

Badak International, Inc.  
proudly presents

# HILLJACK'S GRILL & SMOKEHOUSE BURGERS + BARBEQUE + STEAKS

December 2009

Business Plan Copy Number 01

This document contains confidential and proprietary information belonging exclusively to  
Badak International, Inc., owner/operator of **Hilljack's Grill & Smokehouse**.

James P. Reincke    Debra C. Reincke

# Hilljack's Grill + Smokehouse – Purty Good Food.™

*This is a business plan. It does not imply an offering of Securities.*

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## **Non-Disclosure Agreement**

The undersigned acknowledges that **Hilljack's Grill & Smokehouse** has furnished to the undersigned potential Investor ("Investor") certain proprietary data ("Confidential Information") relating to the business affairs and operations of **Hilljack's Grill & Smokehouse** for study and evaluation by Investor for possibly investing in **Hilljack's Grill & Smokehouse**.

It is acknowledged by Investor that the information provided by **Hilljack's Grill & Smokehouse** is confidential; therefore, Investor agrees not to disclose it and not to disclose that any discussions or contracts with **Hilljack's Grill & Smokehouse** have occurred or are intended, other than as provided for in the following paragraph.

It is acknowledged by Investor that information to be furnished is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by Investor, except as provided in this agreement, may cause serious harm or damage to **Hilljack's Grill & Smokehouse**, and its owners and officers. Therefore, Investor agrees that Investor will not use the information furnished for any purpose other than as stated above, and agrees that Investor will not either directly or indirectly by agent, employee, or representative, disclose this information, either in whole or in part, to any third party; provided, however that (a) information furnished may be disclosed only to those directors, officers and employees of Investor and to Investor's advisors or their representatives who need such information for the purpose of evaluating any possible transaction (it being understood that those directors, officers, employees, advisors and representatives shall be informed by Investor of the confidential nature of such information and shall be directed by Investor to treat such information confidentially), and (b) any disclosure of information may be made to which **Hilljack's Grill & Smokehouse** consents in writing. At the close of negotiations, Investor will return to **Hilljack's Grill & Smokehouse** all records, reports, documents, and memoranda furnished and will not make or retain any copy thereof.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Investor Name

Company Name

Street Address

City, State Zip Code

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## Executive Summary

### Company Direction

In 2008, Badak International, Inc. began planning for a themed 'fast casual' dining experience, now known as **Hilljack's Grill & Smokehouse**, to fill a perceived dining and entertainment void in the community of Salem, Illinois. The **Hilljack's Grill & Smokehouse** concept has evolved to a cross generational meeting place where the general public can gather in a safe, comfortable, unique environment to enjoy fresh made-to-order **toasted and panini-grilled sandwiches, healthy wraps, fresh salads, oven baked potatoes, homemade soups, and freshly brewed specialty coffee and tea drinks**. Each item will feature "Fresh & Crisp" ingredients from our "Made Fresh Menu", and will be made to order right in front of the customer's eyes.

With a national trend toward more healthful eating, slow smoked and grilled foods are rapidly gaining popularity over fried foods. **Hilljack's Grill & Smokehouse** menu specialties feature nutritionally beneficial foods, including **made-to-order deli style sandwiches and a variety of fresh salads, oven baked potatoes and homemade soups** - therefore offering today's health-conscious and yet taste-loving consumers a better alternative to the higher-calorie and fat-laden menu offerings of most quick-service and fast casual dining establishments.

Recent food and lifestyle trends show that today's restaurant patrons want quick service - but not necessarily those offered by "fast food" formulas. The "Fast Casual" concept that **Hilljack's Grill & Smokehouse's** restaurant offers its diners is a high-quality quick-service experience; with premium foods; energetic and attentive employees; enjoyed in a comfortable store ambiance and within a fun "watch-it-preparation" atmosphere. There's no compromising on taste with our premium fresh products and our made-to-order service that can fulfill every customer's food preferences.

A key strength of our operation will be the ongoing training of our Crew Members to ensure quality in products and attentive service to each and every customer. Company designed programs, as well as nationally recognized training tools and programs, will be implemented and required of all staff members.

Key Advantages of the **Hilljack's Grill & Smokehouse** concept uniquely positioned in the fastest growing segment of the restaurant industry, "Fast Casual."

- **Fast Casual sandwich concepts, positioned between fast food and sit-down restaurants, are growing at an annual double digit rate, more than double the rate of any other restaurant segment and have a 7.5% compounded sales growth projected through 2006 (Technomics -2002 top 100).**
- **Hilljack's Grill & Smokehouse is in a unique niche offering a variety of fresh salads, homemade soups, freshly brewed coffee and specialty coffee and teas, premium, great tasting toasted and panini-grilled sandwiches, made-to-order fresh right in front of the customer, served hot in 90 seconds or less, in a mid-scale and engaging environment.**

**Hilljack's Grill & Smokehouse**, unlike a typical fine dining restaurant, will provide a unique combination of excellent food at value pricing in a unique dining environment.

Our restaurant will combine rustic charm with modern-day culinary and technological masterpieces for a truly unique dining experience. Our dedicated 'Smile Managers' provide friendly, attentive services to ensure that customer visit with us is a pleasant one.

We will have plenty of private, off street parking for vehicles of all sizes, including Motorcoaches, Recreational Vehicles and School Buses; comfortable dining room and fast casual style dining options. All this within a framework of our commitment to customer comfort and satisfaction.

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**Hilljack's Grill & Smokehouse's** critical success factors will be to identify restaurant trends and integrate them into **Hilljack's Grill & Smokehouse** business operations, provide friendly services, continue to invest time and money in advertising and stay ahead of the "competitor curve."

This business plan leads the way. It renews our vision and strategic focus: adding value to our target market segments in our local market. It also provides the step-by-step plan for improving our sales, gross margin, and profitability.

## The Market

- **\$1.3 billion — Restaurant-industry sales on a typical day in 2004.**
- Nearly half — percentage of table-service operators reporting that takeout represents a larger proportion of their total sales compared to two years ago.
- One out of three — percent of consumers who have used curbside takeout at a table-service restaurant.

## Our Mission

**Hilljack's Grill & Smokehouse** will strive to be the premier fast casual dining restaurant in the local marketplace. We want our guests to have the total experience when visiting **Hilljack's Grill & Smokehouse**. We are designing the décor and food and beverage presentation to set the stage for a "fun" and friendly environment in which everyone enjoys interacting. This environment will be designed to foster a happy feeling where diners are encouraged to meet on a regular basis.

