</b>	<b>English Not Spoken at Home</b>
<b>Seattle</b>	<b>56.0</b>	<b>92.5</b>	<b>20.8</b>
San Francisco	52.0	85.9	44.2
Washington, DC	48.5	87.1	12.6
Boston	44.7	85.5	33.6
Denver	40.3	84.3	25.6
New York	34.0	79.2	47.5
Chicago	33.1	80.3	34.3
Los Angeles	30.3	73.6	60.5
Miami	22.3	68.6	77.1
Detroit	12.4	77.0	11.3

Source: U.S. Census Bureau, 2009 American Community Survey

Below is the breakdown of population by race. Familiarity of the race distribution within the Seattle area was used to evaluate the ways in which advertising campaigns to utilize. Different forms of advertising and promotions appeal to different demographics.

Graphic 4.2b: Population distribution in Seattle by race, graphic obtained from City-Data.com.





- White alone - 403,578 (66.3%)
- Asian alone - 83,537 (13.7%)
- Black alone - 47,113 (7.7%)
- Hispanic - 40,329 (6.6%)
- Two or more races - 26,512 (4.4%)
- American Indian alone - 3,881 (0.6%)
- Native Hawaiian and Other Pacific Islander alone - 2,246 (0.4%)
- Other race alone - 1,464 (0.2%)

## b. Economic

Other factors that were considered when determining the market segmentation strategy were the economic segmentation of the area. The average cost at BarLee's competitors are all in the moderately priced category according to Yelp.com, a designation of moderately. Below are some key metrics obtained from the Seattle Department of Planning and Development.

Graphic 4.2c: The Seattle employment information obtained by 2010 estimates.

### Seattle employment information

Index	Seattle	Washington	National
Income per capita	\$40,868	\$27,620	\$25,804
Median household income	\$60,665	\$59,289	\$52,328
Median household income owner occupied	\$83,472	\$68,176	\$63,664
Median household income renter occupied	\$40,023	\$39,539	\$35,685
Median earnings male	\$38,458	\$41,490	\$38,921
Median earnings female	\$30,670	\$22,987	\$23,115
Unemployment rate (2000)	5.1%	5.0%	4.0%
Unemployment rate (2010)	6.3%	8.9%	9.5%
Unemployment rate (2012)	7.8%	8.5%	8.3%
Poverty level	11.8%	11.0%	12.3%

The data is based upon 2010 estimates.

Graphic 4.2d: This information was obtained from the census bureau, it highlight key demographic information.

#### Some Highlights from Census 2010

- Population: 608,660
- Population age 18+: 515,147 (84.6%)
- Population under 18: 93,513 (15.4%)
- Population who are persons of color: 205,082 (33.7%)
- Housing Units: 308,516
- Owner-occupied: 136,362 (48.1%)
- Renter-occupied: 147,148 (51.9%)
- Vacant Housing Units: 25,006 (8.1%)
- Households: 283,510
- Average Household Size: 2.06
- Average Family size: 2.87

#### Additional Demographics and Housing Characteristics from the 2006-2010 American Community Survey:

- Median household income: \$60,665
- Percent population below poverty level: 12.7%
- Median gross rent: \$958
- Percent population 25 years with a college degree: 61.9%
- Percent workers commuting by transit, carpool, biking or walking: 41.2%

### 4.2.1 Brand Identity

BarLee is a place where you come for drinks with your friends, meet new people from around the area, or a place to go on a first date. BarLee has an urban atmosphere that is embedded with naturalistic elements, which make it undeniably “Seattle”. It is a modern beer garden the is inviting and welcoming to all guests over the age of 21. The name selected is a key component of the brand identity. BarLee emphasizes both the bar aspect of the establishment while the play on the word “barley”, calls attention to the brewing which occurs on site. Obviously barley is a main ingredient in beers, which is denoted by the name. The second portion of the name BarLee, “Lee” being capitalized is a name, which

reflects something very important to the owner. The name of this establishment helps to not only capture the essence of the brand but also makes for a very identifiable name, which will start conversation, it will be memorable. The colors and style utilized in the logo, which can be found in appendix section D-1, evoke the ambiance that BarLee wishes to project to its target market. The color in the logo, green, was selected for a number of reasons. Using green as part of our branding speaks to the garden concept in our beer garden, the fact that it is located in Seattle, which is known as “The Emerald City”, another reason why green was selected is because of the emphasis placed on sustainability on BarLee’s business plan.

#### **4.2.2 Market Needs**

There are nearly 50 breweries/taverns/brewpubs/beer gardens within the Seattle and King County area registered with the Washington Beer Commission. Many of the 50 registered establishments are classified as breweries; they do not offer food. Several of the other registered establishments offer much more extensive food menus than that offered at BarLee. Because of the quantity of food offered, those establishments would be categorized as brewpubs and or taverns. Additionally, because of their positioning as a restaurant their hours also leave a void for quality food and drinks late night. The market needs a modern yet casual establishment where patrons can socialize with friends, enjoy some local food, and enjoy great beer while taking pride in the fact that they are patronizing a green, sustainable business. Other establishments also do not cater to the needs

and desires of female beer drinkers. BarLee, while similar to other establishments, fills voids left in the market that has been created by other beer gardens that neglect to cater to the nighttime needs of the area residents.

Also, many of these establishments neglect to maximize outdoor space potential, which is key to the success of business in the area. Another void, which persists in the market, is the lack of live music. This is a great way to promote local artist and continue the mission of local community growth and support. While it is important to BarLee to offer the best of what the Pacific Northwest has to offer, many people in the Seattle area are transplants from the East Coast. According to Forbes magazine, Seattle ranks ninth on the list of cities with highest migration gains for 2010-2011 (Kotkin, 2012). After talking to residents in the area that are from the East Coast and researching the menus of competitors it was obvious to that there is a shortage of East Coast beers. Many of the residents from the east coast now reside in the area, because of the major corporations, such as Boeing, Amazon.com, Starbucks, etc. miss the beers that the east coast has to offer. As an east coast native owning BarLee, there is a new perspective being offered, bring some of the best beers the east coast has to offer to Seattle, while still honoring local products. BarLee aims to fill the voids in the market and meet the needs of Seattle's consumers.

#### **4.2.3 Market Trends**

As a result of the popularity of micro brewing and craft beers in the U.S. there are many market trends of which BarLee has been observant. BarLee has found ways in which to integrate the trends into a sustainable business plan.

- Six packs are a packaging style of the past; growlers are the new means of selling beer-to-go.

Forget about picking up a six-pack of something without knowing what it is or if you're going to like it. Retailers across the country are adding tap bars, allowing patrons to sample beers on draft before filling up a growler to take home. The concept promotes recycling, thanks to the refillable growler (the standard size is typically 32 or 64 ounces). It also encourages people to sample beers in a setting where sales associates can educate consumers about the style of beer and the brewery, and offer food-pairing advice (Buzzeo, 2012).

- Collaboration and shared success are in practice within the industry.

There's a sense of camaraderie in the brewing industry, and many brew masters believe that a success for one is a success for all. Brewers are sharing ideas and working together to create special limited-edition beers that are often the result of friendly visits or hang-out sessions. Many domestic craft brewers have even taken the concept international, working with brewing superstars in places like Scotland, Italy and New Zealand. Given the novelty of

these selections and the elite participants, these beers are always worth trying (Buzzeo, 2012).

- Another trend the market is forecasting is the rise of craft brews sold in mainstream american chains such as Red Robin, Applebees, and F.G.I.Fridays.

The biggest news in beer remains the explosion of craft beer and its move into the mainstream. The most telling thing is that the casual-dining chains—the Applebees and Red Lobsters of the world—are starting to realize that they need craft beer too (Bruning, 2013).

#### **4.2.4 Market Growth**

Like one of the trends previously mentioned the growth in the industry lies in expanding the locations in which the brews made at BarLee are sold. This could include selling our draughts to places in the casual service, franchise restaurant sector. Aside from expanding into other sectors of the food and beverage industry, there is also potential growth within the brewing industry. The market is booming. Craft brewers currently provide an estimated 108,440 jobs in the U.S., including serving staff in brewpubs (Brewers Association). Additionally, growth of the craft brewing industry in 2012 was 15% by volume and 17% by dollars compared to growth in 2011 of 13% by volume and 15% by dollars and Craft brewer retail dollar value in 2012 was an estimated \$10.2 billion, up from \$8.7 billion in 2011 (Brewers Association). Growth is also measured in barrel sales. Craft brewers

sold an estimated 13,235,917 barrels of beer in 2012, up from 11,467,337 in 2011 (Brewers Association). The chart below shows the market trends in breweries.

Graphic 4.2.4a: This graph is obtained from the Brewers Association; it shows the trends in brewing over the last 125 years.



### 4.3 Industry Analysis

Like previously mentioned the industry has seen major growth over the last few years. “Growth of the craft brewing industry in 2012 was 15% by volume and 17% by retail dollars” (Brewers Association). The beginning of the craft beer movement began in this country in the 1980’s and began to see more momentum towards the mid to late 1990’s. This growth saw dips and peaks over the next few decades eventually carving out its place in the market. In addition to the growth in volume and retail dollars, the US beer market is up 1%, approximately \$99 billion, and 200,028,520 barrels of beer. As of March 2013, there are 2,360 craft breweries in the United States (Brewers Association). Of the total craft breweries there are 1,124 brewpubs, 97 regional craft breweries, and 1,139 microbreweries (Brewers Association). While the success of this industry has been undeniable in

recent years there are also some closures in the industry. In 2012, 25 brewpubs and 18 microbreweries closed (Brewers Association).

