

Franchise Business Plan



February 2, 2018

Indianola High
School
1304 East 1st
Avenue

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I. EXECUTIVE SUMMARY

The Dapper Doughnut Company is a mini gourmet doughnut shop that revolves around its hot and freshness, delightful toppings, and excellent customer service. It is not just a regular doughnut that has sat on the shelf since 5 am. The price is higher but you pay for quality and the price is low compared to other gourmet doughnut shops

We are going to locate our own Dapper Doughnut franchise in Indianola, Iowa. We chose this smaller town because of the opportunities and advantages it holds. There isn't much competition because there are no other doughnut shops in the town. We also have the advantage of Simpson College that is in town. This brings customers from the college who are looking for a calm and quiet place to relax and study. An opportunity that we possess is a food truck. Once we have enough revenue, we would like to have a food truck that would be a hit in Indianola. This franchise has many opportunities that could turn into major success. To open the business, train everyone, and pay employees requires money. We are seeking \$200,000 to start our new business.

II. BUSINESS HISTORY, BACKGROUND, AND OBJECTIVES

A. Describe the company you wish to purchase franchise rights for

Dapper Doughnut is a mini doughnut and coffee shop that opened in 2015. The business plan came from two brothers who grew up going to Schultz farm to get hot fresh doughnuts. However, they came into a problem. The line was always so long that by the time they stood in line and got the doughnuts. They were so hungry and would eat almost the whole dozen.

The business is set up so you are able to view the employees making your hot fresh doughnuts right before your eyes (as seen below). This gives the customers the satisfaction of knowing that the doughnuts are actually fresh. The long, assembly style setup allows the employees to make the doughnuts in the fastest way possible. The setup makes the customer feel like they are not waiting as long if the line does get long because they are always moving, and watching the process of their mini doughnuts.



The main focus of the franchise is mini doughnuts that can be sold from a half dozen, all the way to four dozen. The business also sells drinks such as OJ, milk, water, and coffee. An innovative item the franchise offers that we would really like to pull out and set a big focus on is the shakes. They are available in mini and large sizes. Combos are also available to make it cheaper for people wanting a drink and doughnuts. Catering is also an option, from serving 10-15 people to serving more than 35.

Dapper Doughnut not only has the freshly made aspect to it, but the doughnuts are also very visually appealing. They add enchanting toppings to the mini doughnuts that makes them even more delightful to eat.

The Dapper Doughnut franchise is so much more than doughnuts. They focus on great customer service for everyone that walks into the shops. Their mission is to be fully committed to the highest quality product and customer service. They strongly believe in forming a community around their brand and that is what makes them shine through.

B. List your short-term (next 12 months) and long term objectives

Our short-term goal are to attract customers to the new store. Being a new store to the area, we have a tougher challenge. Another goal we have is to increase our advertising budget each month. At the opening of the store our financial status will be tight but hopefully as the business is running, we will be able to increase our advertising. Also, hopefully the need for more advertising will lower as our name gets bigger and bigger.

A long-term objective would be to have Dapper Doughnuts as a company, to continue franchising and opening new locations. It says it is on the “ground level” and growing slow. As the company itself and our own franchise increase in success, we can hopefully increase our number of stores as well as branch out and look at other options. These could include a food truck as they are getting more and more popular. Kiosks could also be open in malls or large business places. Our short term goal with attracting customers would be a part of this long term objective.

Another long-term goal would be to get a big enough customer base to open a food truck. A local ice cream business in the Indianola community has food trucks and it is a big hit. It is something that a smaller town does not get to experience very often so when a food truck is available to come to events and be a part of the community, it is a big deal and people will be

willing to purchase bigger quantities. Not a lot of equipment is needed for the truck and we do not need extreme air conditioning because our product does not need to be kept cold. We feel this would add great profit to our franchise.

C. Describe the company's major successes and achievements to date

The Dapper Doughnut Company has many outstanding successes and achievements. Dapper Doughnut is known for their highest quality of ingredients at an affordable cost. All mini doughnuts are served fresh and hot. We make all doughnuts right in front of the customers eyes for a visual appeal to all customers. Lastly, it is known to be an easy business to operate with all the help and assistance the Dapper Doughnut management team gives you. Just because it is an easy business to operate does not exactly mean it is going to be the most booming company if we do not put in enough work. This is also why their marketing team will help us get into a successful place in business. This will generate revenue and help our franchise, so The Dapper Doughnut can be the very best. Dapper Doughnut has only been a company since 2015 so its success in such a short time is very impressive and a company worth getting involved in.

