



## Background

The purpose of this business plan is to showcase Kitchen Porter Tech™ (KPT) web based software application built for the restaurant owner and franchisor, and win the Miami Herald Business Challenge **Community Track**. The recession has affected many businesses across many industries, and unemployment has left millions without jobs. Restaurants are especially vulnerable because of their low profit margins, and an unemployed country means there are fewer people eating out. KPT was built to help the restaurant industry manage their “cash” business, increase their margins; ultimately, avoid failure, keep jobs, and continue to grease the wheels of our economy here and worldwide. The software is designed to help maximize profits, leverage purchasing power, examine food cost, analyze data, and save many hours in staff labor. Most restaurants fail because of high overhead, not shopping the best prices in the market, employee theft, poor bookkeeping, and not enough time dedicated to restaurant business operations.<sup>1</sup> KPT address all of these issues, it’s more than just a powerful web based application; it is an MBA bird’s eye view of operations on the macro and micro level. KPT will create a paradigm shift in the restaurant industry by eliminating the uncertainty and saving millions of dollars worldwide. More importantly, our software can synchronize with most point of sale systems in the market reducing data entry through integrated accounting packages like **QuickBooks**, **Saasu**, and **Xero**. The software price is \$125 monthly subscription; additionally, we offer an enterprise version starting at \$10,000 down with a monthly maintenance of \$150 per store per month. Stability is provided to the restaurateur for less than \$5 a day per store. KPT is currently in beta testing. We have already presold 70 subscriptions that will begin in May well after the beta testing process.

## Mission and Vision Statement

Like a great “Kitchen Porter”, KPT will help the franchisor, restaurant owner or manager by giving them the assistance they need to become more efficient making vital data available at their finger tips; regardless, if using a point of sale system or simple cash register. KPT expects to generate \$3.2 million of revenue and \$2.2 million EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*) by the third year. (See Exhibit 1.)

## Management Team

**Robert Vasquez** is a graduate of Nova Southeastern University's H. Wayne Huizenga School of Business and Entrepreneurship. During high school and college, Robert worked in the restaurant industry from busboy to manager to eventually owning and operating 5 Crepemaker locations in Florida. Prior to working as an owner operator, Robert worked as an accountant, software developer, and financial systems analyst. In April 2009, after leaving the operations of Crepemaker, Robert spent time addressing the issues common to all restaurants especially the “mom and pop” locations. It was evident that there was a need in the industry, so a team of software developers were assembled, and **on January 4th, 2010 Kitchen Porter Tech, LLC was founded by Robert Vasquez.**

**Gaurang Kulkarni** is a graduate of Kuvempu University. He has been working in the technology industry for the past 5 years. He holds a B.S. in Information Technology and is MCSE Certified. He has worked to help develop many online software application for the finance, hospitality, restaurants, e-learning, and mortgage industries. Gaurang knows how to manage a project from its inception to completion, delivering those projects on time. Gaurang has spent the last few years building and testing mission-critical projects in a variety of environments. He has worked in the roles of software developer, system designer, project manager, QA manager, test manager, management consultant and trainer. Gaurang has programmed using the following languages; C, C++, C#, VB, VB.NET and SQL.

**John Alicea** has 18 years of working experience in the Information Technology industry stemming from project management, design and implementation using the following solutions; Microsoft, Novell, Linux, VMware, VOIP, and SonicWall LAN/WAN office solutions. John’s vast knowledge of these technologies and platforms has allowed him to improve the structure and efficiency of organizations in many industries. His ability to communicate technical information in understandable terms to non-technical customers is just one of many skills he brings to KPT.

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<sup>1</sup> “WHY RESTAURANTS FAIL” August 2005. Cornell Hotel and Restaurant Administration Quarterly

### **Kitchen Porter Tech™ Product**

Kitchen Porter Tech™ is a unique web based application that connects restaurateurs, franchisors, franchisees, management, staff, vendors, and customers through a centralized location that's open 24/7/365. This allows the restaurateur to begin controlling the back office of the restaurant operations from anywhere in the world and at any time. The common challenges restaurants face today are related to back office issues. The reason is that the point of sales and cash registers today do not solve the massive data entry and time management issues in running a back office. There are a lot of spreadsheets and third party software applications that resolve most issues independently, but none of them integrate as a full solution. KPT addresses these issues by centralizing the data and analyzing it for the restaurateur.