According to the Brewers Association (BA) the market is segmented into seven categories: microbreweries, brewpubs, contract brewing companies, regional breweries, regional craft breweries, and large breweries. Within the categories designated by the brewing industry BarLee falls into the brewpub category.

According to the Brewers Association, a brewpub is defined as a restaurant-brewery that sells 25% or more of its beer on site. The beer is brewed primarily for sale in the restaurant and bar. The beer is often dispensed directly from the brewery's storage tanks. Where allowed by law, brewpubs often sell beer "to go" and /or distribute to off site accounts. Note: BA re-categorizes a company as a microbrewery if its off-site (distributed) beer sales exceed 75%.

The Brewers Association publishes reports that evaluate the environment of the industry. Some of the reports produced by the BA are *The New Brewer*, *Brewers Association Mid-Year Growth for U.S. Craft Breweries*. Other resources that provide industry news include The Beer Connoisseur Online, Seattle Beer News, and Brewing News, however Brewers Association is the leading source for industry news.



### **4.3.1 Industry Participants**

BarLee crosses into several different industries. It is not limited to just one industry, like other business concepts. BarLee is a bar, a small restaurant, and a brewery. Therefore the participants in this industry are members of all the above-mentioned markets. Beer distributors, beer retailers, other restaurants, and other brewers all fall into the participant categories. Other major frequently overlooked industry participant are the primary suppliers, this includes growers and farmers, which supply the ingredients not only for our brews, but also for our dining menu. The industry participants although not directly involved in the daily operations of BarLee heavily influence the success of the establishment. The industry participants such as our beer distributors, Click Wholesale Distributing and Alaska Distributing, food purveyors, and BarLee's competitors aid in price establishment, inventory selection, and promotional campaigns. Understanding the industry participants is critical to understanding the ebb and flow of the business. One way in which the industry is monitored is by focusing on the other participants, observing trends, and adjusting to change.

### **4.3.2 Distribution Patterns**

While product distribution is one of the four components of marketing mix sometimes known as place, it addresses the ways in which the product is made available for the consumer. However, food and beverage operations differ from retail in that our product is not "distributed" in the same fashion. The products offered at BarLee are made to be consumed by the guest at the establishment,

with minor exceptions in the case of future plans to develop a beverage retail outlet. Therefore the distribution patterns will focus more on the distribution of marketing material and promotional distribution as opposed to product distribution.

The distribution channels utilized for our marketing will follow an concentrated distribution pattern, or product while craft, will be marketed in an intensive manner. Channel mix will be utilized; our marketing will not be limited to social media, or signage, but rather a mix of mediums in order to maximize exposure. This will be especially critical in the first few months of operation. Our target reach for marketing is between 30-35 miles of BarLee. This radius was selected based on mean commute times for residents in the Seattle/Tacoma metropolitan area. The assumption is that in an area in which residents are accustomed to a 30 minute commute to and from work and nearby attractions they would be willing and motivated to travel equal distance to patronize BarLee. The Seattle metropolitan area is a mobile society, commutes are within the area norm (Zip Atlas).

#### **4.3.3 Main Competitors**

Naked City Brewery & Taphouse:

Naked City Brewery & Taphouse is located in the Greenwood neighborhood of Seattle. According to Yelp.com and menu research they are considered to be moderately priced. Naked City Brewery & Taphouse is categorized as a brewery and a pub according to major peer reviewed third party search engines such as

Yelp and UrbanSpoon. They carry local beer as well as offering beers brewed onsite in their brewery. Some of the beers offered at Naked City are beers that will also be on the menu at BarLee. This will place BarLee in direct competition with some of the draught selections available at Naked City Brewery & Taphouse. This particular competitor offers a variety of 24 constantly rotating taps that serve varieties of beer (About Naked City). They pose a high threat to BarLee. Naked City Brewery & Taphouse has won numerous awards including 2009-2013- Draft Magazine, Top 100 Beer Bars in America (Naked City Beer). Similarly to BarLee, Naked City only offers a beer and wine selection, they do not offer liquor. This establishment is located 7.5 miles from BarLee.

Fremont Brewing Company Inc.:

This competitor is located in the Wallingford neighborhood of Seattle. They are categorized in the inexpensive category of pricing. Fremont Brewing is

A small, family-owned microbrewery founded in 2008 to brew small-batch artisan beers made with the best local ingredients we can find. We use barley from Washington State, hops from a 4th generation hop-growing family in the Yakima Valley and water from the Cedar River Watershed in the Cascade Mountains (Fremont Brewing).

Fremont Brewing is a brewery and urban beer garden. They do not have a food menu. The only food served at Fremont Brewing is pretzels, which are complimentary. However they do allow patrons to bring in food or have food

delivered to their location. Sustainability is also a critical component of Fremont Brewing's business plan. This establishment is pet and child friendly. They are possible competition to BarLee because they focus on sustainability, using local ingredients in recipes, and they are one of the few urban beer gardens in Seattle. Fremont Brewing is located 4.1 miles from BarLee.

Two Beers Brewing Company:

Two Beers Brewing Company is situated in the Industrial District East in Seattle. This competitor is priced similarly to Fremont Brewing in the inexpensive category. Two Beers Brewing Company has very limited hours, which places it on the lower end of the competition scale. BarLee's hours reflect a differentiated market segment. With that being said Two Beers Brewing is still a competitor. "Two Beers Brewing produces twelve beers including five year-round, seven seasonal and a host of intricate infusions in its 4,800-square-foot brewery and tasting room" (Two Beers Brewing). Similarly to Fremont Brewing, Two Beers has limited hours. There is no food offered at this competing establishment. Two Beers Brewing is located 4.4 miles from BarLee.

Über Tavern:

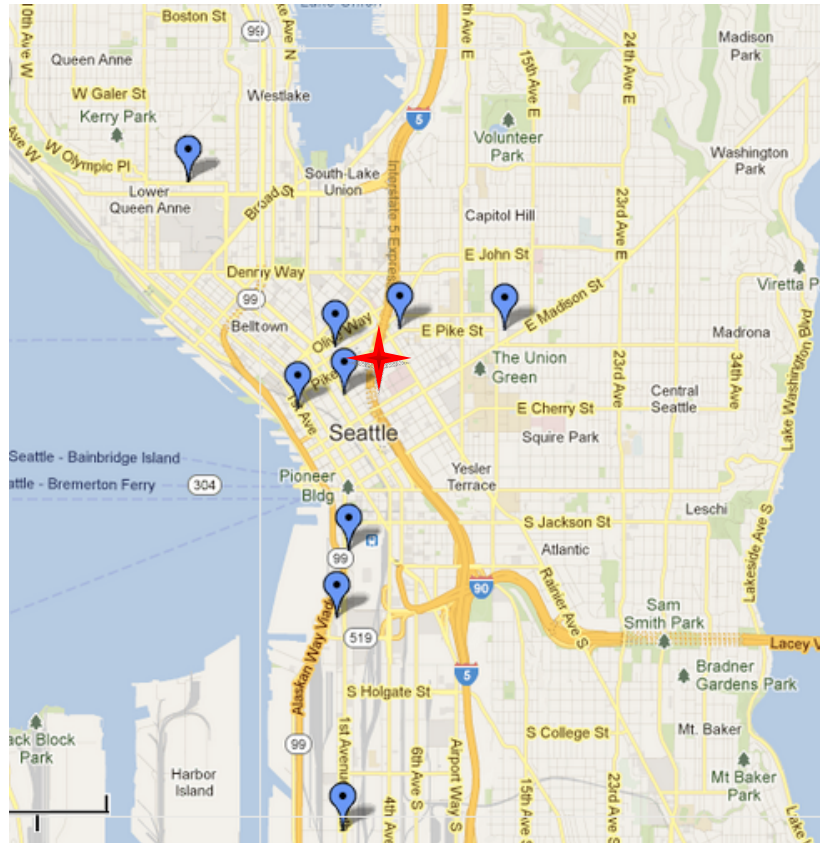
This establishment poses a high threat to BarLee. Über Tavern offers 18 taps as well as an extensive bottle selection. It is located in the Green Lake neighborhood of Seattle. However, Über Tavern does offer food at their establishment. Similarly to Naked City Brewery and Taphouse, Über Tavern is priced in the moderate bracket. They represent competition because they share a similar design concept as BarLee. However, there are several ways in which BarLee can differentiate itself from Über Tavern. The distance from Über Tavern to BarLee is 5.6 miles.

Table 4.3.3a: This table is a competition continuum; it ranks direct competition to BarLee from least competition to most competition.

<b>Least Competition → Most Competition</b>			
Fremont Brewing Company	Two Beer Brewing Company	Über Tavern	Naked City Brewery & Taphouse

The map on the following page (40) shows the locations of other brewers, pubs, and similar concepts and their proximity to BarLee.

Graphic 4.3.3b: This image is a map taken from the Washington Beer Commission. The red star indicated the general vicinity of BarLee.



The way in which BarLee will beat the competition is by developing a firm understanding of the products offered by the competitors. By understanding the competitors and keeping track of their marketing BarLee will be able to maintain a competitive edge. Another way in which BarLee will remain competitive is by running promotional campaigns that challenge the promotions offered by our competitors. BarLee deals with competitors by developing friendly business relations in order to have professional business relations. But with that being said, BarLee will be vying for the same audience and therefore will aim to offer an environment that combines the best of everything offered by each competitor.

## **Section 5.0 Strategy and Impementation**

### **Summary**

#### **5.1 Strategy Pyramids**

BarLee has several pillars key to our success strategy. The following outline the intended strategy.