D. Describe the company's challenges and obstacles

So far, Dapper Doughnut is a small business that not as many people know about. Because of this we have the struggle of building a customer base. We will do this with the help of our excellent employees who will make Dapper Doughnuts a place known for their outstanding customer service. Finding a building in a happy medium part of town would also be a challenge. Location is a very important part in placing a new business because that would affect our customer's view on the business. Having our company in a smaller town than Las Vegas would affect the advertising and how we would promote those advertisements. Having advertisements is a key factor or else we will not have as many customer opportunities as we

would like for our revenue. However, being in a smaller town, the advertising becomes a little more difficult.

E. Describe any changes in structure, management, ownership, etc. that have taken place in the past year

It is a new company so everything is mostly the same as when it started. The brand is starting to grow. Their model is based off the award winning Chicago Beavers Coffee and Donuts (BCD) which has been successful for the past five years with franchise professionals Jeff and Brian Pappas. Jeff Pappas, Jimmy Nuccio, and Gabriel Wiesen came together to establish “The Dapper Doughnut.”

III. BUSINESS ENVIRONMENT

There are many factors that can affect Dapper Doughnut’s business environment. If we have a drop in population, both our staff and business would go down, both at the same time. Income levels will affect our sales because customers will be spending less money. When the economy is doing well, people will go out and purchase items like the Dapper Doughnut’s food and drinks.

The social environment can play a role in our business’s success too. People’s attitudes and public values towards our business when working or purchasing food, matters. For example, if you have a business that thrives on deep fried food, you have to remember that right now the public is leaning towards healthy lifestyle choices and healthy food consumption. Recognizing this allows you to make alternate choices for people who choose to eat a certain way. Also, food allergies are very prominent in society. Remembering to have an item or two on the menu that is gluten free or peanut free would affect the type of people entering and coming back to the business.

Political factors can play a role too. It is important to have a good relationship with the mayor and city council members in the city that we will operate in (Indianola). This will increase our ability to have a say in laws and codes that would affect our business in a positive or negative way.

IV. PRODUCTS AND/OR SERVICES

A. List and describe the products and/or services offered

Dapper Doughnuts sells gourmet mini doughnuts and prides itself on its unique toppings. Doughnuts are made right in front of your eyes which makes the customers feel more comfortable with what they are eating and feeding their children. Along with that, cheap prices make it affordable to come there often not just once in a while. Every doughnut is carefully fried to a golden crisp and then topped with your choice. Also, the franchise talks about a mobile mini doughnut truck like the Outside Scoop. If we had enough revenue to the point that we could purchase a truck, we feel that that would add something different to make our business separate from the rest. We could also put our truck at the fair and other events.

Along with the mini doughnuts, we also offer a variety of drinks and shakes. This allows us to obtain more customers because we have more than just one thing to offer. In addition to that, we have a catering service that allows people to have mini doughnuts catered in the amount they need for the event.

B. Describe any planned changes or additions to the present line of products/services within the next year

We will definitely add more coffee choices. For example a cappuccino, frappe, or latte. This will reach more customers because nowadays many people do not drink just regular coffee. If we have these items at a lower price, then people will want to go there instead of another place such as those listed in our competition chart.

A little cafe/sit down area to eat your mini doughnuts and sip on your drinks would also add the liveliness that our franchise needs to set itself apart. This would be helpful in obtaining the college atmosphere that we strive for. With the college in town, we have a huge opportunity to intake a larger profit.

Another goal is to have a friendly staff so parents of children would feel safe allowing them to come by themselves. With this comes building in a place that will allow for many people to see it as their driving by, but also allowing it to be in a safe place. Training is also a big part of this. The company has things for us to use but I think making our own training videos or exercises would be important because every atmosphere is different. Employees need to be trained to work efficiently, cleanly, and nicely in their environment.

Another addition to Dapper Doughnut that would allow for more customers would be making a gluten free menu. Many people that are gluten free do not get to experience gourmet doughnuts because of the ingredients it contains. They would be willing to pay more for something that they normally wouldn't be able to have. Not only are there people with an allergy to gluten, but there are people that chose to be gluten free to live a healthier life.

