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Franchise Business Plan

Skyline DECA

Skyline High School

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I. EXECUTIVE SUMMARY



Description of Company: After being first opened in 1984, Rita's Ice is in more than 30 states with most of the stores located in the Midwest and East Coast. For almost four decades, Rita's Ice stores have been serving Ice, Custard, and Happiness to millions of people. The stores serve a variety of different treats, including Italian Ice, Frozen Custard, Gelati, Blendini, "Concrete", Misto Shake, Frozen Drink, Milkshake, and many others take home treats. Their mission is to provide a special experience to customers by delivering the best customer service while also providing guests with a smooth, cool, and tasty treat with a side of happiness.

Short and Long-Term Objectives: To measure our objectives for our new franchise, we developed a list of both short-term and long-term goals.

Short-Term Goals	Long-Term Goals
Gain traction in the San Diego metropolitan area by retaining 80% of our new customers	Secure deal with San Diego's school system board to offer product line during school lunches
Launch seasonal promotions to strengthen customer base to increase revenue by 15%	Achieve and maintain a 4.5+ star rating on all review based applications
Reach a combined total of 8500+ followers on social media and increase online website traffic by 50%	Expand beyond San Diego and generate enough profits to open up a new franchise

Business Environment: We determined that the Seaport Village shopping complex in San Diego, California would be an ideal location to open our new Rita's Ice franchise. The characteristics of this location and its demographics match with our target market and main values. This location also has an enormous amount of tourism, with above 35.1 million visitors annually. This greatly kindles popularity awareness for our franchise.

Products: Rita's Ice offers a large selection of Italian desserts, and each dessert category has a range of flavor availabilities designed to meet all customer's specific tastes and desires. The table below is a layout of the menu.

Present Market: The target market for our Rita's Ice franchise is very broad, but primarily consists of tourists, Generation Z, and middle-upper class millennials.



Items & Costs						
Italian Ice	Frozen Custard	Gelati	Misto Shake	Blendini	Milkshake & Bottled Water	Frozen (Cold) Refreshments
Regular - \$2.69	Regular Cone/Cup - \$3.39	Regular - \$3.79	Regular - \$4.09	Original - \$4.29	Regular Size Milkshake - \$4.59	Frozen Drink Regular Size - \$3.15
Large - \$3.19	Large Cone/Cup - \$3.89	Large - \$4.29	Large - \$4.59	All-Custard - \$4.79	Bottled Water - \$1.59	Frozen Drink Large Size - \$3.65
Ice Flight - \$3.99	Regular Sundae - \$4.39	--	Concrete - \$6.29	Stuffed - \$5.29	--	Frozen Tea Regular Size - \$3.15
QT - \$5.50	Large Sundae - \$4.89	--	--	--	--	Frozen Tea Large Size - \$3.65
--	Waffle Cone - \$0.69	--	--	--	--	Frozen Coffee Regular Size - \$3.15
--	Waffle Bowl - \$0.69	--	--	--	--	Frozen Coffee Large Size - \$3.65
--	Cookie Sandwich - \$3.59	--	--	--	--	--
--	Cakes - \$4.49	--	--	--	--	--
--	Toppings - \$0.89 extra	--	--	--	--	--

Growth Potential of Market: California consists of very few Rita’s Ice franchises, and in the San Diego metropolitan area, there are no Rita’s Ice’s currently operating. This both increases our growth potential as well as ensures there are few direct competitors nearby. Since tourism is currently booming, it is an optimal time to open a franchise.