Our main focus will be serving quality food at a great value. We will feature a large selection grilled, slow smoked, and made fresh daily dishes, most cooking in full view of our guests.

Staff member welfare will be equally important to our success. All will be treated fairly with the utmost respect. We want our employees to feel a part of the success of **Hilljack's Grill & Smokehouse**. Replacing the terms "Employee" and "Crew", all staff members are referred to as "Crew Members" and "Smile Managers". As such, each and every Crew Member will possess limited managerial authority to make sure our guests have received the quality of food and service that they will grow to expect.

## Keys to Success

The key to success is to meet and exceed the customer's needs in terms of quality and value of food and excellence of service, plus:

- Serve only the highest quality food at unbelievably reasonable prices.
- Controlling costs at all times, in all areas.
- Hiring the best people available, training, motivating and encouraging them, and thereby retaining the friendliest, most efficient staff possible.

## Cost Control Strategies

As the owners of the restaurant, we need to keep your profits rather than having them "eaten up." Part of the strategy is to enhance our menu to increased profitability by establishing or improving cost control, operations, marketing, advertising, financial planning and administration.

We will be continually controlling operating expenses and reducing costs, where needed, thereby yielding profits — we will take the time to revise our operations, needed, in order to make it happen. From day one of pre-opening, we will be developing systems to assure profits by maximizing the following choices to profitability:

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## **Cost Control**

- Food and liquor portion control
- Measuring the profitability (or the lack of it) by item served
- Developing your overhead costs correctly and portioning them to products served
- Register system check controls

## **Operations**

- Facility design, layout and procedures to improve efficiency
- Inventory control coordinated with sales forecasting
- Table turnover methods and procedures
- Motivation of personnel through performance standards

## **Marketing**

- Target market identified and segmented
- Using mailing lists to reach the right customer profile
- Maximizing your check averages by utilizing suggestive selling techniques

## **Advertising**

- Critiquing of advertising design to capture the customer's attention
- Evaluating your return on advertising costs
- Selection procedures and prioritizing of advertising media types

## **Financial Planning**

- Development of flexible budgets and control of overhead costs
- Determining breakeven levels and how to lower them
- Cash flow forecasting and management of cash flow
- Management information available to measure and control operations and finances

## **Administration**

- Authority and responsibility of key people clearly defined
- Using "The Share Plan" to give key personnel a piece of the action
- Business planning for future growth and development

Overall, the **Hilljack's Grill & Smokehouse** can be characterized as a relaxing and entertaining dining atmosphere highlighted with amazing "Purty Good Food."

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## Company Overview

### Background

Since moving to Salem, Illinois in 1997, the founders of **Hilljack's Grill & Smokehouse** have heard many comments regarding the lack of things to do and places to go for dining and entertainment within the community. Generally speaking, citizens travel to other communities when seeking alternatives to fast food dining and entertainment. The **Hilljack's Grill & Smokehouse** concept has been built on firm business beliefs and principles with underlying morals of quality products, strong customer service, and variety that appeal to a wider array of customers than are currently served by other dining and/or entertainment venues in the area.

The condition of the industry today is such that [present industry situation].

The legal form of **Badak International, Inc.** is S Corporation. We chose the S Corporation form because we want the limited liability of a corporation and the "pass-through" tax-treatment of a partnership.

Badak International, Inc.'s business headquarters is located at Post Office Box 924, Salem, Illinois 62881, United States of America.

Annual growth is projected to be 0% through [growth ending year].

The **Hilljack's Grill & Smokehouse** concept is at a point where we are ready to take our designs and dreams to the next level of operation. We are ready to create, build, and open our business to the masses and **poise the business for franchise and expansion opportunities within two years.**

### Objectives

Our objective, at this time, is to propel the company into a prominent market position in the Salem, Illinois market; and to further develop the concept, human resources, and managerial structure for franchising and expansion possibilities within two years.

### Capital Requirements

According to the opportunities and requirements for **Hilljack's Grill & Smokehouse** described in this business plan, and based on what we feel are sound business assumptions, our total capital requirements are for \$525,000.

To accomplish this goal we have developed a comprehensive plan to indemnify our marketing and sales activities, product development, services expansion, menu and nutritional engineering, distribution and customer service. To implement our plans we require an estimated total of \$525,000 in financing over the next fiscal year for the following purposes:

- Acquired capital will be used for acquisition of real estate, equipment, product, merchandise, inventory, start-up costs, product development, working capital, employee training, as well as advertising and marketing efforts in all media.

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## **Core Management Team**

Our core management team consists of four men and women, including:

<b>James P. Reincke,</b> Director of Operations/Founder	309 East Lyford Street Salem, Illinois 62881	(618) 548-2260	50% Ownership
<b>Debra C. Reincke, BS</b> Co-Founder	309 East Lyford Street Salem, Illinois 62881	(618) 548-2260	50% Ownership

Additionally, our outside management consultant team provides tremendous support for management decisions and creativity, and come from very distinguished backgrounds.

C. Bud Davis, BA, CTP	Sales & Marketing Consultant	Hospitality Marketing Consultant – Sarasota, Florida
Jeannie Davis, BA	Sales & Creative Consultant	Hospitality Marketing Consultant – Sarasota, Florida
Charlie Presley, BS	President/Founder	GLAMER, BankTravel, AATC – Salem, Ohio
Charles Ronayne, MBA	President/Founder	SmartCall Plus – Lisle, Illinois
Tom Champion, LUTCF	Insurance Advisor	The Insurance Partnership – Sandoval, Illinois
Sam Phillips, CPA	Accountant	Custom Accounting – Salem, Illinois

Backgrounds of our Core Management Team consist of more than 43 years of food and/or management experience. Combined with our advisory staff, our team has more than 153 years of sales and marketing, hospitality, managerial, and/or corporate development with corporations such as The Davis Estate Catering and Entertainment Complex, Party Productions Inc, BankTravel Management, Group Leaders of America, SmartCall Plus, Badak International, Inc., WebPagePlus Internet Consultants, Custom Accounting, and The Insurance Partnership.

## **Product Strategy**

### **Current Products**

**Hilljack's Grill & Smokehouse** will offer:

Food (Eats): See attachment "Menu, Marketing & More."

Beverage (Drinks): See attachment "Menu, Marketing & More."

Amenities (More): Limited meeting space for business, private, and organizational gatherings; special event

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nights featuring live entertainment, movies, dances, cooking competitions, cooking classes, and other activities to foster good relationship with the community; as well as the construction and implementation of a themed 'mobile unit' for use at catered events, outdoor activities, fairs, parades, and promotional affairs.