- BarLee is the epitome of an urban beer garden; it brings together the traditional German beer garden culture with a modern urban twist. The concept differs from our competition and is a point of differentiation.
- Take care of the earth and the earth will take care of you. With green building certifications, buying local when possible, and promoting sustainability in business BarLee has developed strategic plans that support sustainability in its business practices.
- Customers are the driving source of revenue, without exceeding guest's expectations BarLee is not reaching the goals outlined in the mission statement. In order to be financially successful, you must make your customers happy. The way in which this is done is by listening to and hearing guest feedback, giving them what they want, and changing to meet their demands. Our customers are our number one priority.

## **5.2 Value Proposition**

The way in which BarLee will create value is by offering a welcoming atmosphere that entices people to visit the establishment. The way in which BarLee creates value is by offering high quality beers and food that attract the residents of the Seattle metropolitan area to the urban beer garden. BarLee strives to be a place that is not only successful financially but also an establishment that places value in the community and the environment. The value proposition is similar to the triple bottom line; financial, social, and environmental sustainability. Success and value are measured by more than just financial achievement and this is something, which BarLee prioritizes in its business model. Create value, to the owner, to the guest, to the community, and to the environment.

## **5.3 Competitive Edge**

The competitive edge will be the key to BarLee's success. The way in which we construct a competitive edge is by being better than our competition. Beer is not marketed to women, BarLee is owned and operated by a woman; something not found amongst our competitors which will provide the business with a different perspective. Amongst other things, what BarLee offers that our competitors do not is a focus and commitment to our community and sustainability. Every decision made is considered very carefully with the commitment to meeting the needs of our guests and the commitment to our environment in mind. BarLee allows all of our patrons the opportunity to suggest creative ideas for our beers. Customers have input into the beers created by our brewmaster because BarLee



believes everyone should have the opportunity to drink what they want. BarLee caters to the wants of our guests.

#### **5.4 Marketing Strategy**

BarLee's marketing strategy is one that appeals mainly to members of Generation Y, also known as Millennial. Millennials currently aged 19-35 make up 27% of the current US population (Nesto, 2013). As an aside, some researchers suggest the Millennials birth years range from 1982 to 2004 (Horovitz, 2012). This generation is the largest segment of the market since the Baby Boomer Generation (Schroer). "According to a 2011 study by the Harris Poll, 37% of Millennials say beer is their drink of choice, compared to 41% of Generation Xers" (Clarke, 2012). BarLee also markets towards women in addition to men. According to a study conducted by Nielsen Beverage Company, the growth drivers within the current craft beer industry include females between the ages of 25-34 years of age, with a median household income of less than \$45,000 and above \$100,000 (Herz, Craft Beer). Unlike many craft breweries or brewers women are a large percentage of our targeted market. There is obviously a void that is not met by current marketing strategies. "In July 2010, Gallup poll stated the percentage of women who said they prefer beer over wine or liquor is 27%. That's up 6% from their 2009 poll" (Herz, Craft Beer). As previously mentioned, understanding the racial demographics of the target market is key to the success of the marketing strategy. "Gen Y members are much more racially and ethnically diverse and they are much more segmented as an audience aided by the rapid expansion in Cable

TV channels, satellite radio, the Internet, e-zines, etc.” (Schroer). Therefore, BarLee’s marketing involves a strategy that maximizes the uses of social media including Facebook, Twitter, and Foursquare. One specific source of marketing on which BarLee will heavily rely is Yelp, a business rating and review website. Yelp, is a consumer review site in which patrons leave comments and feedback on various establishments. The five star rating system utilized on Yelp, allows guest to assign an objective rating to an establishment and also provide a subjective review. In addition to writing reviews and providing rating Yelp also gives users the opportunity to assess price level and upload photos. Aside from being a helpful tool for business owners, Yelp is also a great source of advertising and marketing for consumers, if the reviews and ratings are positive. An important aspect of marketing utilizing social media is monitoring the sites to patrol and address negative reviews, which can be detrimental to the success of BarLee. This is of particular importance because “Gen Y are less brand loyal and the speed of the Internet has led the cohort to be similarly flexible and changing in its fashion, style consciousness and where and how it is communicated with” (Schroer). The speed at which information about an establishment can be required is instantaneous and thus it is even more critical that BarLee exceed guest expectations.

While social media and digital forms of marketing are the main component of the marketing strategy it will not be the only means by which BarLee is marketing. It is important to have a solid marketing mix with varying channel intensities.

Another source of marketing that does not involve the use of social media, is

marketing through attendance at other local beer fests, distributing promotional material at local coffeehouses, bookstores, and so on. By attending local festivities and advertising using traditional marketing methods it will enable BarLee to capture the attention of our generation x demographic. Members of Generation X, also known as Gen X, were born between 1961-1981 (Jackson, 2010). This would place Gen X between the ages of 32 to 52. Currently, there are approximately 60 million Americans that represent this generation (Ehret, 2011). While they are a generation that came of age during a period of lesser technology, they understand and respond to a mobile society. They favor marketing that allows flexibility, freedom, mobile technology, and independence (Ehret, 2011).

The key to a successful marketing strategy is to appeal to the appropriate segment. The way in which this is done is by understanding the demographics and using market research to develop a strategy that will appeal to the desired demographic.

#### **5.4.1 Positioning Statement**

Positing itself in the market is key to the success of BarLee. This was of particular difficulties because of the nature of the business: bar, brewery, and restaurant.

However, because of the combination of several concepts the position while not clearly defined, was able to be established by focusing on business differentiation.

The way in which BarLee is positioned in the Seattle market is by competitive comparison and strong brand development. Price, product, target audience, and

atmosphere are keys to the positioning. BarLee is different from our competitors because we offer products not easily found and not readily accessible in the current market.

#### **5.4.2 Pricing Strategy**

The pricing strategy implemented at BarLee is one found within most food and beverage establishments. BarLee has focused on a cost plus model for our beverages and food cost percentages with influences from surrounding competitors. The establishment operates using a 30% food cost model and a cost plus model for our beer. The beverage pricing strategy for BarLee is one that utilizes a 300% mark-up on beer. While cost modeling was implemented in the pricing strategy, the competitive price was factored into determining to selling price of products.

#### **5.4.3 Promotion Strategy**

The promotion strategy is one that mirrors the needs our our target demographic. Like previously mentioned BarLee aims to utilize social media to attract and retain our clientele. Promotional campaigns will run utilizing differing strategies such as Facebook, Twitter, and Foursquare. In addition to the social media outlets being utilized we will also launch a website, and monitor consumer based rating websites such as Yelp.

Promotions offered will include happy hours on off peak nights, feature food menu specials changed on a weekly basis, beer “tours”, and tasting. Though these are different types of promotions the overall goals are the same. Devise a strategy or plan that attracts guests to a specific product, place, or event. Whether the strategy involves lowering costs in order to increase sales or the grouping of products with lower sales popularity with products of higher sales figures in order to generate and increase popularity of items that are perceived as less desirable. One example of this is if and when a guest becomes “mayor” of BarLee by having the most Foursquare “check-ins” in a certain amount of time they would receive a complimentary sampler sized beer from a specific selection. This incentivises guests to continue to patronize the establishment because the perception of a goal is evident. Advantageous to the business owner is the trending popularity of running social media programs. This is just one example of the ways in which promotions can be run through social media.

Other, more basic forms of promotional material come in the form of merchandise. Basic apparel such as tee shirts, beer mugs, growlers, and will be sold on the premise. The objective is that these retail products will circulate and create buzz.

In addition to the the above-mentioned goal, promotions should also be fun, innovative and entice guests with something different. Therefore the marketing

program below outlines marketing and promotional campaigns, which aim to achieve the goals of the promotional strategy.

#### **5.4.4 Distribution Patterns**

Promotions will not necessarily be distributed in tangible locations because of the nature of the promotions but they will be spread over our social media outlets and our website. We will run limited print advertisements that will be displayed in our establishment so that guests that eat or drink at our facility will be made aware of upcoming events. In our growth plan future goals are discussed. One of these goals is to develop brews that are sold in the form of retail case and carry. Once the retail program is further established distribution of promotional material will mirror bottle distribution patterns, such as printing the website, Twitter handle, and Facebook page on the packaging of bottles that will be sold locally.

#### **5.4.5 Marketing Program**

While word of mouth is still a very powerful tool, the mode by which word travels has changed drastically. Information is transferred from one person to the next instantly. The marketing programs outlined below will be monitored to assess efficiency and evaluate costs for each program. A cost benefit analysis will be required for all marketing campaigns in order to determine value and effectiveness.

Facebook:

The promotions being ran through this social media tool are one of an interactive nature. Making use of features on Facebook such as the poll tool will allow visitors to the site to cast their votes of various subject matter. BarLee has an extensive beer menu with permanent and rotating taps. One promotion that will be facilitated through the facebook poll is a weekly game called “Last Beer Standing” in which visitors to the page will be given the opportunity to save one of the monthly beers from elimination. This marketing will bring visitors back to the Facebook page regularly to monitor if their beer is still “standing” it will also create interaction between BarLee, our guests, and among other guests, creating and fostering the sense of community.

Another marketing program that will be made possible through Facebook is the updating of our live entertainment and the upcoming musician series. The musicians who perform can like our page and vice versa to bolster and promote a stronger social media presence.