The software is designed with the franchisor and restaurant owner in mind to offer better organization and support to the franchisee, manager or single restaurant operator; more importantly, franchisors can capture electronic data entry right from the franchisees point of sale system. Our software not only saves money, but it save countless hours of staff data entry. It allows the restaurateur to make adjustments in staff and inventory daily or weekly as opposed to today's method when the restaurateur reviews data that can be weeks or months old; above all, our software is the high priced manager most restaurants cannot afford. As data is entered and uploaded, the software begins to analyze and isolates inefficiencies in labor, waste, and scheduling allowing the restaurateur to make decisions immediately after receiving online real-time data. The data entry for any restaurant is overwhelming; as a result, many erroneous and simple mistakes are made due to massive amounts of data entry. Budgeting cash is another arduous task; therefore, an algorithm was created to tell the user how much to save from daily sales to meet fixed expenses. (See Exhibit 2.) The software is unique in the following ways:

- Web based application that is **not operating system dependent**.
- Software allows the user to **compare vendor pricing** when creating purchase orders.
- As food items are sold from the point of sale system, **inventory is adjusted automatically**.
- **Flexible to integrate with third party software** vendors including accounting, marketing, and payroll.
- KPT built in algorithms **tracks waste, inefficiencies, and sends alerts to the owner**.
- **Acts as an additional store manager** keeping a close eye on all transactions.
- KPT **supports Multilanguage's**
- **Synchronizes with most point of sales systems**
- **Integrates with popular overseas accounting packages**
- Uses the **US and Metric systems**
- Software updates and **upgrades are FREE** with every subscription or maintenance agreement.

### **Industry Analysis**

There are over 600,000 restaurants and eateries in the United States. Gross annual receipts total more than \$172 billion dollars per year. It is one of the country's largest grossing industries. The industry also employs over ten million people, and generates an average annual payroll of more than \$34 billion dollars per year.<sup>2</sup>

### **Customer Profile**

Management has outlined the following demographics of customers that it expects will be ideal candidates for Kitchen Porter Tech™. KPT expects that the average customer will continue to have the following demographics:

- Owns a single restaurant, multiple-units, franchisor, or franchisee
- Store sales of \$96,000+ per year
- Owns a point of sale system or cash register
- Looking to upgrade their current point of sale system or costing software
- In need of a low cost solution to help reduce data entry, and analyze and determine inefficiencies
- In need of assistance to help keep the restaurant profitable

### **Market Demand**

The Company intends to continue to develop locations throughout Florida, the United States and the world. Our software also includes the metric system for worldwide acceptance, and will integrate with popular overseas accounting packages. Below is a brief analysis of the targeted areas.

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<sup>2</sup> U.S. Economic Census, Food Stores (Immediate Consumption) – NAICS 4452, Full Service Restaurants – NAICS 722110.

Florida is the third largest state within the United States in new startup restaurant business licenses 4,678. Third only to California 6,501 and Texas 6,409, every year the United States opens over 49,952 new restaurants.<sup>3</sup>

In 2006, the global fast food market grew by 4.8% and reached a value of 102.4 billion and a volume of 80.3 billion transactions. In India alone the fast food industry is growing by 40% a year.<sup>4</sup>

### **Competitive Analysis**

There are only a handful of companies that specialize in selling costing analysis software to the restaurant industry; however, there are none that specialize in a web based application that is not operating system or point of sale dependent, and integrates with catering, marketing and accounting software. Specific competition will come from Chef Tech which currently leads the market in recipe costing software.

### **Sensitivity Analysis**

Kitchen Porter Tech's revenues are somewhat sensitive to the overall conditions of the economy. During times of economic recession, KPT may have a decrease in its top line revenues as people will demand fewer beverages and food products from retail restaurant locations which will directly trim down budgets; however, KPT cost savings software should be in greater demand in a recession to help the restaurateur during financial hard times.

### **Financial Highlights**

We project a positive cash flow and profitability in each year of expanded operation. KPT has reserved \$15,000 of working capital to finance the ongoing costs of the business. As already discussed throughout the plan, KPT operations has already commenced, and the business is generating revenue. Management will reinvest revenues to grow KPT using cash, and avoid increasing the company's liability and exposure; as a result, accepting that growing a company in cash may mean slower growth; on the other hand, its important KPT has a positive cash flow and a strong balance sheet.

### **Marketing Objectives**

- Offering new customers a 30 day free trial of our software.
- Continue to maintain a strong presence in the markets.
- Maintain strong connections with our customers.
- Build a large word-of-mouth referral network through existing customers based on their success.
- Continue to maintain a strong connection with Kitchen Porter Tech's approved strategic partners.
- Advertise using Google Ad Words, Bing, and Yahoo.

In addition to the strategies outlined above, KPT will also maintain advertisements among local channels. KPT will continue to maintain print advertisements in selected restaurant magazines, national tradeshows, and online restaurant web portals. KPT will also regularly offer discount coupons within these print channels and social networks like **LinkedIn**, **FOHBOH**, **Face Book**, **Twitter**, and the **Restaurant Support Group Blog** administered by KPT.