Why we chose tourists, Generation Z, and middle-upper class millennials as our target market



Open-minded



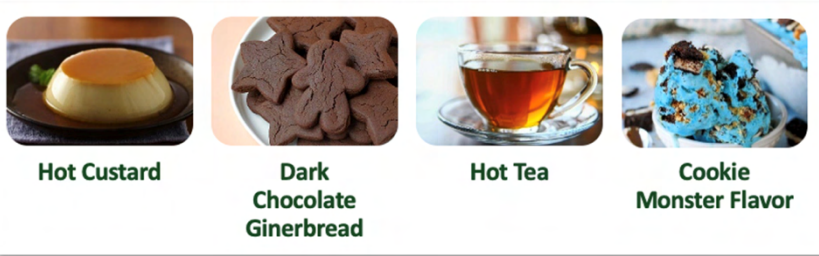
Higher incomes



Higher customer retention

Seasonality: In San Diego, the climate is classified as Mediterranean climate, which is characterized by warm dry summers and cool wet winters. To encourage more visitors during colder months, we will introduce hot options for tea, coffee, and custard. Also, we will add limited edition winter flavors such as **Dark Chocolate Gingerbread, Christmas Cake Chunk, and Cookie Monster**. For the hot drink and dessert options, instead of letting it chill or adding ice, we would just serve it to customers hot. This not only gives customers more options during colder seasons, but also prevents Rita’s from over expanding its product mix. For the limited-edition flavors, Rita’s will be able to attract more customers through a special offer, effectively minimizing seasonal sale losses.

Few Visuals of Seasonal Product Line



Competition: Rita’s Ice is known for its all-natural flavors and fresh products every 36 hours. Within the shopping complex chosen for our franchise, Rita’s Ice is the only Italian Ice seller. However, despite these unique attributes, Rita’s Ice still faces certain competitors in the form of cafes, ice cream shops, bakeries, etc. Although these competitors have similar business models, there are still many advantages that Rita’s Ice can bring to the table such as their **quality of products, welcoming environment, range of unique options, and affordable pricing.**

Marketing Plan: To increase the traction of a Rita’s Ice franchise in San Diego, we have decided to implement a five-step marketing plan known as **Operation F.R.E.S.H.**

Management and Organization: Our franchise consists of two overarching levels: us - the two owners and managers – and the rest of our multiuse employee base.

Operation F.R.E.S.H.

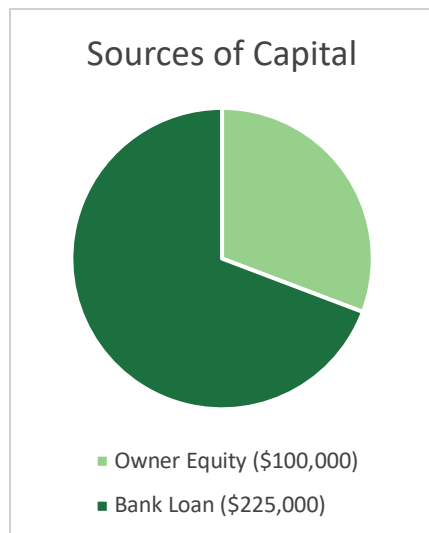
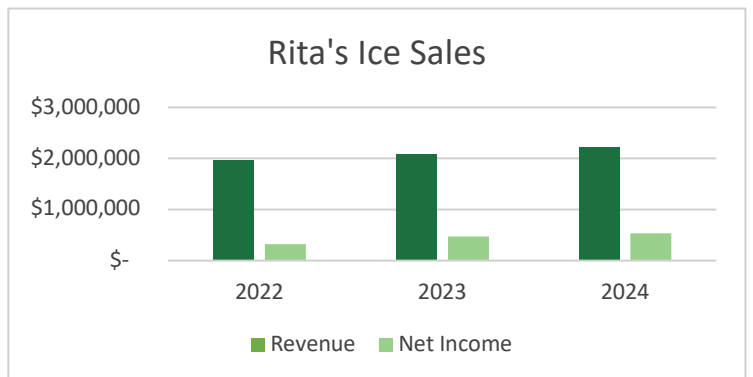
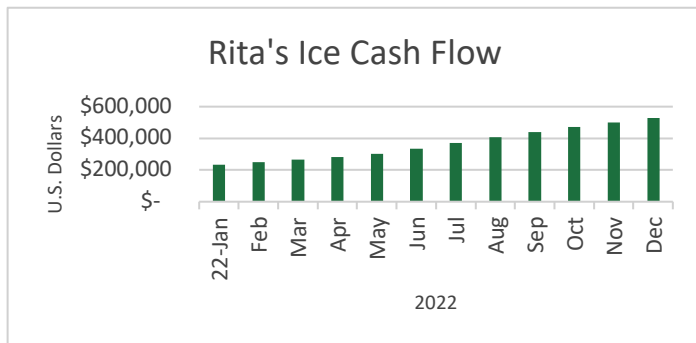
- Further** increasing sales on San Diego beaches by purchasing a food truck
- Restart** and refresh in-store dining protocols to maintain safety for all
- Employ** efforts to improve franchise environment & natural environment
- Start** adding seasonal options & decorations to encourage visitors during year round
- Highlight** products, store decorations, & customer experience via social media