A successful promotional campaign is one that yields revenue and increases traffic while making the patron feel as though they are special for one reason or another. “Name that Brew”, is a contest that will be held with special occasion brews, Halloween, Memorial Day, etc. visitors to the page and to BarLee will have to opportunity to vote and decide the winning name of said special brews. The way in which this will be facilitated is through a special testing in which all

patrons who come in on the tasting day for the special occasion brew will be given a card on which they can make a name suggestion. The names suggested by the patron who attend the tasting will then be entered into a Facebook poll and voting will be opened for a predetermined amount of time. Once the voting period has ended the winning name will be selected and announced on our website, Twitter, and Facebook page. The winner will receive their name and the brew's name on the wall, and a small gift. An example of a possible winning could be a custom tee shirt or something of that nature.

Twitter:

Our objective with Twitter is to reach as many followers as possible, spread the word, and create brand notoriety. Follow BarLee on twitter, @BarLeeBeerGarden for the latest updates and arrivals. Twitter will be a main source of updates for our followers. They will be made aware of new draft arrivals, performers, upcoming events, and specials via Twitter. Foursquare:

This is a great tool that allows users to “check-in” to countless venues, events, and establishments. One of the many ways in which the use of this smartphone application is helpful to business owners is through the metrics provided from the use of the app. Foursquare makes the following types of information available: the total number of check-ins to date, the Foursquare user with the most check-ins at a particular establishment, known as the “mayor”, as well as alerting other Foursquare users to trending locations in their surroundings, which creates buzz for businesses.



## **5.5 Sales Strategy**

The sales strategy is simplistic, price food and beer similarly to the competition while adhering to 30% or less food and beverage costs. Comparative analysis is key in determining and establishing the pricing of items. While it is important to make a profit and stay competitive, underpricing can have equally as negative implications as overpricing. One pitfall of underpricing, other than not maximizing returns is the perception of inferior products. Therefore when the sales strategy was created pricing was of utmost importance. The way in which we sell products is by keeping prices competitive and marketing to the correctly targeted demographic.

### **5.5.1 Sales Forecast**

The complete sales forecast can be found in section E-3 and E-4 in the appendix. The summary of the sale forecast was conducted based on total occupancy and estimated turn over on peak and off-peak nights. The sales forecast changes with a number of factors, including but not limited to weather and time of year. However broad generalizations were made for the purpose of projecting profit and loss, please see section 7.0 of this document for the complete financial plan.

### **5.5.2 Sales Program**

The sales program targets men and women in their mid twenties to late thirties. The prices remain constant regardless of day of the week, however certain exceptions apply when specific promotions are being marketed. In the sales program we aim to achieve a higher percentage of sales from our beers than from our food. As evident in the income statement, which can be found in section E-3 of the appendix this sales program, was achieved. Another aspect of the sales program was the way in which BarLee sells higher priced beers with lower priced beers and the importance of strategy. One example of the price disparity between expensive and inexpensive beers is Ommegang Hennepin, which is menued at \$10 for a pint-sized draft. This is our most expensive beer on tap of our total potential inventory. While we have a number of beers in the \$5 range our cheapest in terms of beverage cost to menu cost is Deschutes Mirror Pond and Deschutes Inversion. Both of these beers have a beverage cost of \$1.16 and a menu price of \$5; this makes for a gross profit margin of \$3.84. The sales program develops plans for pushing higher priced beers because of the higher profit margins associated with the beverage. The completed beverage and food cost spreadsheets can be found in appendix C-1 and C-2.

### **5.6 Strategic Alliances**

Many of the strategic alliances will be formed between local food purveyors, local musicians, and local community outreach programs. As evident by the mission statement it is a primary objective of the company to develop plans within the community to produce environmental and social sustainability. Many of the partnerships and strategic alliance will not only be developed for the purpose of

financial return but also for social betterment. One specific community partner with which we will seek an alliance is with The Columbia City Beat Walk. This event, which occurs five times annual between the months of July and October, features local musicians hosted by local businesses. This alliance between the arts and the local businesses will develop community engagement, spread popularity, and provide networking opportunities for future artists who wish to perform at BarLee.

### 5.7 Milestones

Major milestones are mostly focused around financial return and projections. One of the primary tools used to mark milestone is the break-even point. The point at which BarLee will break-even is at a volume of 29,997 units of beer sold, and at 20,209 food covers. The break-even analysis is the most critical of BarLee's milestones. The full break-even analysis can be found in section E-2 of the appendix. However some non-financial milestones include:

- The development of new successful brews
- Awards to the brewers and the brews they create such as *The North American Brewers Association Award*
- Achieving a five star rating on Yelp.com
- Attaining over 5,000 “likes” on Facebook
- Ranking of top Beer Gardens by *Travel + Leisure Magazine, Food and Wine Magazine, or Yahoo! Travel*

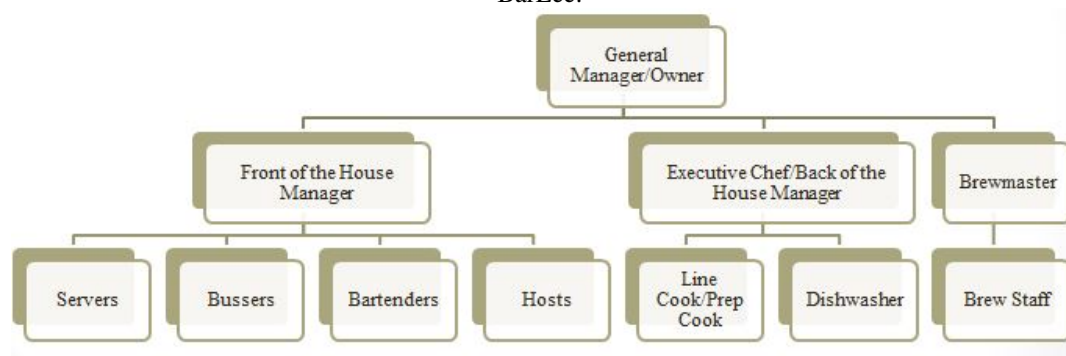
## Section 6.0 Management Summary

### 6.1 Organizational Structure

The owner and general manager, Marcella LaHara, will oversee all operations of BarLee.

Quantity of staffing requirements can be found in section E-1 of the appendix.

Graphic 6.1a: BarLee produced this organizational chart, it shows the organizational hierarchy at BarLee.



### 6.2 Management Team

The owner as previously mentioned will have full control of the business and the decision making process. However, as evident in the flowchart in section 6.1, there will be managers the oversee each division, they will manage the daily operations. A front of the house manager interviewed and selected by the owner/general manager will run the daily operations of all aspects of the front of the house. Part of the front of the house manager's requirements will be that he or

she has a minimum of five years experience. The executive chef will also serve as back of the house manager. An individual with a minimum of five years restaurant/restaurant operations experience will staff this position. Because BarLee is a casual dining/drinking establishment it is not necessary to employ staff with high levels of culinary or service experience. It is more important that the potential candidates for the executive chef position and front of the house manager position have great customer service skills, is able to make tasty food, and offer great service and a friendly atmosphere, respective to their position. The brewmaster is also part of the management team. Innovation and creativity are key to the position as brewmaster, as well as a commitment to sustainability in all of the processes and ingredients used in the brewing process.

### **6.3 Management Job Descriptions**

#### Front of the House Manager

The front of the house manager will be responsible for personnel management of the wait staff, the bar staff, and the hosts, and the bussers. Other responsibilities listed for the front of the house manager include completing purchase orders for all FOH supplies and equipment and submitting them to the general manager in a timely fashion. He or she who fills this position is also responsible for all FOH training sessions. The front of the house manager should anticipate on weekends, and some holidays dependant upon BarLee's holiday hours of operation schedule.

#### Executive Chef

The executive chef will also act as back of the house manager. He or she will be responsible for all kitchen and back of the house activities including but not limited to overseeing the execution of all food orders that come into the kitchen. The executive chef will also be responsible for coordinating and communicating orders for BOH supplies and inventory to the General Manager. The executive chef will be expected to work weekends and holiday dependant upon BarLee's hours of operations. Additionally he or she will be required to maintain a high level of commitment to local products and sustainability.

#### Brewmaster

The brewmaster will be responsible for the brewhouse portion of BarLee. He or she will oversee his or her staff, known as the brew crew. The brewmaster will be responsible for creating BarLee's house brews, two different brews a month on a cyclical schedule. He or she will be responsible for monitoring guest satisfaction and evaluation of the end product, the beer. The brewmaster will also be responsible for developing ways in which to accommodate guest recommendations for brew creations. One other key responsibility of the brewmaster is to maintain supplies and brew equipment and complete purchase requests to submit to the general manager.

Please see section E-1 of the appendix for the complete staffing breakdown.

## **6.4 Management and Staffing Gaps**

The management team gaps lie in the area of specific professional skills, for example, accounting. While the management team has the necessary skills required to run front of the house, back of the house, and brewing operations there is a void needed to be filled by a professional accountant. Accounting activities will be outsourced.

Another professional skill which management is unable to fill is website design and advertising material. The website development, design, and concept management will be contracted out to a professional. This is allocated for in our budget. The target market, the millennials place high importance in the quality of a website when determining if they choose to patronize an establishment.

There will also be contracts given for major activities that require special skill, or have elevated risk of danger. There will be labor outsourced for exterior window cleaning, major interior kitchen cleaning, routine pest control, brewing equipment maintenance, and laundry services for items including but not limited to rugs, towels, and aprons.

### **6.5 Personnel Plan**

There are two underlying goals for staffing: hire the best and cross train when possible. While training is costly, BarLee sees training as an investment in the future. If we educate our staff on the different positions now we will avoid a crisis later. The staffing requirements vary from time of day, to day of the week, to the

season. However, for the purposes of staffing, it is assumed that the peak time will be Thursday-Saturday, this will require increased staff in order to meet the needs of our patrons. BarLee aims to avoid chaos, which is a frequent occurrence in the food and beverage industry. While the solution to this would be overstaffing it is not an option at BarLee. The key to achieving ideal staffing requirements is to monitor labor on a daily basis and adjust after occupancy has been assessed. Monitoring will occur for the first quarter to determine more precise labor requirements.