### **Strategic Partnerships**

Kitchen Porter Tech has identified strategic partnerships that will help to increase sales and provide a very much needed service to our customers. The first partnership established was ESI the distributor of **FuturePOS**, and they are currently reselling our software. We currently synchronize with **FuturePOS** point of sales system; as items are rung up in their register, the data is uploaded to our server and inventory is reduced. Our software will integrate well with popular accounting packages like **QuickBooks**, **Saasu**, and **Xero**. We will also integrate with **Constant Contacts** the email marketing tool used by many restaurants. Currently, we are in the process of integrating our software with **Paychex** payroll. Our website currently lists our partners and affiliates on our partner page.

Submitted by:

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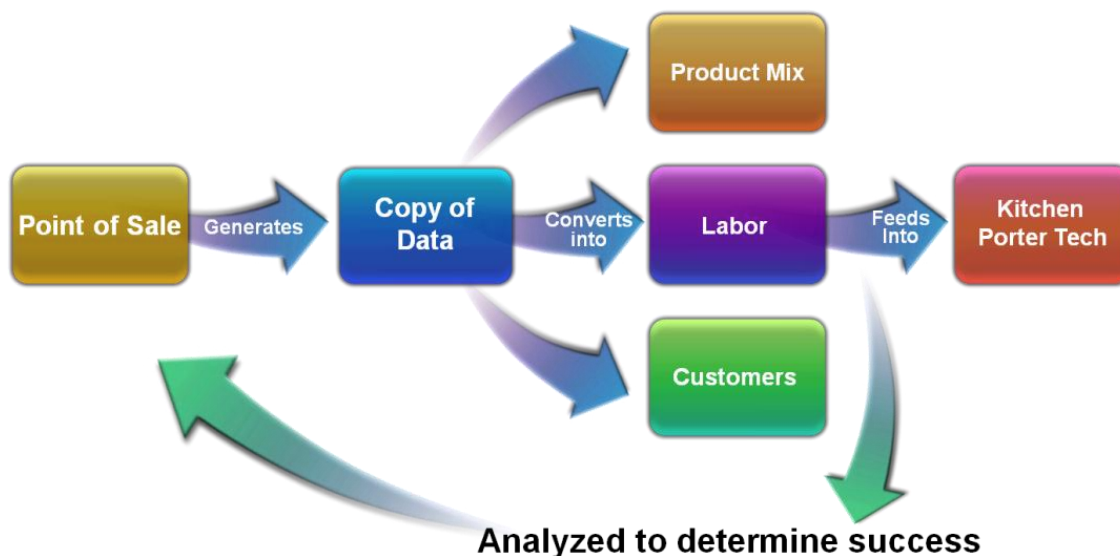
<sup>3</sup> Restaurant Startup & Growth Magazine, March 2010.

<sup>4</sup> "Fast Food" Wikipedia 2010. Wikipedia Foundation, Inc.

**Exhibit 1: Cash Flow Budgeted Projections**

	2010	2011	2012
<b>Income</b>			
Sales <sup>5</sup>	\$21,600	\$30,000	\$31,050
Subscription & Maintenance Sales <sup>6</sup>	\$445,000	\$2,190,294	\$3,197,763
<b>Total Income</b>	<b>\$466,600</b>	<b>\$2,220,294</b>	<b>\$3,228,813</b>
<b>GROSS PROFIT</b>			
<b>Less Operating Expenses</b>			
Advertising <sup>7</sup>	\$37,200	\$175,224	\$255,821
Bank Fees	\$1,425	\$2,400	\$4,381
Contractors	\$9,300	\$51,107	\$74,614
Legal expenses	\$1,600	\$4,800	\$3,600
Merchant Monthly Fee	\$8,900	\$43,806	\$63,955
Office Expenses	\$900	\$3,650	\$4,800
Printing & Stationery	\$400	\$5,841	\$3,000
Furniture\Equipment	\$3,360	\$15,120	\$30,240
Rent	\$5,600	\$25,200	\$50,400
Rent - Hosting Servers	\$12,410	\$96,000	\$144,000
Subscriptions	\$765	\$1,020	\$1,020
Telephone & Internet	\$3,500	\$8,400	\$8,400
Wages and Salaries	\$160,000	\$281,003	\$300,000
<b>Total Operating Expenses</b>	<b>\$245,360</b>	<b>\$713,571</b>	<b>\$944,231</b>
<b>NET PROFIT</b>	<b>\$221,240</b>	<b>\$1,506,724</b>	<b>\$2,284,582</b>

**Exhibit 2: How it works**



<sup>5</sup> We foresee about 3 major enterprise software installations for larger franchisees starting in 2011.

<sup>6</sup> KPT has presold 70 software subscriptions to our current beta tester, and anticipate 3,500 subscriptions FYE 2010.

<sup>7</sup> We are reinvesting 8% of our gross sales towards advertisement.