Job Descriptions	
Position	Responsibilities
Owner/Manager(s)	Managing all aspects of the business. This includes orientations, business plan, social media, overseeing employees, and creating work schedules.
Multi-Use Employees	Serving customers, handling registrar duties, cleaning, restocking ingredients, and displaying seasonal decorations.

Financial Request: To finance our Rita’s Ice location in San Diego, California, we will need approximately \$325,000 in starting capital. Out of the \$325,000, \$100,000 will be provided by the co-owners, with each co-owner investing \$50,000 of their own money. We will be requesting the rest of the \$225,000 from a loan paid with an 8% interest rate over 5 years. This loan is scheduled to be taken out on January 1, 2022. **We understand, based on our financial performance, we could pay off the loan early.** Below is our supporting cash flow, profitability forecast, and sources of capital:

Rita’s Ice Forecasted Statement of Cash Flows For the years ended December 31, 2022, 2023, & 2024			
	2022	2023	2024
Beginning Cash Balance	\$ -	\$529,299	\$962,572
Cash Inflows:			
Owner	100,000	-	-
Loan Proceeds	225,000	-	-
Sales	1,959,640	2,092,300	2,217,080
Total Cash Inflows	2,284,640	2,092,300	2,217,080
Cash Outflows			
Fixed Assets	95,000	-	-
Inventory	625,500	670,390	713,140
Payroll and Related	438,735	451,898	465,454
Advertisement	74,000	76,220	78,507
Other	467,360	460,519	463,829
Total Cash Outflows	1,700,595	1,659,027	1,720,930
Net Cash Flow	584,045	433,273	496,150
Ending Balance	\$584,045	\$962,572	\$1,458,722

Rita’s Ice Forecasted Statement of Income For the years ended December 31, 2022, 2023 & 2024			
	2022	2023	2024
Operating Revenue	\$ 1,959,640	\$ 2,092,300	\$ 2,217,080
Cost of Goods Sold	625,500	670,390	713,140
Gross Profit	1,334,140	1,421,910	1,503,940
Gross Profit as a % of REV	68%	68%	68%
Operating Expenses	933,135	838,232	837,382
Income/Loss before Tax	401,005	583,678	666,558
Interest Expense	16,622	12,212	10,031
Tax Expense	80,201	116,736	133,312
Net Income [Loss]	\$ 320,804	\$ 466,942	\$ 533,246
Net Income as a % of REV	16%	22%	24%



Rita’s Ice – Amortization Schedule			
Loan Amount	Interest Rate	Term	Start Date
\$ 225,000	8 %	5 years	Jan 2022

Summary of Payments & Interest	
Monthly Payment will be	\$ 4,562.19
Total Interest Paid over Life of Loan	\$ 48,731.32
Interest Paid in 2022	\$15,122.24
Interest Paid in 2023	\$12,212.13
Interest Paid in 2024	\$10,031.06

Rita’s Ice Payment Schedule			
Month	Principal Paid	Interest Paid	Loan Balance
Begin	\$0	\$0	\$225,000
2022	\$38,124.03	\$15,122.24	\$216,875.97
2023	\$41,288.29	\$13,457.98	\$175,587.68
2024	\$44,715.21	\$10,031.05	\$130,872.47
2025	\$48,426.55	\$6,319.73	\$82,445.92
2026	\$52,445.91	\$2,300.35	\$30,000.01
Totals	\$224,999.99	\$48,731.32	\$0.00

We are requesting a loan of \$225,000 paid back with an interest rate of 8% over 5 years, starting on January 1, 2022. This loan will be used to address cash-flow issues in our first year of operation as well as provide cushion to our cash balance to ensure we remain in the positive.