V. PRESENT MARKET

A. Describe the present market (geographic location of your potential customers, types of customers)

Our store will be located in Indianola, Iowa. Our customers will vary from older people getting doughnuts and coffee in the morning, to kids getting an after school snack. Another huge potential customer base will come from Simpson College. Students need a place to grab a coffee, a snack, and study. Many students in larger towns will go to other doughnut places, but we do not have that availability in Indianola so they will be looking for other places to go. This offers them a relaxing but upbeat environment to study and get work done at.

B. Describe the growth potential in your market

We do believe that there will be more mini doughnut shops in the future, but as of right now there is not many competitors. Our plan is to keep growing and be at the highest place in our market because soon other companies will invest in mini doughnuts.

As of right now though, like said, there is not many mini doughnut businesses. This gives us a huge potential to grow. Just because mini doughnut shops are not popular, does not mean that they will not be a success. It is something new that people of all types will find interesting. The demand for mini doughnuts because of social media, places like Hurts Donuts, and people talking about it will rise. We can use that to intake large revenues.

C. Describe the current pricing policy

Dapper Doughnut is more expensive than a gas station doughnut, but not as expensive as other gourmet doughnut shops. The doughnuts are made with high quality ingredients that give the product a boost for attention and the ability to be priced slightly higher. See the menu prices below:

-CATERING-

Depends on menu items and quantity

--STORE--

Doughnuts:	Drinks:	Combos:
(Includes topping choice)	Water- \$2.25	6 doughnuts + drink- \$5.75
6- \$4.25	Milk/Orange Juice- \$2.75	12 doughnuts + drink- \$9.00
12- \$7.00	Coffee- \$1.75	
24- \$13.00		
48- \$25.00	Milkshakes:	
	Mini- \$3.50	
	Large- \$6.00	



D. If the business is seasonal, explain how the company adjusts to seasonal factors

The business will not be seasonal, all year round.

VI. COMPETITION

A. List the company’s primary competitors in your market. Identify their strengths and weaknesses

Competition	Strengths	Weaknesses
Hurts Doughnuts	<ul style="list-style-type: none">• More people know about it (bigger name)• Known for being open 24/7• Quality design	<ul style="list-style-type: none">• Expensive pricing• Do not serve doughnuts hot• Far away from Indianola so we could steal their Indianola residents business
Outside Scoop	<ul style="list-style-type: none">• During the summer, more people want ice cream• It is very well known in Indianola• A lot of people like the cool vibe it gives	<ul style="list-style-type: none">• Not open during the winter• Expensive pricing
Uncommon Grounds	<ul style="list-style-type: none">• Good location (on the square)• Sell things such as their own coffee grounds and merchandise for people to take home to use for themselves or as gifts	<ul style="list-style-type: none">• Very small building• Weird hours that do not work for everyone

B. List the advantages the company has compared to its primary competitors

Primary competitors we have include businesses like Uncommon Grounds, Hurts Donuts, and Outside Scoop. In a smaller town with less competitors like Des Moines we have a higher chance of being successful and more pros than cons. Our food is low cost, but high quality. With the high quality food you will enjoy them served hot and in plenty of time. You, as a customer, will be able to see how we are making and decorating your mini doughnuts the whole time. We will have some of the best customer service around because our staff will be trained by Dapper



Doughnut management team, and the Indianola Dapper Doughnut will be known for the staff always welcoming customers in with a helpful smile.

C. List the disadvantages the company has compared to its primary competitors

At Dapper Doughnut we will have customers unsure of our product. People have more than likely been going to the same places for a long time to get their doughnuts and coffee. When seeing a new place, they may want to consider it but with not a lot of background on the place, they may stay away. Hopefully word gets around that we have quality doughnuts so people are not unsure of our product for long, and decide to try it, which is the brand recognition we want.

Our prices could be a disadvantage. When people do not know our product and the quality behind every doughnut, they may look at the price and be scared away because it is way more than a regular gas station doughnut. When all the factors come in, Dapper Doughnuts are not very expensive. They are freshly made, quickly, in a great atmosphere, with topping choices sure to fit everyone.