## Section 7.0 Financial Plan

### 7.1 Important Assumptions

Many of the assumptions associated with BarLee we made using a variety of restaurant and bar start-up websites and competitor assessment.

#### Square Footage and Sales Assumption

- While the total square footage of BarLee is 5,163 sq. ft., the estimated guest usable square footage is 2,438 square feet (space was rounded down to account for corridors and miscellaneous square footage)
  - Kitchen: 425 sq. ft.
  - Back Bar/Storage/Office: 1,000 sq. ft.
  - Brew room: 800 square feet
  - Bathroom (1 male and 1 female restroom, each with 2 lavs): 120 sq. ft. each, total 240 sq. ft.
  - Bar: 500 sq. ft.
  - Drinking/Dining Area: 2,200 sq. ft.
- Based off of total usable square footage, the estimated maximum guest capacity is approximately 180 people, this was computed by allocating

11.5 sq. ft. per person (a guideline obtained from event capacity planning information)

- Using conservative numbers we estimate 2,313 guest per week
  - Thursday--Saturday (peak nights): estimate 85% occupancy, flipping over 3 times per day for a total of 459 guests on Thursday, Friday, and Saturday nights
  - Monday--Wednesday (off peak nights): estimate 70% occupancy, flipping over 2 times per night for a total of 252 guests Monday through Wednesday nights
- Beverage sales were computed based off of 85% of guests buying 2.5 beers, using the average beer cost
- The other sales come from cover charged on nights of live entertainment, this was a broad estimation
- Food costs were computed using menu engineers estimations
- The menu pricing strategy for food items was computed using 30% food costs, and market comparisons
- Non alcoholic drinks are estimated at a cost of \$0.21 per 12 ounce fountain soda, this is factored into BarLee's COGS

### **Human Resource Assumptions**

- Bussers will also serve as bar backs, they will be staffed based on peak and off peak days
  - Peak business days BarLee will staff 3 bussers
  - Off peak days will staff 1 busser

- The total labor hours on a weekly period for service staff is 348 labor hours, similarly to bussers, service staff is determined based upon peak and off peak days
  - On peak business days there will be 6 serves on staff per shift
  - Non peak days will staff 3 serves on staff per shift
- While, the majority of the business is based on beer, therefore bartenders are of utmost importance, however unlike traditional bars the only beverages the bartenders serve are beer either from the draft or from the bottle, making service on the item quick in comparison to other drinks. Below is the detail of bartender staff assumptions.
  - There will be 3 bartenders on per shift peak nights
  - There will be 2 bartenders on per shift on off peak nights
- It is estimated that the brewing equipment will be serviced every two months, and cost \$800 for routine maintenance
- Employee Benefits are based off of 30% of full time employees wage compensation, benefits are given to all full time employees, this will change in the future under new policy implemented by Obamacare.
- Employee payroll (FICA) taxes are estimated at 15.3%
- Please note that in accordance with the State of Washington the minimum wage for tipped employees is the same as minimum wage for non-tipped employees, \$9.19 per hour

### **Growth Assumptions**

- Expenses were increased 3% annually
- COGS was increased 4% annually
- Sales have been increased 5% in the second year, and 7% in year three, projected growth will continue at 2% for each subsequent year, with an estimated plateau at 11% in year five, when it will eventually slow growth and a plan for expansion may be considered

### **Expense Assumptions**

- Sales tax in Seattle is not based on tax percentage assumption, the rate is 6.5%
- Insurance liability is estimated at \$3 per \$1,000 in sales plus an additional 5,000 annual premium (Easey, 2009)
- Estimated monthly utility expenses, not including Internet or telephone, are \$1,400
- Internet is estimated at \$40 monthly
- Telephone \$35 monthly
- Washington state does not have personal or corporate income tax, however, small business are subjected to Business and Occupation taxes (B&O) and Public Utility taxes. These expenses vary depending upon the specific utility activity.
  - The B&O rate for BarLee's tax classification is .018 of total sales
  - BarLee is not required to pay public utility taxes, because of the establishment classification

- Straight line depreciation was used with the assumption of an annual \$3,000 depreciation cost

## **7.2 Key Financial Indicators**

Some of the key financial indicators for BarLee are the break-even point, gross profit margin, and cost of good sold percentage. These factors serve a variety of purposes.

The examination and observation of break-even point (BEP) is extremely important in order forecast sales and project profit. The numbers derived from the break-even point were the most accurate number because of the variable and fixed costs that were input into the break-even formula. Understanding break-even point will allow the financial health of BarLee to be assed in a quick manner. Fortunately the POS system utilized in the establishment keep track of sales-to-date. This information coupled with the BEP will be a great indicator of the current position of the beer garden. The break-even point for beer alone is 29,997 units annually. The annual break-even point for food is 20,209 covers. These numbers will be tracked on a month-to-month basis.

Gross profit margin is another key indicator of success. The gross profit between selling price and cost of goods sold will be monitored to ensure the profit margin percentages stay positive. The profit that is yielded from each dollar will be an indicator as to how well costs are controlled. While year one and two did not show a positive NOI, the future years do show growth. The costs per dollar help

analyze costs from a monetary perspective. In year one BarLee showed a net loss of 2.19% and a net loss of 1% in year two. After evaluating the break-even point and examining forecasted covers, it became extremely evident that the forecasting was extremely high. Therefore while my gross profit margin would remain the same my net loss for each year would be much higher however, BarLee will still be able to make an eventual profit.

Cost of goods sold (COGS) is another important financial metric. Assessing the cost of goods from year to year will allow for more precise budgeting.

Additionally, monitoring COGS will help with purchasing and product sourcing and fulfillment. By monitoring specific costs from year to year BarLee can benchmark future expenses and beer and food costs.

### **7.3 Break-Even Analysis**

The break-even analysis is one of the most informative financial tools that was prepared for the purposed of BarLee's business plan. While developing the financials, this proved to be the most reliable measure of required sales, especially compared to financial projecting. The point at which BarLee will break-even is at a volume of 29,997 units of beer sold, and at 20,209 food covers. The full break-even analysis can be found in section E-2 of the appendix. Labor costs were factored into the food costs by the addition of 35% divided by the menu price. This was factored in to cover labor costs associated with the cost of service.

### **7.4 Projected Profit and Loss for Five Years**

Projected profit and loss statements as well as income statements were compiled for five years in the future. The P&L and the Income statement account for projected revenues, expenses, depreciation, and interest. The assumptions for the development of the profit and loss statement are listed above in section 7.1. As previously mentioned BarLee is operating in the red in years one and two. Meaning a net loss of 2.19% of gross revenue, in year two there is a net loss of 1% of total revenue. However, BarLee like many other small businesses that show negative income, generally for years one through three, BarLee will begin to show profit in year three. The net gain in year three, is \$37,397.18, 1.69% of gross revenue. In year four the net gains increase exponentially to \$135,111.70, which is 5.59% of gross sales. In year five there is a net gain of 10.47%, a total of \$281,188.89. Measuring the return for the years and using a forecasting model was a key indicator of potential growth for BarLee. Projected growth is NOI is the way in which the determination of future establishments will be developed.

Please see section E-4 of the appendix for the completed profit and loss statement. The income statement with five-year projections can be found in section of E-3 of the appendix.

### **7.5 Projected Cash Flow for Five Years**

The projected cash flow is essential in monitoring the inflow and outflow of cash in a given period. It is also used to calculate to calculate liquidity. The projected cash flows were utilized to determine important ratios. Cash flow takes into account accounts payable as well as accounts receivable when determining cash

flows. The five year projected cash flows can be found in section E-5 of the appendix.

### **7.6 Projected Balance Sheet for Five Years**

The balance sheet can be found in section E- 6 of the appendix. The assets and liabilities increase from year one to year five. Contributed capital fluctuates greatly from one year to the next, as a result of net loss and the need to reinvest personal capital to sustain the business and cover carrying costs. The accounts payable also saw vast fluctuations as a result of extended repayment periods and increased COGS purchased on account. As indicated by the balance sheet, long-term loans are another expense that saw major changes from year to year. Please consult the above mentioned section for the completed five year projected balance sheet.

### **7.7 Business Ratios for Five Years**

The business ratios used for analytical purposes are available in section E-7 of the appendix. While all ratios are monitored by ownership the labor cost, food cost, and beverage cost percentages are essential when assessing the ways in which costs are being controlled. We aimed for a maximum of 30% food costs and 45% labor costs. We successfully achieved controlling food costs and ran slightly high and labor costs and benefits. Another area BarLee would like to adjust and revalue is the profit margin. Ideally we would like to see at least a 4% profit margin in year three, however because of the labor costs, we fell short. This is



however, a necessary expense and while labor can be controlled, the minimum wage for tipped and non-tipped employees is higher than anticipated which affected the gross profit margin. The debt-to-equity ratio is very high in year one, which indicates in this case the debt is very high. However by year two, we begin to see a decline in the debt-equity-ratio and a return to a more sustainable ratio by the end of year two. In the event of business failure the liquidity ratio is at a point in which liquidation of the asset is possible. This will be discussed further in section 8.4, Exit Strategy.