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## **Research and Development**

In response to the demonstrated needs of our market, new products being developed in the future include franchise development of the **Hilljack's Grill & Smokehouse**, and full-service catering. National branding and franchising efforts are being planned to incorporate Hilljack's Grill & Smokehouse's concept in high traffic and highly visible areas, such as International Airports, Shopping Mall Destinations, Chain Campgrounds (i.e. K.O.A., Jellystone, etc.), and University Campuses.

In addition, we have plans to introduce follow-on or next generation products in Phase II of this concept, including our own **Hilljack's Grill & Smokehouse** branded sauces, salad dressings, seasoning blends, and seasoning shakers; as well as a **coffeehouse/deli offspring to further spread the marketing appeal and visibility of the core brand.**

## **Production and Delivery**

The key factors in our anticipated success include continuing analysis of customer needs, quality and variety of food products; unsurpassable customer service; and a unique dining environment. Due to anticipated increases in demand; additional facilities are being planned for franchising and expansion by June 30, 2012.

Our biggest advantage is our strong background in the hospitality industry, as well as our internationally proven track record in the hospitality, retail sales, marketing, and consulting industries.

## **Market Analysis**

### **Market Definition**

Restaurant industry sales are expected to reach a record \$476 billion in 900,000 restaurant locations in 2005, according to the National Restaurant Association's 2005 *Restaurant Industry Forecast*. The projected annual sales would mean a solid 4.9 percent increase over last year – and a total economic impact of over \$1.2 trillion, highlighting the restaurant industry's critical role as a job creator in the nation's economy.

"American consumers will spend almost 47 percent of their food dollar in the restaurant community in 2005," said Steven C. Anderson, president and chief executive officer of the National Restaurant Association. "The restaurant industry will serve as a driving force in our nation's economy by providing jobs to 12.2 million employees and continue providing a social oasis and convenience to communities nationwide as it posts its 14th consecutive year of real growth next year."

The *Forecast* predicts that the U.S. restaurant industry – which created, on average, about 270,000 new jobs per year during the last 10 years – is on track to add 1.8 million new jobs during the next 10 years. On a typical day, the industry will post average sales of \$1.3 billion.

"The restaurant industry in the United States reaped the benefits of the robust economic growth in 2004. Steady gains in indicators such as personal disposable income and jobs continue to bode well for restaurants in 2005, despite the anticipated challenges of higher energy and food costs," said Hudson Riehle, senior vice president of Research and Information Services.

### **Restaurant Industry Overview (2004):**

- **Sales: \$476 billion**
- **Locations: 900,000** — serving more than 70 billion meal and snack occasions

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- **Employees: 12.2 million** — the industry is the largest employer besides government

## **Cornerstone of the United States Economy:**

- Restaurant-industry sales are forecast to advance 4.9% in 2005 and equal 4% of the U.S. gross domestic product.
- The overall economic impact of the restaurant industry is expected to exceed \$1.2 trillion in 2005, including sales in related industries such as agriculture, transportation and manufacturing.
- Every dollar spent by consumers in restaurants generates an additional \$1.98 spent in other industries allied with the restaurant industry.
- Every additional \$1 million in restaurant sales generates an additional 42 jobs for the nation's economy.
- Average unit sales in 2002 were \$730,000 at full-service restaurants and \$619,000 at limited-service restaurants.
- More than seven out of 10 eating-and-drinking places are single-unit (independent) operations.
- Eating-and-drinking places are mostly small businesses, with seven out of 10 having fewer than 20 employees.

## **Number One Employer**

- The restaurant industry employs an estimated 12.2 million people, making it the nation's largest employer outside of government.
- The restaurant industry provides work for more than 9 percent of those employed in the United States.
- Roughly one out of three table-service operators will increase the proportion of their budget allocated toward training in 2005.
- Eating-and-drinking places are extremely labor-intensive -- sales per full-time-equivalent employee were \$57,567 in 2003 and notably lower than other industries.
- More than four out of 10 adults have worked in the restaurant industry at some time during their lives and 27 percent of adults got their first job experience in a restaurant.
- The typical employee in a foodservice occupation is:
  - Female (55 percent)
  - Under 30 years of age (52 percent)
  - Single (68 percent)
  - Working part-time and averaging 25 hours a week
  - Living in a household with two or more wage earners (79 percent)

## **Size of the Restaurant Industry**

According to Dun & Bradstreet, there are approximately 624,900 restaurants in the United States. The restaurant industry currently has an estimated market value of approximately \$384 billion. Furthermore, average sales per establishment are \$1.2 million. There are approximately 6,312,500 people currently employed in the restaurant industry, with each restaurant containing, on average, 16 workers. See the following table for an analysis of the restaurant market in the United States.

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U.S. Restaurant Industry Size of the Market	United States
Estimated number of establishments	624,900
Number employed in the category	6,312,500
Total annual category sales	\$384 Billion
Average employees per establishment	16
Average sales per establishment	\$1.2 Million

Note: Information based on SIC code 5812 (Eating Places)  
Source: Dun & Bradstreet

According to Dun & Bradstreet, approximately 32 percent of companies in the restaurant industry employ nine workers or fewer. Approximately 16.4 percent of all firms have 10 to 24 employees, 8.3 percent have 25 to 49 employees, 3.7 percent have 50 to 99 employees, 0.8 percent has 100 to 249 employees and 0.1 percent has 250 to 499 employees. See the following table for an analysis of the restaurant market by company size.