Rita’s Ice ROI:

2022 – 19.5% $\frac{\text{Revenue} - \text{Cost}}{\text{Cost}} * 100 = \text{ROI}$

2023 – 28.7%

2024 – 31.7%

II. BUSINESS HISTORY, BACKGROUND, AND OBJECTIVES

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

Mission Statement: Provide a special experience for our guests by giving them a chance to be carefree, to escape the pressures of everyday life, to take a moment for themselves and enjoy a great big, fresh, delicious serving of happiness.

In the Summer of 1984, Bob Tumolo initially started a small Italian Ice business in a suburb of Philadelphia on his front porch. The small business was named after Rita, his wife, and was created to offer the highest-quality, best-tasting Italian Ice. “Ice Custard Happiness” is the way of life at Rita’s and their main mission is to provide a special experience to customers. Rita’s is passionate about delivering the best customer service while also providing guests with a smooth, cool, and tasty treat with a side of happiness! Now, Rita’s is in more than 31 Midwest and East Coast states in the US and is serving Ice, Custard, and Happiness to millions of people. Rita’s serves a variety of different treats, including Italian Ice, Frozen Custard, Gelati, Blendini, “Concrete”, Misto Shake, Frozen Drink, Milkshake, and many others take home treats.



The Rita’s experience should be something special for our guests. That’s why our franchises and Treat Teams stop at nothing to ensure each guest enjoys the freshest, highest quality treats-served quickly, and with a smile.

ICE + CUSTARD + HAPPINESS = RITA’S

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

To evaluate the success of our proposed Rita’s Ice franchise, establishing both short-term and long-term objectives are crucial. Within the initial 12 months following the Rita’s Ice establishment, our company’s utmost priority is to gain traction in the San Diego metropolitan area. This can be measured by our retained number of customers and our social media presence on all social media platforms. Ideally, we would like to retain at least 80% of our new customers. Our second goal is to increase revenue by at least 15% through introducing new seasonal lineups of desserts specifically tailored to the local community. Lastly, we aim to reach a combined total of 8,500+ followers on social media and increase online traffic by 50% on the Rita’s Ice website.

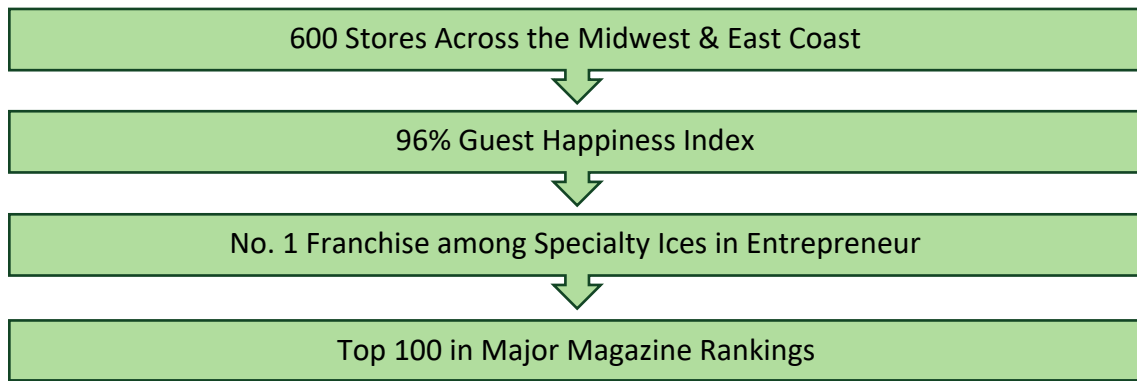
Regarding the long-term development of the franchise, our vision is to further strengthen Rita’s brand presence in San Diego and to expand the corporation along the West Coast. Firstly, we would like to secure a deal with the San Diego’s school system board to offer Rita’s Ice’s product line during school lunches. We believe that our offerings are a healthier alternative to sugary sweets since our desserts are made from fresh, organic ingredients. Secondly, we hope to achieve and maintain a 4.5+ star rating on all review-based applications such as Yelp. Finally, our last objective is to generate enough profits to open a new Rita’s Ice franchise in either Northern California or in the Pacific Northwest.