### **7.8 Long Term Business Plan**

The long-term plan for BarLee is one of continued growth. The objective is to regulate labor costs to a more consistent number, ideally BarLee would like to not exceed 45% labor costs. Another long-term objective is to maintain a minimum profit margin of 11%. A gross profit margin of 11% would allow for capital gains, capital reinvestment, and a capital expenditure budget. In addition to continued success and profitability in food and beverage sales. BarLee also aims to create additional profit by the selling of merchandise and retail beers. Merchandise such as apparel, branded mugs, and bottle openers. This merchandise serves two purposes: an additional revenue generating stream and promotional materials. While generating additional streams of revenue is critical to the growth and development of the company and brand, one of our primary long-term objectives is to lower long-term and short-term debt. By year five we also plan to develop an additional strategy for future location developments. The long term goal is to

continue growth and expand to different locations. While it is sustainable and healthy to maintain a certain level of debt, the carrying cost from year one and two will occur in future developments therefore lowering debt and increasing equity will help to ensure future developments yield high profit margins in a more timely manner. Ideally future BarLee locations will yield return by year one with gross profit margins of a minimum of 4%.

Other potential areas to which BarLee would look to expand are areas with similar market trends and demographics. Most likely the concept would stay in the Pacific Northwest and eventually expand regionally and so on and so forth. One city in particular that would likely be the next location would be Portland, Oregon, a city in a similar location with similar demographics and market needs.

## **Section 8.0 Executive Summary**

### **8.1 Objectives**

- Yield financial success that allows for growth and expansion
- Adhere to the triple bottom line: a commitment to financial sustainability, social sustainability, and environmental sustainability
- Meet the ever changing needs of beer drinks
  - Beer consumption amongst our female demographics
  - Bring East Coast Beers to the West Coast

### **8.2 Mission**

BarLee is dedicated to providing our guest with a diverse assortment of brews found regionally, nationally, and internationally. BarLee will do so while adhering to our commitment to the triple bottom line. Our patrons are our priority.

### **8.3 Keys to Success**

There are many keys to success but the pillars on which BarLee builds its success and yields profitability is through strong ownership with industry experience, conservative financial forecasting, a commitment to excellent service, food, and brews. And an adherence to the triple bottom line, which is evident in every

aspect of business practices. The community reinforces our success, the environment meets our needs, and revenue keeps BarLee in business.

#### **8.4 Exit Strategy**

The optimistic exit strategy involves transferring ownership to an investment company. Ideally in year ten BarLee's tangible assets and concept would be sold to an investment group and the owner would exit the business.

However, on occasion things do not always go as planned. When something unaccounted for arises and the plan does not as forecasted, an effective exit strategy must be in place. As mentioned prior, BarLee is fairly liquid, with a liquidity ratio of 1.83 in year one. The assets, kitchen equipment, brewing equipment, and front of the house inventory can be resold in order to repay bank loans. While some investments will be difficult to recover, there are forms of underwriting that can be done in order to mitigate risk. The underwriting of the lease term agreements has an early termination clause, which allows exit at a penalty. While there is a penalty fee associated with the early exit of a lease, the fee is lower than month payment. While there are several areas in which safety factors have been included to prevent failure. As mentioned above, the key to the success is strong management and financially conservative modeling. The ownership has the required skill set to see success. Seattle can support BarLee's financial growth and deliver a profitable net income.

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## Appendices

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## Appendix A

**A-1:** The following information outlines the costs of liquor licenses in King County. The guidelines listed below are for retail and non-retail outlets.



Washington State  
Liquor Control Board

Licensing and Regulation Division  
PO Box 43098  
Olympia WA 98504-3098  
360/664-1600  
FAX 360/753-2710  
www.lq.wa.gov

### Retail Liquor License Descriptions and Fees Information Sheet

Use this sheet to fill out the Licenses and Fees section of the Master Application.

**Please call the Customer Service Desk at (360) 664-1600 if you have any questions.**

**NOTE:** If your application is withdrawn or denied for any reason, \$75 is kept as a processing fee (per RCW 66.24.015)

\* Marked licenses are only allowed in conjunction with other liquor licenses.

**Kegs to Go \*** .....\$133

To sell, for off-premises consumption malt liquor in kegs or other containers that are capable of holding four or more gallons of liquid.

**Must also have: Restaurant – Spirits, Beer & Wine license**

Keg Sales ..... No fee

**Must also have: Beer & Wine Specialty Shop license**

**Restaurant – Beer and/or Wine**

Beer .....\$221

Wine .....\$221

To sell beer and/or wine for on-premises consumption in conjunction with food sales, either on tap or in opened bottles or cans.

**Add-on licenses: Catering; Off-Premises**

**Restaurant – Spirits, Beer, & Wine**

Less than 50% dedicated dining area .....\$2,210

50% or more dedicated dining area .....\$1,768

Service bar only .....\$1,105

(Fee may be prorated for seasonal operations in unincorporated areas)

To sell spirits, beer, and wine by the individual serving for on-premises consumption. Beer and wine may be sold either on tap or in opened bottles or cans. Issued only to restaurants that meet specific food service, kitchen equipment, and floor space requirements. *Restaurant – Spirits, Beer & Wine* licensees cannot sell spirits or beer to go.

**Add-on licenses: Catering, Kegs to Go, Off-Premises Sale Wine**

**Restaurant – Spirits, Beer, & Wine Duplicate License**

Fee is per duplicate license:

Airport terminal ..... 25% of annual license fee

Civic/Convention center .....\$11

Privately owned facility open to the public .....\$20

To allow a *Restaurant – Spirits, Beer & Wine* licensee to sell liquor from additional sites. These sites must be located on the same property and be owned by the same licensee.

**Tavern – Beer and/or Wine – No persons under 21 allowed**

Beer .....\$221

Wine .....\$221

To sell beer and/or wine for on-premises consumption, either on tap or in opened bottles or cans. Persons under 21 years of age are not allowed on the premises.

**Add-on licenses: Off-Premises**



Licensing and Regulation  
PO Box 43098  
Olympia WA 98504-3098  
Phone: (360) 664-1600  
FAX: (360) 753-2710  
www.lq.wa.gov

### Non-Retail Liquor License Description and Fee Information Sheet

Use this sheet to fill out the Licenses and Fees section (section 2) of the Master Application.

**Please call the customer service desk if you have any questions at (360) 664-1600**

#### Microbrewery - Production of Less than 60,000 Barrels Per Year

To manufacture beer in Washington State. Allows a Microbrewery to sell beer of its own production at retail for on- and off-premises consumption, and to act as a distributor for beer of its own production.

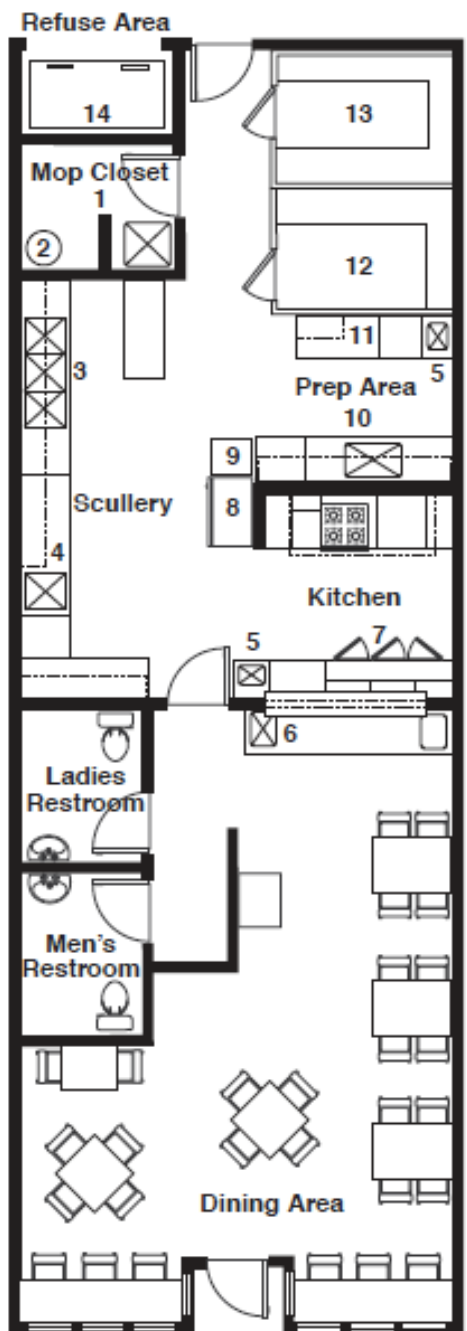
Microbreweries who produce less than 60,000 barrels per year..... \$100

#### Domestic Brewery - Brand Owner

A license for brand owners of beer who hold a Brewer's Notice with the Federal Bureau of Alcohol, Tobacco, and Firearms at a location outside of Washington and whose beer is contract-produced by a licensed in-state brewery.

Allows a brand owner of beer to store beer within the state, sell to licensed beer distributors, and export beer from the state ..... \$2,000

A-2: Below is the equipment guidelines provided by the Seattle Department of Public Health.