VII. MARKETING PLAN

A. Describe the customers and geographic territory to be targeted for marketing efforts to generate revenue

We will welcome customers of all types, but we would like to target people that are more likely to spend money on a regular basis. We want our Dapper Doughnut business to be in a safe place in town. So, our customers feel welcomed and more apt to spend money when it is in a nicer place in town. Also, it needs to be in a place where people have a higher cost of living so they are able to spend the money our company will need.

A group that we would like to target is the college. Having the luxury of being in a smaller town with a college, they do not have as many options of places to go. College kids love

to go somewhere and get a coffee and a little snack to study. Being a new and of the times business, it will attract them.

The location as mentioned above needs to be in a safe part of town. This part of town also needs to be heavily traveled. For example, the only places that we would consider would be on the highway or on the square. These places are seen by everyone and would attract new customers.

B. Describe the company's existing marketing techniques, strategies, and tools

Dapper Doughnuts marketing strategy varies by store location. Marketing strategies may include: newspapers, magazines, flyers, social media, etc. They will provide a proven marketing package specifically for our territory, as well as production and strategic assistance with our on-going local marketing efforts. All artwork, templates, ad layouts, etc. and a specific marketing plan are provided.

One thing that is still in the coming soon phase is the app. They are working to create a free app that can be used to learn about promotions, recruit employees, and order your doughnuts for pickup. This is a key factor to have in a society that is based off of their phones. This will get our name out there more and will encourage people to stop in.

C. Describe the marketing techniques, strategies, and tools you will use in the future to promote the business

A marketing technique that we would use is social media. Almost everyone is on some kind of social media. A lot of the younger generations are all over social media and the younger generations are the type that would come to Dapper Doughnuts. Now, we will definitely advertise to all ages of people but the vibes that Dapper gives is more geared towards younger people. With the decorations on the doughnuts and the way the fast-pace way the business is ran would be very appealing to younger generations.

An example of social media advertising we plan to use is Instagram. When people are scrolling through they come across advertisements that involve one or more pictures. The title one would include the logo and maybe a slogan. Then as you scroll to the right, you see pictures of our masterly crafted, elite mini doughnuts. The bright colors of the decorations, catch the eye. In the caption we would include any special offers that we are currently offering, a link to the website, and the nearest locations.

Twitter is another marketing strategy. As people are scrolling through their feed, they come across a colorful advertisement that catches their eye. Not only will the ad catch their eye, it will make them read because I mean come on, who does not like mini doughnuts? This advertisement would be very similar to the Instagram one. We wouldn't want to make our advertisements too different because our brand needs to be recognizable. Eventually the goal is to look at the colors and shapes and know that it is Dapper Doughnuts without reading anything.

Of course we would have other marketing plans in place. Flyers to pass out at a mall, community event, or any place that has a heavy traffic of people is a plan in place. This is effective because the people have something to take with them to remember it. As with an advertisement that they just look at, they are not likely to remember the important details about it. Another non-social media example is a radio advertisement. This gets our name into people's heads and if they hear it enough, they might be encouraged to try it.

Another thing that would be important for a smaller town would be supporting the community. We plan to sponsor a club or activity at the local high school. This will get our name on their shirts, papers, at the events, etc. It not only shows our name, but it shows that we care. It shows that we are supportive of the things happening in our community and want to help. This makes people more willing to become loyal customers and tell their friends about our business.

VIII. MANAGEMENT AND ORGANIZATION

A. Describe your management team and its strengths and weaknesses

Our management team will be a friendly face to all. They will not argue because the customer is always right. They will learn to work around problems and have a solution that appeals to everyone involved. One weakness to this would be that some companies might think we are not getting are job done in the smartest way if we think everything is rainbows and unicorns. We would need to know how to face the hardships in a way that we would be competitive.

B. Describe your plan to further develop your management team

We would get to know the staff personally and professionally to run a good business. We would also need for them to gain commitment to this team and the strategies this business was built upon. The Dapper Doughnut helps franchises run a smooth business with a trained manager. Other than building up our management team's skills, we really do not need to increase the management staff. We want to have a full time manager and the company isn't going to expand in that way unless we got another location.

C. Describe your management succession plan

Our management team will have to go through an interview and background check before we hire them. They do not need an education past high school but we need them to fit our needs and wants of our Dapper Doughnut franchise. Our manager would take over in the case of both owners being gone for a long amount of time. This could be due to a trip to the headquarters in Las Vegas, Nevada to further our business plan and design.