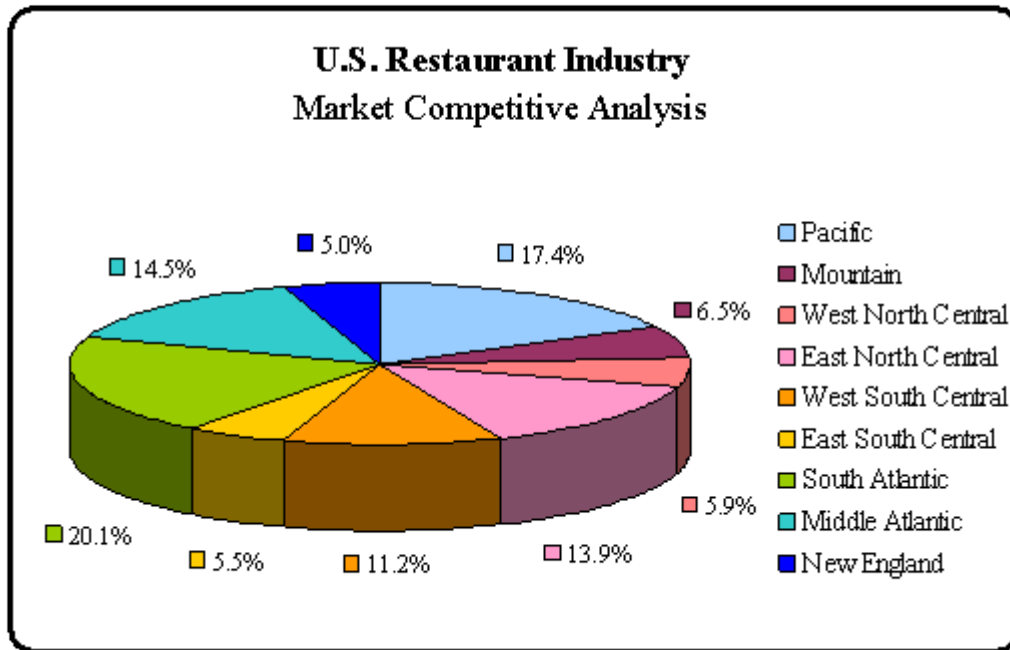
U.S. Restaurant Industry Market Analysis by Company Size						
# of Emps.	# of Bus.	% Total	Total Emps.	Total Sales	Avg. Emps.	Avg. Sales
Unknown	238,045	38.1%	N/A	\$23,100.4	N/A	\$14.2
1	51,411	8.2%	51,411	\$5,616.6	1	\$0.1
2 to 4	88,240	14.1%	271,550	\$25,698.301	3	\$0.3
5 to 9	63,901	10.2%	419,247	\$19,644.801	7	\$0.3
10 to 24	102,800	16.4%	1,567,304	\$42,524.699	15	\$0.6
25 to 49	51,922	8.3%	1,680,647	\$38,862.5	32	\$1.3
50 to 99	22,999	3.7%	1,430,221	\$55,024.5	62	\$4.7
100 to 249	5,082	0.8%	626,155	\$57,343.199	123	\$28.1
250 to 499	385	0.1%	119,700	\$29,555	311	\$127.4
500 to 999	95	0%	62,017	\$25,306.9	653	\$333
1,000 to 2,499	36	0%	49,663	\$51,914.602	1,380	\$1,674.7
2,500 to 4,999	7	0%	22,116	\$8,938.2	3,159	\$1,276.9
5,000 to 9,999	2	0%	12,500	\$402.6	6,250	\$201.3
<b>Total/Avg.</b>	624,925	100%	6,312,531	\$383,932.188	16	\$1.2

Note: Sales figures are in millions; information based on SIC code 5812 (Eating Places)  
Source: Dun & Bradstreet

## Market Competitive Analysis

An analysis of a market's competition examines the number of businesses in the nine divisions of the United States. As depicted in the following graph, market competition was concentrated in the United States' South Atlantic division with approximately 20.1 percent of the industry participants based there, followed by the Pacific (17.4 percent), Middle Atlantic (14.5 percent), East North Central (13.9 percent) and West South Central (11.2 percent) divisions. The remaining divisions each accounted for less than 10 percent of total market competition within the United States. See the following graph.

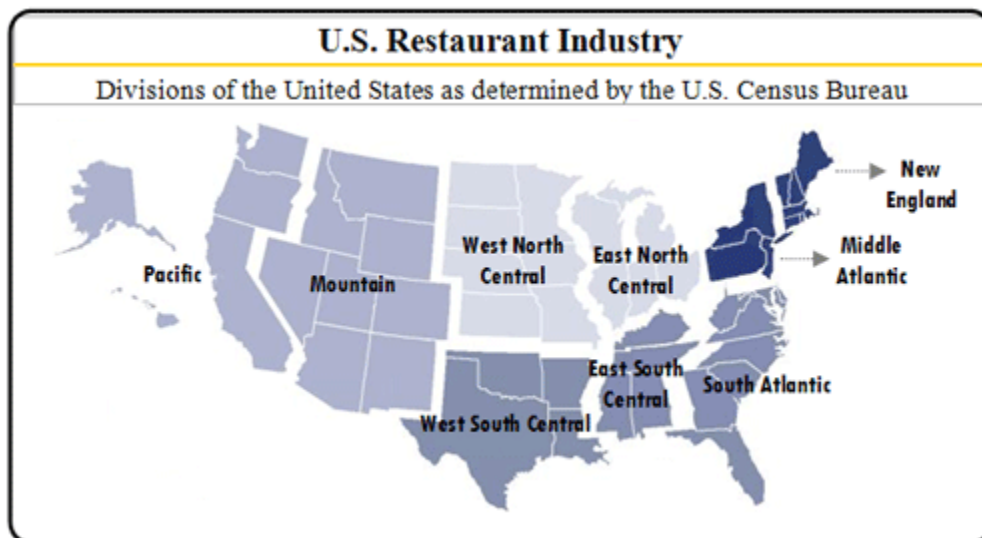
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*Note: Information based on SIC code 5812 (Eating Places)  
 Source: Dun & Bradstreet*

**Market Demand Analysis**

A market demand analysis measures market activity for an industry in a given location. The four regions of the United States – Northeast, South, Midwest and West – serve as a starting point for these analyses, and each of these four regions can be broken down further into nine regional divisions to allow for more focused statistical analysis. The data on each regional division analyzes the trends of the market by tracking the annual sales in a specific industry.