### EQUIPMENT SCHEDULE

- 1 Mop Sink
- 2 Hot Water Heater
- 3 3 Compartment Pot and Pan Wash Sink
- 4 Dishwasher with Pre-Rinse Sink
- 5 Hand Sink
- 6 Water Fill Station
- 7 Sandwich Preparation Refrigerator
- 8 Reach-in Refrigerator
- 9 Ice Machine
- 10 Food Preparation Sink
- 11 Work Counter with Slicer
- 12 Walk-in Refrigerator
- 13 Walk-in Freezer
- 14 Garbage Area

### FINISH SCHEDULE

Floor \_\_\_\_\_

<b>Kitchen</b>	Vinyl Comp Tile with Base Coving
<b>Restroom</b>	Vinyl Comp Tile with Base Coving
<b>Dining</b>	Low Fill Carpet
<b>Garbage</b>	Sealed Concrete

Wall \_\_\_\_\_

<b>Kitchen</b>	Gypsum Board
<b>Cook Line</b>	Stainless Steel
<b>Dishwash</b>	Gypsum Green Board with FRP* BD**
<b>Restroom</b>	Gypsum Board with FRP* BD**
<b>Dining</b>	Gypsum Board with Enamel Paint

Ceiling \_\_\_\_\_

<b>Kitchen</b>	Gypsum Board with Enamel Paint
<b>Dining</b>	Suspended with Acoustical Tile
<b>Restroom</b>	Suspended with Acoustical Tile

\* FRP - Fiber Reinforced Plastic  
 \*\* BD - Board

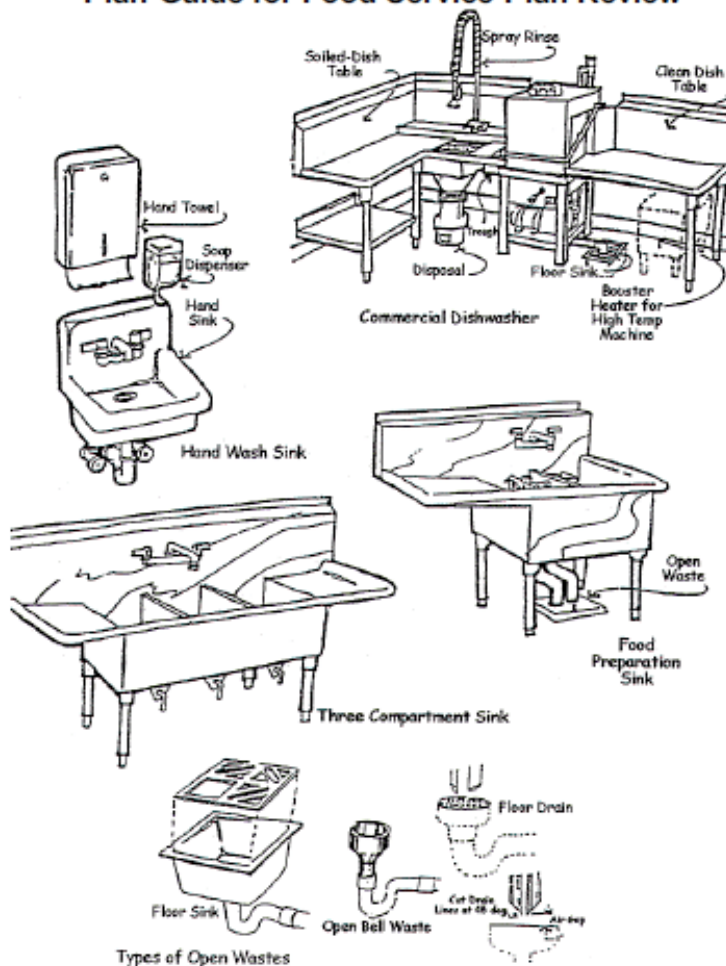
This plan meant to illustrate health requirements only

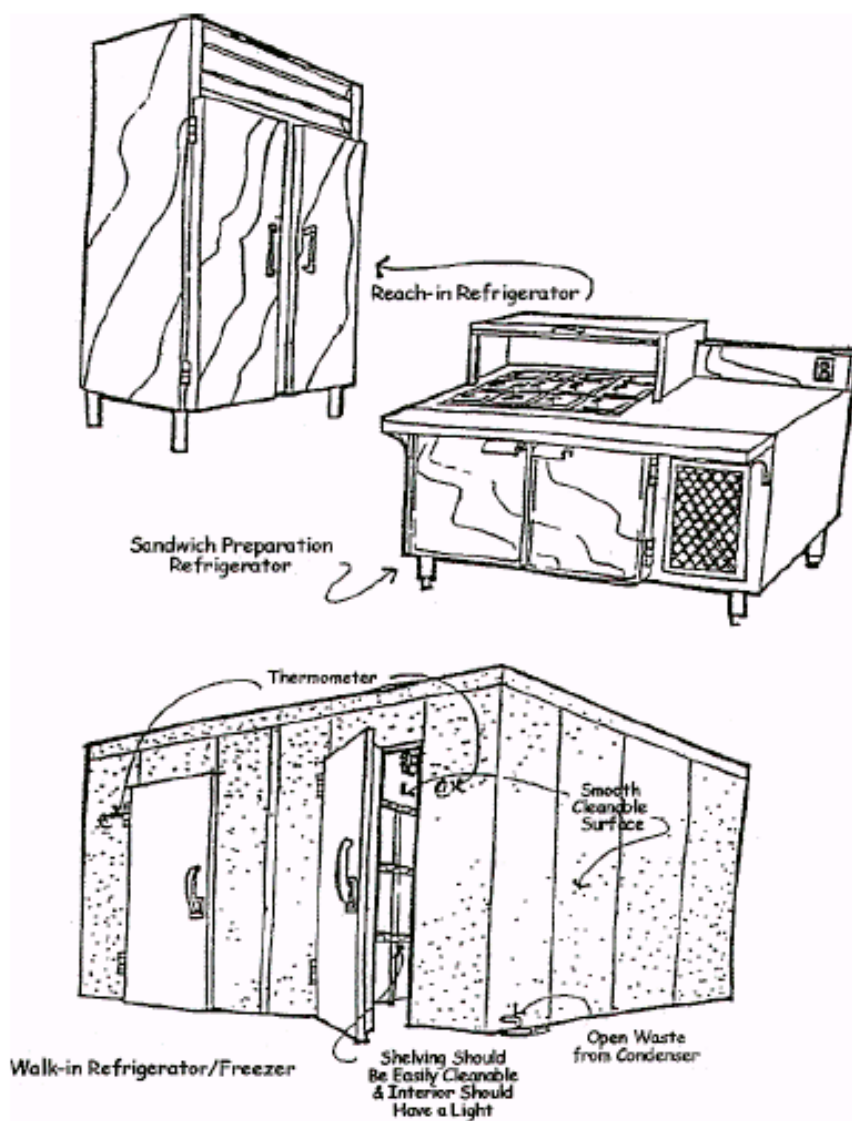
**Environmental Health Services Division**  
401 Fifth Avenue, Suite 1100  
Seattle, WA 98104-1818  
206-205-4394 Fax 206-296-0389  
TTY Relay: 711  
www.kingcounty.gov/health

**Public Health**  
Seattle & King County



### Equipment Drawings Plan Guide for Food Service Plan Review





## Appendix B

### B-1: Marcella LaHara's résumés, from the text section 2.1.

#### Marcella M. LaHara

410 North Street, West Hazleton, PA 18202  
 mmlahara@gmail.com • 570.401.7796 • www.linkedin.com/in/marcellalahara

#### EDUCATION

Syracuse University, GPA 3.75  
 Bachelor of Science Hospitality Management, expected May 2013  
 Renée Crown University Honors Program  
 • David B. Falk School of Sport and Human Dynamics, Hospitality Management Major  
 • Martin J. Whitman School of Management, Real Estate Minor

#### PROFESSIONAL EXPERIENCE

**Eagle Rock Resort**, Hazle Township, PA Summer 2012  
 Lodging Operations Intern  
 Primary responsibilities included front desk • Performed night audit • Acted as housekeeping supervisor • Led a staff of 9 housekeepers • Insured cleanliness of lodging accommodations and all operational areas of the resort

**Syracuse University Office of Residence Life**, Syracuse, NY Fall 2011–Spring 2012/ Fall 2010–Spring 2011  
 Mentor Resident Advisor/Resident Advisor  
 Responsible for a staff of 15 resident advisors and 36 residents • Resident educator • Community facilitator • Crisis manager • Administrator • Team member • Role model • Developed a 4 month on-call duty schedule for 14 resident advisor • Implemented professional development/education

**Eagle Rock Resort**, Hazle Township, PA Summer 2011  
 Hospitality Intern  
 Gained experience in front office, housekeeping, restaurant, and accounting • Acted as manager on duty for lodging operations during a period of 98% occupancy • Compiled 3 years of historical sales data for 5 departments • Implemented new front desk protocol • Created front desk schedule for staff of 6 front desk agents • Supervised a housekeeping staff of 10 employees

**Hyatt Regency Chesapeake Bay**, Cambridge, MD Summer 2010  
 Spa and Salon Intern  
 Carried out receptionist responsibilities • Increased retail sales • Created schedules for 7 receptionist • Gained exposure to payroll and purchasing of spa and salon • Served as a bridal coordinator for nearly 50 weddings • Resolved a variety guest concerns

#### ACTIVITIES

- Hospitality Management Association, President • April 2010–Present
- Iron Fork Syracuse, Student Chair • October 2011–Present
- Member of New York State Hospitality & Tourism Association • September 2009–Present
- Residence Hall Community Council, Vice President of Programming • Fall 2009–Spring 2010

#### ACADEMIC ACHIEVEMENTS

- Dean's List, Fall 2009–Present
- Employee of the Month at Eagle Rock Resort, July 2011
- Recipient of the Excellence in Hospitality Management Lodging Award, April 2011
- Recipient of the Syracuse University and General Electric Emerging Student Leadership Award, February 2010

#### SELECTED COURSEWORK

Hotel and Resort Operations • Casino Operations • Restaurant Operations • Hospitality Law • Hospitality Human Resource Management • Real Estate Principals • Real Estate Development • Essentials of Finance • Managerial Accounting