D. Describe the need for, and how you will obtain, additional management personnel based on present and projected sales

If additional management personnel is needed, then we will place job advertisements on various sites and interview candidates for the role. Our projected sales and future success will ensure quality applicants.

IX. BUSINESS RESOURCES

A. List the major operating equipment that you will purchase or lease

There are many pieces to franchise a business, especially the equipment needed. Industrial fridge/freezer, fryers, industrial mixers, and shake machines are some examples of items needed. Another major thing is that we will need space to lease for a store. We will need to check all possibilities in Indianola for a Dapper Doughnut. Our store only needs to be 300 sq. ft. but we would like to increase that size to account for the lounge area that we want to add as we see it will be a success for the environment in Indianola. If we wish to do the food truck, we would need a truck and equipment for that.

We feel that purchasing instead of leasing would be most efficient for the things at the store. In the long run, it will cost less money and loans can be taken out on them. For the food truck, it would be better to lease the truck until we know how successful its business is going to be.

B. List major suppliers, location, and payment terms

Dapper Doughnut's main location is in Las Vegas. This is where all training of new owners takes place. Every Dapper Doughnut has the same store layout to account for the visual appeal. Due to this, all major equipment will be obtained from the franchiser. It will be paid back according to the terms of the franchise agreement. That will need to be signed before we can begin construction.

C. Identify other outside resources used or needed to fulfill customer requirements

There are many things we will need to be able to please all customers. Some of the few is our ability to find a safe place for our store location and good parking lot space for customer cars. A major component would be to make sure all sanitary issues are taken care of ahead of time prior to customers showing up. This will be done by our management position. A quality design and sign will also be needed to attract new customers into the store to buy our goods.

D. Describe quality control procedures

Quality control is a set of procedures to make sure our performed service at Dapper Doughnut meets the requirements of the customer. We would hire a janitor and an inspector to make sure our store is clean and up to date with the criteria based of real-world data and the comments from the customers. The customer is always right no matter what. If a doughnut is rejected or poor service is present, the consumer will be granted a new order with no charge, and we will repeat the service until that consumer is satisfied. That is why getting it right the first time is so important to our franchise.

A manager's assistance will be needed to take care of the store when the manager is gone or off work. They do not need any degree past high school to have this job.

We will also be looking for a full time accountant to take care of numbers and payrolls so we, the owners can focus on improvements to our business. This accountant will need an accounting degree and will be very helpful to the company.

E. Describe the availability of skilled labor to meet your company needs

We will need people with previous skill/ management to be on higher levels of our organizational chart, but will also take new employers that do not have such big of a role. With our type of businesses, you do not need any education past high school to work. This makes it easier to hire and we do not have to pay as much because no degree is required. We can pay just

above minimum wage. High schoolers because would make good employees we want to help the community in any way possible.

F. Describe the type and extent of necessary training that will be required to upgrade the skills of labor and administrative employees and the estimated cost

Employment Type	Training Required	Estimated Cost Per Person
Owner	Five days in Las Vegas as training, two days of onsite training	\$1,000-\$2,000
Managers	Marketing manuals, training videos, simulations	\$200
Assistant Manager	Marketing manuals, training videos, simulations	\$200
Accountant	Degree required	
Part Time/Full Time Employees	Training videos, training webinars, simulations We feel that treating our employees with respect will increase their work ethic and positivity towards their job. That is something we strive to do.	\$150

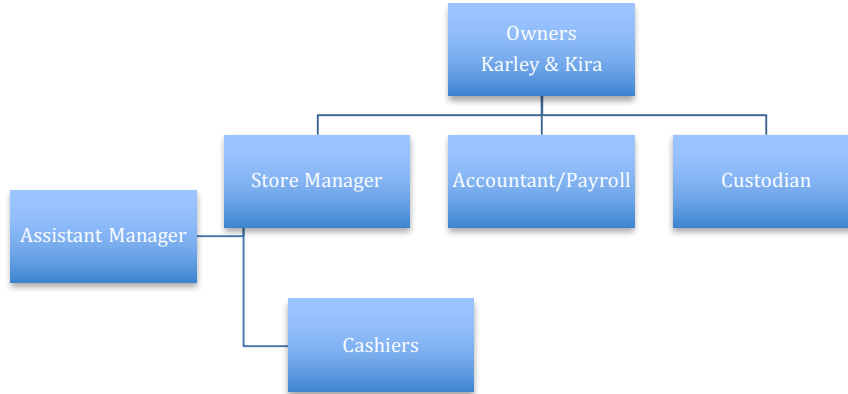
G. Projected number of full-time and part-time employees