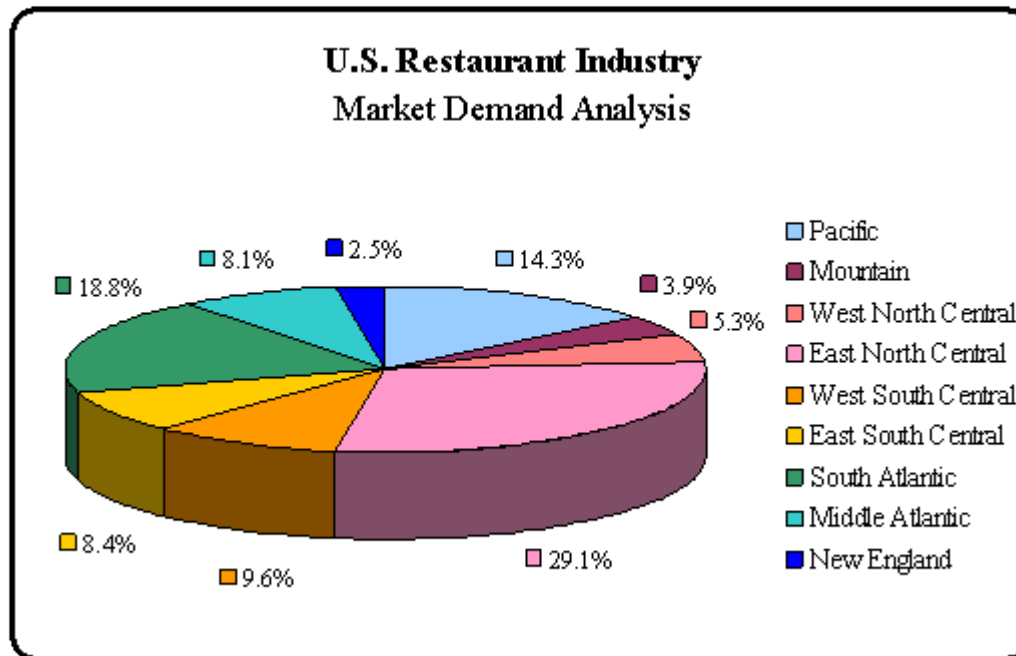


As depicted in the following graph, demand in the United States' East North Central division was the highest in the United States at approximately 29.1 percent. Following this division was the South Atlantic division with 18.8 percent and the Pacific division with 14.3 percent.

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All other divisions each accounted for less than 10 percent of total market demand in the United States. See the following graph.



*Note: Information based on SIC code 5812 (Eating Places)*

*Source: Dun & Bradstreet*

## Top Trends to Watch

Some of the key trends that the National Restaurant Association predicts for 2005 include:

- Greater use of technology and worker training as a means to boost productivity and efficiency. More than two-thirds of restaurant operators – including three out of four quick-service operators – say they are more productive than they were two years ago.
- Continued increased focus on healthy lifestyles and restaurants providing customers with balance, choice and customization. Surveys of both full-service and quick-service operators indicate that entrée salads have increased in popularity more than many other menu items.
- Increased upgrades and improvements in décor with the help of new tax-depreciation rules. More than 54 percent of quick-service operators surveyed said they would dedicate a higher portion of their budget to remodeling in 2005, highlighting the focus on using ambiance and interior design to attract customers.
- The sophistication of Americans' palates and knowledge of food. National Restaurant Association research indicates that 25 percent of diners can be categorized as "adventurous," and are enthusiastic about trying new foods and ingredients. Most are between 30 and 60 years old, are educated and are the most active restaurant diners.

## Full-service /Limited-Service Segments

Among the major segments, sales at full-service restaurants are projected to reach \$164.8 billion in 2005, an increase of 5.0 percent over 2004, for a real growth rate of 2.2 percent. Full-service operators are optimistic about the economy, as a strong 75 percent of fine-dining operators, 69 percent of casual-dining operators and 61 percent of family-dining operators indicate that they expect their sales in 2005 to be higher than in 2004.

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Limited-service, or quick service, restaurants are projected to register sales of \$134.2 billion in 2005, a gain of 4.7 percent over 2004. Consumer demand for convenience and value will continue to drive growth for this segment, while operators face stiffer competition from grocery and convenience stores. Both table service and quick-service restaurants will benefit from continued rebounds in international and domestic travel and tourism, which are projected to rebound to pre-9/11 volume levels.

## Legislative Outlook

"With restaurant-industry sales equal to four percent of the U.S. gross domestic product, we are the largest private-sector employer in the U.S. We are poised to remain strong and will continue to grow if key opinion leaders realize the challenges of small business owners running a restaurant and can support the Association's pro-employee/pro-employer public policy agenda," said Lee Culpepper, senior vice president of Government Affairs and Public Policy.

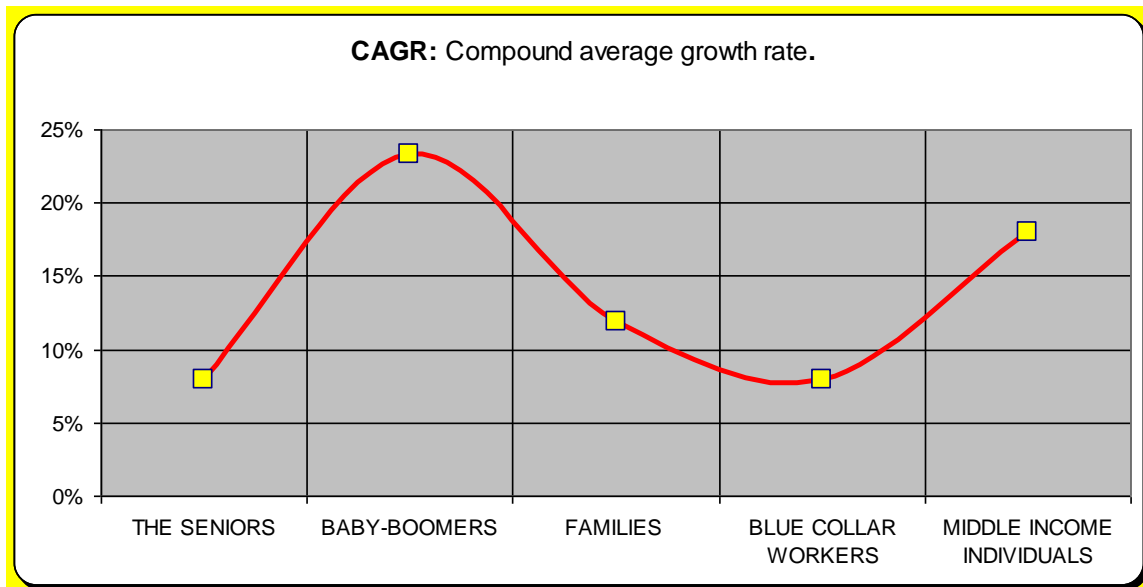
Culpepper outlined the importance of restaurants to the economic health of the nation, emphasizing several legislative priorities for 2005 including: restaurant building depreciation, litigation reform, immigration reform, health care affordability and nutrition issues. "These are key issues that dramatically impact small businesses – the driving force of our industry and our nation's economy," said Culpepper.

## Market Segmentation

**Hilljack's Grill & Smokehouse** intends to cater to the greater mass of mid-America. We have chosen this group for several important reasons. First and foremost is the sheer size. With our planned restaurant seating nearly 85 people, we will need a broad base and mass appeal to fill them.

Secondly, it is a very heavy restaurant user group. Last year, according to ????, Americans dined out an average of 3.7 times per week (that's once every other night). They are on limited or fixed incomes and seek a value/price relationship that will not stretch their budgets.