## B-2: Broker's listing for the Greenus Building, obtained from LoopNet.

2/4/13

Commercial Brokers Association Member Site - Commercial Real Estate

**Greenus Building**

For L

**Sustainability/Green Building**

LEED Cert:	No
Energy Star Cert:	No

**Greenus Building**

500 E Pike St  
Seattle WA 98122  
King County  
Cross Street: Summit Avenue

**Location**

Map: 565/B5  
Market Area: Capitol Hill/First Hill  
Building Status: Existing

**Building Information**

Total Building SF:	24,476
Net Rentable Area:	24,476
Total Office SF:	10,400
Total Retail SF:	14,076
Year Built:	1924
Year Renovated:	1987
Sprinklers:	Yes
# of Buildings:	1
# of Floors:	3
A/C:	Yes
Clearance Height Min:	0.0
Rail Service:	0

**Property Information**

Tax ID #s:	8804900865
Total Land SF:	10,200
Acres:	0.30
Zoning:	NC3-65
Investment:	Yes
Owner User:	No
Expenses:	\$ 3.60
Tenants:	<a href="#">View Tenants</a>

**Space Information (Listing # 519338 )**

<b>Asset Class:</b> Retail	<b>Days on Mkt:</b> 39	<b>Agent:</b> <a href="#">J Cronauer</a>
<b>Lease Type:</b> NNN	<b>Rent Min:</b> \$ 35,00	<b>Email:</b> <a href="mailto:jc@hunterscapital.com">jc@hunterscapital.com</a>
<b>Status:</b> Available	<b>Rent Max:</b> \$ 35,00	<b>Phone:</b> (206) 300-6995
<b>Availability:</b> Occupied	<b>NNN Expenses:</b> \$ 3,60	<b>Company:</b> Hunters Capital Real Estate, LLC
<b>Date Avail:</b> 12/27/2012	<b>TI Allowance:</b> Yes	<b>Office Phone:</b> (206) 328-6153
<b>Floor:</b> 1	<b>Avail SF:</b> 5,163	<b>LOC:</b> 3%
<b>Entire Floor:</b> Yes	<b>Divide To SF:</b> 5,163	<b>Exclusions:</b> No
<b>Sub Lease:</b> No		<b>Last Modified:</b> 1/27/2013
<b>Move In:</b> March 1, 2013		

**Showing Instructions:**  
Please contact listing agent to gain access to the space.

**Listing Broker Comments:**

Prime Retail location on E. Pike Street in Pike Pine on Capitol Hill. Original auto show room with floor-to-ceiling windows, exposed wood ceiling and beams. Entire 1st floor is available (10,000sf) or floor can be divided into two spaces, 5,163sf for restaurant and 3,948sf for retail. 14 foot ceilings, southwest exposure, seismically upgraded. Landlord will restore exterior by exposing original brick. See our website for other restoration projects.

**Public Comments:****Historic Building Retail space on Capitol Hill**

Prime Retail location on E. Pike Street in Pike Pine on Capitol Hill. Original auto show room with floor-to-ceiling windows, exposed wood ceiling and beams. Entire 1st floor is available (10,000sf) or floor can be divided into two spaces, 5,163sf for restaurant and 3,948sf for retail. 14 foot ceilings, southwest exposure, seismically upgraded. Landlord will restore exterior by exposing original brick. See our website for other restoration projects.

## Appendix C

**C-1:** The attached spreadsheet is the complete beer inventory. The inventory will vary based on month, but the options will be taken from this spreadsheet.

Reference text, section 3.1, page 12.

**C-2:** The attached tables contain the food menu offered at BarLee. The menu also contains recipe cost data. Please see text section 3.1, page 12 for further explanation.

## Appendix D

**D-1:** The below logo is the official logo used by BarLee.



## **Appendix E**

**E-1:** The attached payroll wage and salary documents are first referenced in the text in section 6.3.

**E-2:** Attached please find the break-even analysis. The spreadsheet contains all of the information outlined in the text.

**E-3:** Attached please find the income statement. This spreadsheet contains five-year projection. The spreadsheet contains all of the information outlined in the text.

**E-4:** Attached please find the pro forma profit and loss statement. The spreadsheet contains all of the information outlined in the text.

**E-5:** Attached please find the statement of cash flows. The cash flows attached contain five-year projections. The spreadsheet contains all of the information outlined in the text.

**E-6:** Attached please find the balance sheet complete with five year projections and year-over-year changes. The spreadsheet contains all of the information outlined in the text.

**E-7:** Attached please find the ratio analysis. The spreadsheet contains all of the information outlined in the text.

## **Appendix F**

**F-1:** Attached spreadsheet, is a compilation of projected marketing and miscellaneous expenses.

**F-2:** Please reference the attached spreadsheet for the complete front of the house inventory list.

**F-3:** Please reference the attached spreadsheet for the complete back of the house inventory list.

## Summary of Capstone Project

The capstone project entitled *BarLee: Business Plan for an Urban Beer Garden* showcases all of the various facets of business plan development. The perspective from which the project was written was as if it were to be pitched to any assortment of investors. Examples of investors include banks, family and friends, or angel investors. The pitch entails presented a completed business plan and attempting to convince one to invest in a concept. Concept development is the initial step in business plan creation.

The concept for BarLee, came from a number of sources. My primary interest in entrepreneurship was ignited while enrolled in HPM 421: Ethics and Issues in the Hospitality Industry. This course takes a critical approach to the ways in which business is conducted in the hospitality industry. The scope of the course required critical evaluation of the question “what metric is used, or should be used, to determine if a business is successful?”. It was then that I began examining publications that attempted to answer the above-mentioned question. *The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social and Environmental Success -- and How You Can Too* a book written by Andrew Savitz inspired me to determine the feasibility, from a financial perspective, of owning and operating a business that adhered to the triple bottom line. The triple bottom line is the commitment to financial, social, and environment sustainability. The triple bottom line takes into account the full “cost” of conducting business.

This differed from conventional business practices showcased throughout the 20<sup>th</sup> century. Big business is typically only concerned with the bottom line, which is the financial return.

The financial return, known in the business industry and net operating income (NOI), is a key indicator of financial success and profitability of a company. However, as a result of business focused solely on maximizing profitability we have done harm to our society and our environment. BarLee aims to develop a successful business model that proves financial success can be achieved without the negative impacts on the environment, a society or a community.

The methods used in business plan development are fairly standard, BarLee was developed with the guideline provided by the Small Business Association. As outlined above, the concept development is the most difficult stage. While, the motive behind BarLee is positive, a business cannot be considered successful without financial return. Financial return is the main means by which the industry attracts and retains investors. Investors are essential for financial growth and market longevity. Therefore, a concept that supports the triple bottom line must be something that would generate financial return in a given market. The stage, which preceded the inspiration, was marketing and industry research.

Within the food and beverage industry there are trends and there are fads. Many unsuccessful restaurant concepts fail because they are founded on the basis of

market fads as opposed to market trends. Simply defined, trends have staying power and fads are fleeting. A key to concept development was identification of market trends. The way in which this information was acquiring was by reading industry magazines, lifestyle newspaper articles, blogs on the internet, and walking around New York City. Surveying an area such as New York City was helpful because New York City is an epicenter of the food and beverage industry. A concept that is prevalent in the New York City market would likely have trending power. After this research was completed the concept of an urban beer garden was developed.

After the concept was developed, BarLee prepared pillars of success that were used to establish the framework of the business plan. There are many keys to success within the business, but the pillars on which BarLee builds its success and yields profitability is through strong ownership with industry experience, conservative financial forecasting, a commitment to excellent service, food, and brews. As well as an adherence to the triple bottom line, which is evident in every aspect of business practices. The community reinforces our success, the environment meets our needs, and revenue keeps BarLee in business.

Once the idea and keys to success were developed, the next steps in the construction of the business plan could be taken. Some of the tasks involved included: conducting market research, developing financial projections, analyzing human resource requirement, locating a building available for lease with the



potential of purchase, researching liquor laws, and creating promotional campaigns. These tasks ranged in difficulty because of the specific skill set required for each task. An example of this is brand design. Ideally, the logo and branding would be done by an expert in the field, someone with skills in graphic design and advertising. However, for the purposed of this project it was completed with no outside help, with one minor exception, the company logo. The same is true of the financial projections. Balance sheets, income statements, and statements of cash flow would be completed by an accountant. With that being said, I was able to complete all of the financial statements with a sense of accuracy. The financial statements along with market research are amongst the key indicators of concept success in a given market. Seattle the city in which BarLee is located proved to be sustainable for the concept demonstrated in the business plan.

There are several reasons why this project is significant. The primary reason being the possibility of financial success through a concept that emphasized the triple bottom line. BarLee proves that financial return is possible while still considering the total costs of doing business. This plan enabled the development of a business committed to the triple bottom line. The business was financially successful enough to allow for the possibility of franchise operations. While this is just one business plan the hope is that the pillars of the plan be replicated to yield success with other concepts.

Another reason why this project is significant is because the concept is in the beginning stages of the trend. This means that the food and beverage industry can expect to see similar concepts developed in the near future. One prime example of this a franchise restaurant with a similar concept is *Gordon Biersch*. Constructing a business plan prior to the wide scale popularity of a concept allows members of the hospitality industry advanced knowledge of future products and services.

The completion of this project was beneficial for a number of reasons. However the most significant outcome was that it enabled me to explore business development. While my primary focus in both academia and the workforce has been the operations of the hospitality business, this plan engaged me to think critically in areas that I had given very little attention to in the past.

Understanding the structure of a business and the ways in which concepts are developed will aid in my future career in property management and operations.