Full Time Employees	Part Time Employees
Our goal for the number of full time employees would be 9 including the manager positions and a full time janitor. The number of employees working at a time will not be high. An account will need a job too.	When thinking about part time employees, we have to consider evening hours and weekend hours. These jobs would be nice to give to the high school and college kids in the community. We are expecting to hire 12 . We have approximately 30 two hour shifts available per week for our part time staff. This allows some to have maybe five a week and some that do not want to work very much, two a week.

As said above, we would need to hire a full time janitor. They would come in after hours to clean the business and get it ready for the next day. This will make the building more appealing to customers and allow us to follow regulations given to us.



H. Organizational chart



X. FINANCIAL PLAN AND DATA

A. Describe the company's sales and profit trends

According to past history, Dapper Doughnut has a proven business model that is profitable. The product has sustainable growth and with a low food cost of only 10%, this makes for an exceptional profit margin. The Dapper Doughnut business model is based upon the award winning Chicago based Beavers Coffee and Donuts (BCD). BCD has been operating successfully for five years in the Chicago area. Profit can be significantly supplemented through catering. The demand for hot mini doughnuts is huge and there are not many operators meeting this demand. We project sales of \$182,500 in year one with a 15% increase there forward.

B. Outline your strategy and timing for obtaining capital

We'll start immediately contacting multiple banks to find the best interest rate for a business loan. Although, Dapper Doughnut does not provide direct financing, they will assist us in obtaining through our third-party contacts or a financial institution. After the franchise agreement has been executed and capital has been obtained, our business will open within 30-60 days after training has been completed. This allows us to start profiting immediately.

C. Two-year projected operating statement

Dapper Doughnut Operating Statement

	Year One	Year Two
Revenue:	\$182,500	\$209,875
Cost of Goods	\$18,250	\$20,987
Gross Profit	\$164,250	\$188,888
Operating Expenses:		
Rent/Utilities	\$36,000	\$36,000
Supplies	\$2,400	\$2,400
Wages	\$80,000	\$92,000
Insurance	\$1,000	\$1,000
Marketing	\$5,000	\$5,000
Other	\$5,000	\$5,000
Total Expenses	\$129,400	\$141,400
Net Cash Flow	\$34,850	\$47,488

D. One-year projected cash flow statement

Dapper Doughnut Cash Flow Statement

	June	July	August	September	October	November	December	January	February	March	April	May
Income:												
Gross Revenue	8,000	9,200	10,580	11,638	12,802	14,082	15,490	17,039	18,743	20,617	22,679	24,947
Cost of Goods	800	920	1,058	1,164	1,280	1,408	1,549	1,704	1,874	2,062	2,268	2,495
Gross Profit:	7,200	8,280	9,522	10,474	11,522	12,674	13,941	15,335	16,869	18,556	20,411	22,452
Expenses:												
Rent/Utilities	3000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Supplies	200	200	200	200	200	200	200	200	200	200	200	200
Wages	6667	7001	7002	7003	7004	7005	7006	7007	7008	7009	7010	7011
Marketing	417	417	417	417	417	417	417	417	417	417	417	417
Insurance	83	83	83	83	83	83	83	83	83	83	83	83
Other	417	417	417	417	417	417	417	417	417	417	417	417
Total Expenses:	10783	11118	11119	11120	11121	11122	11123	11124	11125	11126	11127	11128
Net Profit:	(3,583)	(2,838)	(1,597)	(645)	401	1,552	2,818	4,212	5,744	7,430	9,285	11,325

XI. CONCLUSION

We are requesting \$200,000 to finance the startup of a Dapper Doughnut franchise in Indianola, Iowa. This franchise has a history of success with only three years behind its belt. It will be a success because of the atmosphere it will bring to a small town. There is nothing like it in Indianola and the larger, more famous companies in the Des Moines area do not offer the same aspects that we do. The freshness, quality, quickness, and additions to our mini doughnuts sets us apart from the others. Therefore, in our market, we would be a thriving business.

XII. BIBLIOGRAPHY

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