Lastly, this group will see a large growth in their numbers over the next decade. If we can continue to meet and exceed their expectations, we should witness same store sales growth over this time period. We will, however, have to stay focused on their changing needs and menu choices to maintain their loyalty.



## Target Market Segment Strategy

The target market segment strategy will not be significantly different to address these different groups. What differentiation it will require is different menu offerings needed to satisfy the different groups.

## Main Competitors

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Everyone that sells meals is our competition because we all compete for the same home meal replacement dollar. However, there are two segments of the restaurant industry that are our main competition: the fast causal and quick service submarine and sandwich restaurants concept and the coffeehouse restaurant.

## Local Competitor List

- **National Franchise Restaurants**

- **Subway®** – Located on East Main Street in Salem, Illinois - This is probably the most popular fast casual restaurant in town. Comparatively speaking, we will offer higher food quality, more variety and unparalleled service. The atmosphere will be much cleaner and more comfortable with an average of 14.5 feet of space per diner. Similarly, our food will be prepared in front of the customer with major differences laying with quality, variety, and expediency of delivery. Menu prices will be very similar, though the final products will not be.
- **Burger King**
- **Pizza Hut**
- **McDonald's**
- **Appleby's**
- **Denny's**
- **Arby's**
- **KFC – Kentucky Fried Chicken**
- El Rancherito

- **Local Restaurants**

- **Craig-O's Pizza**
- **The Courtyard Coffee House** - Located at 107 East Main Street in Salem, Illinois – **The Courtyard Coffee House** is another poor quality food restaurant in Salem. Using many sub-quality foods this restaurant provides a far-from-fresh feeling. They have a decent location that might be negotiable for buyout, thereby eliminating a weak competitor and picking up a pretty good location for future development of our coffeehouse/deli marketing strategy of Phase II of this plan.
- **Sharon's Café**
- **Mama Antonia's Tattoria**

## Customer Profile

**Hilljack's Grill & Smokehouse's** target market includes both male and female customers in the 16 to 75 year old age range. The most typical customer for our products and services is someone who is in the **[user field]** field, and who currently uses our type of products and services an average of 2 to 3 days per week.

A partial list of potential customers includes:

**High School/College Students, the Business/Professional community, Senior Citizens,** Interstate/Intrastate Transients,

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**Competition**

Companies that compete in this market are the **The Courtyard Coffee House** and **SUBWAY®** sandwich shop. All companies mentioned charge competitive prices as follows:

Average Price of	Hilljack's Grill & Smokehouse	SUBWAY®	The Courtyard Coffee House
6" Toasted Sub (Meal Price)*	\$ 3.69 (\$ 5.49)	\$ 3.69 (\$ 5.49)	n/a
12" Toasted Sub (Meal Price)*	\$ 5.59 (\$ 7.39)	\$ 5.69 (\$ 7.49)	n/a
Fresh Salad (Meal Price)*	\$ 4.50 (\$ 6.30)	\$ 4.50 (n/a)	n/a
Panini Style Sandwich (Meal Price)*	\$ 4.89 (\$ 6.69)	n/a	\$ n/a (\$ 5.50)**
"Cuban" Sandwich (Meal Price)*	\$ 4.99 (\$ 6.79)	n/a	\$ n/a (\$ 6.25)**
Regular Coffee	\$ 1.09	n/a	\$ 1.69
Regular Cappuccino	\$ 2.29	n/a	\$ 2.49
Bowl of Soup (Meal Price)*	\$ 2.89 (\$ 4.69)	n/a	\$ 2.75 (n/a)
Bowl of Soup in Bread Bowl (Meal Price)*	\$ 4.69 (\$ 6.49)	n/a	\$ 4.25 (n/a)
Bagel	\$ .99	n/a	\$ 1.00
Muffin	\$ 1.39	n/a	\$ 1.50
Biscotti	\$ .79	n/a	\$ 1.25

\*Meal price includes a drink and chips. \*\*Drink Not Included.

Key factors that have resulted in the present competitive position in this industry are [key competitive factors].

In all comparisons, **Hilljack's Grill & Smokehouse's** products will be superior in quality and variety than competitive products. In most cases, the number of differences is substantial.

**Hilljack's Grill & Smokehouse's** products and services perform in virtually all situations. The ability to dine-in or carry-out with ease, speed, and service is unique to **Hilljack's Grill & Smokehouse's** products and personnel.

**Risk**

The top business risks that **Hilljack's Grill & Smokehouse** faces are [top business risks].

The economic risks affecting **Hilljack's Grill & Smokehouse** are [economic risks].

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## Marketing Plan

Responses from potential customers indicate that our products and services will enjoy an excellent reputation and we fully intend to build on that excitement. Inquiries from prospective customers also suggest that there is considerable demand for a dining and entertainment venue of this caliber. Relationships with leading major accounts, including Flemming Tours, Diamond Tours, Presley Tours, and numerous Independent Group Travel Planners, substantiate the fitness of **Hilljack's Grill & Smokehouse** for considerable growth and accomplishment in our industry / area.

**Hilljack's Grill & Smokehouse's** marketing strategy is to enhance, promote and support the fact that our menu and services will be of a higher quality, are more nutritional, and appeal to a wider demographic than our competitors.

## Sales Strategy

Because of the special market characteristics (as listed below), our sales strategy includes:

**1. Development of Sales and Marketing Strategies that specifically target the Student and Youth segments of the local market**

- a. Including a "Student Happy Hour" and/or "High School Happy Hour"
  - 1. Developing a sales approach of this nature will serve as a way to build business during a traditionally low traffic portion of the day
  - 2. This type of marketing will also serve as a branding strategy directly geared to a market that tends to be both highly social and willing to return to an establishment that caters to their needs and wants

**2. LIST OTHER SALES STRATEGY IDEAS/PLANS**

**3. Aggressively targeting both the Senior Citizen as well as the Student and Youth segments of the group travel and tourism markets**

- a. The Senior Citizen segment of the travel and tourism industry makes up more than 75% of the group tour industry. This market segment possesses a much higher level of discretionary income than do all other travel and tour markets combined.
- b. The Student and Youth segment of the travel and tourism industry {SPECIFIC STATS & INFO TO BE INSERTED HERE}

## Travel and Tourism Facts

Percent of Table Service Restaurant Sales That Come from  
Travelers and Visitors By average check size per person

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## Tourism Drives Restaurant Sales

Travelers and visitors account for 15 percent to 30 percent of restaurant sales

Median proportion of restaurant sales represented by travelers and visitors



Source: National Restaurant Association, 2003

- According to National Restaurant Association research, more than two-thirds of table service restaurant operators reported that tourists are important to their business.
- The trend is even more prevalent among operators of establishments with higher check sizes, with approximately 40 percent of revenues at table service restaurants with check sizes of \$25 or more coming from tourists.
- Spending by travelers and visitors accounts for roughly 15-30 percent of revenues at table service restaurants with average check sizes of less than \$25.