Short-Term Goals	Long-Term Goals
Gain traction in the San Diego metropolitan area by retaining 80% of our new customers	Secure deal with San Diego's school system board to offer product line during school lunches
Launch seasonal promotions to strengthen customer base to increase revenue by 15%	Achieve and maintain a 4.5+ star rating on all review based applications
Reach a combined total of 8500+ followers on social media and increase online website traffic by 50%	Expand beyond San Diego and generate enough profits to open up a new franchise

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

Since 1984, Rita's Ice franchisees have opened more than 600 units around the Midwest and East Coast. Currently, Rita's Ice is open in 31 states and has a **96% guest happiness index**. It is **worth \$28 billion** in its industry and has proven to be a sustainable business with multigenerational customers. Rita's Ice prides itself on advertising and spreading word about themselves through its loyal customers. This is considered a huge success since customer retention has **consistently remained high**. **Rita's Ice was named the Nation's No. 1 Franchise among Specialty Ices in *Entrepreneur* and was ranked Top 100 in *Entrepreneur's Franchise 500 2019***. They were also ranked Top 25 in WSJ's Franchise High Performer. Additionally, Rita's Ice was named Best Custard/Ice Cream by Zagat and **ranked No. 2 among *Nation's Restaurant News'* "Chains Ranked by Likelihood of Customer Return"**. Attorney Maria Finley has also opened her own franchise of Rita's Ice and spread positive word about it on places such as Baton Rouge's 225 Magazine where she said, "I tasted it and I was like, ...What is this, and why don't we have it in Louisiana?". Rita's Ice has also gotten many positive customer reviews such as Carly A. on Yelp, "AMAZING. From the moment we walked in, the staff was so friendly and helpful. They have a great selection of flavors and treats! The custard had the perfect texture and flavor, and the shaved ice was the most flavorful frozen treat I've ever had. They have so many different options of desserts and I can't wait to go back and try more!"

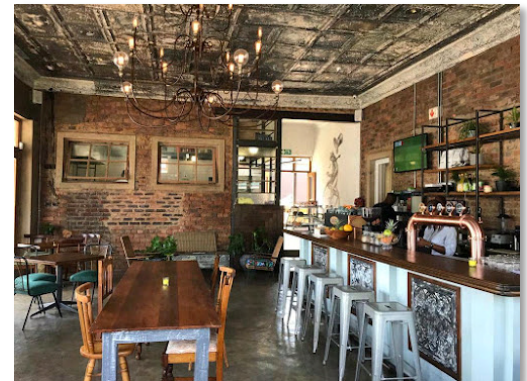
Rita's Ice Major Achievements



D. Describe the company's challenges and obstacles

Some challenges Rita's Ice may face are maintaining fresh products every 36 hours since this requires a constant source of supplies and frequent preparation. Also, there are few Rita's establishments on the West Coast, so the franchise is not well-known or heard of. This could make it harder for the shop to attract customers initially. This also means a customer's first impression of Rita's Ice will be their lasting impression of the franchise on the West Coast. Additionally, the COVID-19 pandemic has negatively impacted the food industry for 2+ years. With some customers still concerned about food safety, it is vitally important that Rita's Ice eliminates any possible factors that may jeopardize a customer's health. While inserting air filters and enforcing masks in indoor buildings are one way to combat a viral disease, Rita's Ice will need to continue to implement new in store safety guidelines, so customers feel safe and want to return.

COVID-19 Impacts on Indoor Dining



E. Describe the requirements to franchise

A new franchise requires minimal staff to run, usually just two to three employees per shift. Ingredients required for products sold does not spoil easily and overall food costs are low. Preparation before serving or selling is also very simple. New franchisees are evaluated on the location chosen and given initial training before opening the business. Support is given throughout the process and afterwards to help franchisees develop their skill base and maximize revenue and profit. To begin, we would need to invest at least \$100,000 in liquid capital and a net worth of \$300,000. To open a standard shop, the start-up costs would be around \$194,863 to \$528,061.