According to the **Travel Industry Association of America**:

- Roughly half of all travelers report that they dine out when they travel, and that dining out is the most popular activity planned after tourists arrive at a destination.
- The travel-and-tourism industry is the first-, second- or third-largest employer in 29 states and DC.
- 42 million international visitors are expected to travel to the United States in 2004
- The U.S. travel industry is projected to receive more than \$568 billion from travelers in 2004.

Following is a listing of some of the more affluent associations and/or organizations that will be utilized to fully explore, and realize, the sales and marketing efforts geared for the travel and tourism industries. Strong relationships already established with members of the following organizations are already fostering interest in driving traffic to this new business concept.

### National Travel & Tourism Organizations

- **National Tour Association**
  - Who/What is NTA
    - Stats & Fact
- **Group Leaders of America (GLAMER)**

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- GLAMER is the world's largest independent group travel organization. More than 30,000 members throughout the U.S.A. and Canada gather each year at "Chapter Meetings" to meet with restaurants, hotels, attractions, tour operators, and other travel vendors, to gather ideas on where to travel with their clubs and/or organizations. These travel clubs are made up of travel planners who plan day, overnight, multi-day, national, and international trips for their social, religious, and/or bank travel clubs.
- Specific GLAMER markets of interest for **Hilljack's Grill & Smokehouse**:

- **St. Louis, Missouri:**

456 Senior/Retired Groups on Day Trips	18,240 passengers	\$ 912,000.00
185 Senior/Retired Groups on 3 Day Trips	7,400 passengers	\$ 2,220,000.00
104 Senior/Retired Groups on 5-7 Day Trips	4,160 passengers	\$ 2,080,000.00

- **Northern Indiana Regional:**

456 Senior/Retired Groups on Day Trips	18,240 passengers	\$ 912,000.00
185 Senior/Retired Groups on 3 Day Trips	7,400 passengers	\$ 2,220,000.00
104 Senior/Retired Groups on 5-7 Day Trips	4,160 passengers	\$ 2,080,000.00

- **Chicago, Illinois:**

456 Senior/Retired Groups on Day Trips	18,240 passengers	\$ 912,000.00
185 Senior/Retired Groups on 3 Day Trips	7,400 passengers	\$ 2,220,000.00
104 Senior/Retired Groups on 5-7 Day Trips	4,160 passengers	\$ 2,080,000.00

- **Louisville, Kentucky:**

456 Senior/Retired Groups on Day Trips	18,240 passengers	\$ 912,000.00
185 Senior/Retired Groups on 3 Day Trips	7,400 passengers	\$ 2,220,000.00
104 Senior/Retired Groups on 5-7 Day Trips	4,160 passengers	\$ 2,080,000.00

- **Indianapolis, Indiana:**

456 Senior/Retired Groups on Day Trips	18,240 passengers	\$ 912,000.00
185 Senior/Retired Groups on 3 Day Trips	7,400 passengers	\$ 2,220,000.00
104 Senior/Retired Groups on 5-7 Day Trips	4,160 passengers	\$ 2,080,000.00

- **African American Travel Conference**

- Who/What is AATC

- Stats & Facts

- **American Bus Association**

- Who/What is ABA

- Stats & Facts

- **Student Youth Travel Association**

- Who/What is SYTA

- Stats & Facts

## State and Regional Travel & Tourism Organizations

- **Team Illinois**

- Who/What is Team Illinois

- Stats & Facts

- **Heartland Travel Showcase**

- Who/What is Heartland

- Stats & Facts

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- **South Western Illinois Tourism Bureau**

- **Who/What is SWITB**

- **Stats & Facts**

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## **Distribution Channels**

Hilljack's Grill & Smokehouse's marketing strategy incorporates plans to sell our product through several channels. Our distribution channels include a retail store location, internet ordering and shopping location, and a 'Mobile Catering/Vending Rig' to showcase and sell our products away from our retail store.

The determining factors in choosing these channels are [channel determinants].

Our mix of distribution channels will give us the advantages of being more visible in more locations than our competition. This will, in turn, help to build a stronger, more recognizable brand with fewer advertising dollars than our competition.

## **Advertising and Promotion**

Hilljack's Grill & Smokehouse's overall advertising and promotional objectives are to position Hilljack's Grill & Smokehouse as the leader in the market.

We will develop an advertising campaign built around "Eats, Drinks & More • Where Friends Meet!" beginning with a 'who we are' statement and supporting it with ads that reinforce this message. Additionally, we will develop a consistent reach and frequency throughout the year. In addition to standard advertising practices, we will gain considerable recognition through the development of ongoing and regular charitable partnerships with local organizations, as well as taking advantage of mature relationships already established in the group travel and tourism industry.

For the next year, advertising and promotion will require an estimated \$2,250 per month. On an ongoing basis we will budget our advertising investment as 10% of total sales.

## **Public Relations**

During 2005, Hilljack's Grill & Smokehouse will focus on the following publicity/sales strategies:

1. Print Advertising
2. Internet Advertising
3. City Specific Advertising
4. Customer Appreciation Events
5. Media Specific Coupons and Promotions
6. Summer Concert Series with Local and National Entertainers
7. Monthly Local Charity Contributions "Commitment to Community"
8. Sponsored 'Cook-Offs' with winning recipe to be featured menu item
9. Co-Op Opportunities with Local, National, and International businesses
10. Guest 'Workers' from Local Churches, Schools, and Not-For-Profit Organizations

We will track, wherever possible, the incremental revenue generated from our advertising, promotion and

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publicity efforts. We anticipate at least [publicity sales dollars] of sales will be generated directly from our publicity, and possibly an additional [indirect dollar increase in sales] of indirect increase in sales throughout our various channels.

Many of our planned advertising channels are built and/or designed to take advantage of free or low cost advertising methods; such as press releases, news stories, and viral marketing. Our “Commitment to Community” campaign is one example of our efforts that will garner free media advertising for **Hilljack's Grill & Smokehouse** as well as a local charity or organization. Designed as a Win/Win opportunity, this will be beneficial for our advertising efforts, the media's effort to put forth ‘warm fuzzy’ stories, as well as the good will and word of mouth (viral) advertising gained from the receiving organization and its members.

## Financial Plan

The profits generated by this investment, specifically [expected increase description] will allow us to have the funds to repay the loan in [payback time frame].

## Conclusion

With a national trend toward more healthful eating, toasted and grilled foods are rapidly gaining popularity over fried foods. **Hilljack's Grill & Smokehouse's** menu specialties feature nutritionally beneficial foods, including made-to-order toasted, grilled, and/or smoked sandwiches and fresh-cut gourmet potato chips, as well as a variety of fresh salads and soups - therefore offering today's health-conscious and yet taste-loving consumers a better alternative to the higher-calorie and fat-laden menu offerings of most competitors.

Recent food and lifestyle trends show that today's restaurant patrons want quick service - but not necessarily those offered by "fast food" formulas. The Fast Casual concept that **Hilljack's Grill & Smokehouse's** restaurant offers its diners is a high-quality quick-service experience; with premium foods; energetic and attentive Crew Members; enjoyed in a comfortable store ambiance and within a fun "watch-it-cooking" atmosphere. There's no compromising on taste with our premium fresh products and our “Made Fresh Menu” service that can fulfill every customer's food preferences.

A key strength of our operation will be the ongoing training of our Crew Members to ensure quality in products and attentive service to each and every customer.

At **Hilljack's Grill & Smokehouse** our mission is to be America's Best "Fast Casual" restaurant chain; our pledge is to provide the **Hilljack's Grill & Smokehouse** franchise family with the most winning business formula in the industry.

## Key Advantages of the Hilljack's Grill & Smokehouse concept:

Uniquely positioned in the fastest growing segment of the restaurant industry, "Fast Casual".

Fast Casual sandwich concepts, positioned between fast food and sit-down restaurants, are growing at an annual double digit rate, more than double the rate of any other restaurant segment and have a [7.5% compounded sales growth projected through 2006 (Technomics -2002 top 100)].

**Hilljack's Grill & Smokehouse** is in a unique niche offering a much wider variety of menu items than do our competitors; such as homemade soups, premium salads, oven baked potatoes, and great tasting, nutritional, toasted and Panini grilled sandwiches that utilize “Fresh & Crisp” items from our “Made Fresh Menu”. Incorporating fresh produce for all of our menu items will be a significant difference that our

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competitors do not offer. Each order will be prepared right in front of the customer, served fresh in 90 seconds or less, in an upscale, yet economical, and engaging environment.

[Executive Summary Concluding Remarks]

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## **Financial Plan**

### **Assumptions**

Our financial projections are based on the following assumptions:

- Initial market penetration is anticipated to be [market penetration dollars] at a margin of [market penetration margin percent]. This is expected to increase to [year 1 increase market penetration dollars] by the end of Year 1 and to [year 5 increase market penetration dollars] by the end of Year 5.

### **Financial Statements**

#### **Primary Income-Related Items**

Year	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Fiscal Year 5
<b>Total Sales</b>	\$383,077	\$586,531	\$795,576	\$1,024,167	\$1,245,676
<i>% Growth</i>		53%	36%	29%	22%
<b>Gross Profit</b>	-\$105,165	\$123,183	\$228,614	\$343,739	\$452,601
<i>% Growth</i>		-217%	86%	50%	32%
<b>Income from Operations</b>	-\$232,660	-\$28,550	\$38,211	\$99,881	\$163,696
<i>% Growth</i>		-88%	-234%	161%	64%
<b>Net Income after Taxes</b>	-\$244,094	-\$39,542	\$24,497	\$71,111	\$111,474
<i>% Growth</i>		-84%	-162%	190%	57%

#### **Income Ratios**

Year	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Fiscal Year 5
<b>Gross Profit Margin</b>	-27%	21%	29%	34%	36%
<b>Operating Income Margin</b>	-61%	-5%	5%	10%	13%
<b>Net Profit Margin</b>	-64%	-7%	3%	7%	9%
<b>Return on Equity</b>	0%	0%	0%	0%	0%

#### **Gross Profit Analysis**

The Gross Profit Analysis statements included in our Supporting Documents show monthly sales revenue, cost of goods sold and gross profit values for each of our product lines for the first year.

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## **Budget**

### **Break-Even Analysis**

The Break-Even Analysis included in our Supporting Documents indicates that the break-even point will be reached in [break-even month and year].

Sales are projected to be [sales dollars above break-even] above break-even in [sales above break-even month and year].

The contribution margin for the first year is 59%, which represents a break-even sales volume of \$179,097, and a sales volume above break-even of -\$50,356.

### **Capital Requirements**

The total capital required is \$525,000. We require additional investments of [additional capital dollars and time frame] in order to increase our production capacities to meet market demand.

After analyzing our working capital, we estimate our operating working capital requirements as [year 1 working capital], [year 2 working capital], [year 3 working capital], [year 4 working capital] and [year 5 working capital] for years one through five, respectively. We will need to borrow [working capital finance dollars] to finance working capital for a period of [working capital finance time frame]. The remainder will be financed through cash from operations.

In order to purchase [purchase additions], an estimated total of \$525,000 in financing is required for the next five-year period. The annual requirements for each year are estimated as [year 1 loan dollars], [year 2 loan dollars], [year 3 loan dollars], [year 4 loan dollars] and [year 5 loan dollars] respectively.

The level of safety is [safety level] for this [industry or investment type]. Our confidence in achieving the attached financial projections within [achievement percent] is [confidence level]. In addition to the operation of the business, additional protection is provided by [protector] as collateral. Were the situation to arise where the collateral was needed, the realizable value of the collateral would be [collateral value dollars], which reduces the amount "at risk" to [at risk dollars]. With a projected return of [projected return dollars], this represents a return of [at risk return percent] of the amount at risk.

### **Use of Funds**

The funding proceeds will be used for acquisition of real estate, equipment, product, merchandise, inventory, start-up costs, product development, working capital, employee training, corporate debt reduction, as well as advertising and marketing efforts in all media.

### **Exit/Payback Strategy**

The financial projections indicate that exit of [investor name] will be achievable in [years investor exit] years. The exit settlement will be in the form of [investor exit strategy].

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The increase in profits generated by this investment, specifically [expected increase description] will allow us to have the funds to repay the loan in [payback time frame].

## **Conclusion**

The **Hilljack's Grill & Smokehouse's** core management team enjoys an established track-record of excellence with past, current, and prospective customers who have been contacted. Expressions of satisfaction and encouragement are numerous, and we intend to continue our advances and growth in the marketplace with more unique and effective products.

Based on the attached financial projections, we believe that this venture represents a sound business investment.

In order to realize our dream of opening and growing we are requesting a loan of \$525,000 by June 8, 2005.