III. BUSINESS ENVIRONMENT



We have selected the franchise location to be in a waterfront shopping complex called Seaport Village in downtown San Diego, California because we plan to expand Rita's Ice to a West Coast location. San Diego has a large strategic target market with ideal weather conditions. With around 1.41 million people living in the city and a growth rate of 6%, exposure to Rita's Ice will be vast and brand exposure will spread effectively. California, and specifically San Diego, also has a good balance of weather between hot and cold time periods so the Italian Ice offerings and hot or cold custard could appeal year-round. Seaport Village is also adjacent to San Diego Bay, offering a location-based advantage since we could rent a section within the shopping center for our shop but also buy a portable truck to sell products along the beach. Both strategies would appeal to customers' preferences of a cold treat on hot days or a hot treat on cold days after visiting the beach.



“Nearly 30% of San Diego residents consume sugary products daily... almost 423,000 people” (Sisson)

Additionally, San Diego is a culturally well-versed and diverse location with around 30% Hispanic/Latino, 40% Caucasian, 17% Asian, 6% African American, and the remaining mixed race. In this diverse location, a new Italian ice shop could be accepted by and attract many. Since the shopping center is also downtown, it is more easily accessible by both San Diego residents and

tourists, another advantage since the city is a top US travel destination with around 35.1 million visitors annually. Economically, San Diego is also efficient to bring in revenue for our franchise since the average salary is around \$79,000 - 44% higher than the national average. Therefore, most people will have the benefit of being able to purchase non-essential items, increasing the success of our franchise in this location.

IV. PRODUCTS AND/OR SERVICES



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

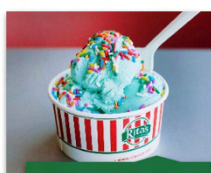
Rita's Ice offers a large selection of Italian desserts including Italian Ice, Frozen Custard, Gelati, Blendini, "Concrete", Misto Shake, Frozen Drink, and Milkshakes. Each dessert category has a range of flavor availabilities designed to meet every customers' specific tastes and desires. New visitors that seek the full experience of Rita's Ice can choose from over 95 flavors. Some classic flavors include blue raspberry, cherry, cotton candy, and key lime. There are also many unique flavors that have been introduced such as apple berry blue, banana split cream, brookie dough, tropical daiquiri, and Swedish fish. Furthermore, to appeal to health-conscious customers, for some dessert categories, there are also sugar-free options. For guests who do not want to stay in the store, there are also Take-Home Treats, allowing customers to enjoy a dessert in the comfort of their own homes. With plentiful options and unique flavors for each dessert category, every customer is bound to find something they enjoy.

Another important part of Rita's identity is guaranteeing the quality of the desserts. The Italian Ice is made fresh onsite every single day at all the different locations. Rita's follows a strict freshness policy to ensure that visitors will receive the freshest product.

A Selection of Rita's Ice Product line



Italian Ice



Gelati



Milkshakes

Besides the desserts, providing an environment that allows visitors to relax and enjoy their treat is a priority of Rita's. As soon as customers step into the store, they are surrounded by an air of positivity and happiness. Employees will deliver super-friendly guest service all the time to give customers the best experience possible. There are comfortable seating spots for guests to enjoy their desserts while enjoying the mood. It is a great place for guests to build memories, celebrate special moments, mark traditions, or to just enjoy a treat. The environment and the dessert are guaranteed to bring visitors happiness.

V. PRESENT MARKET



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

The target market for our Rita's Ice franchise is primarily tourists, Generation Z, and middle-upper class millennials. Our target market is very broad because of the wide appeal and demand for Italian desserts. Previously mentioned in section IV, Rita's Ice offers a variety of dessert categories that is designed to meet every customer's specific taste and desire. So, San Diego's 1.41 million residents serves as an ideal location for Rita's Ice to market its products. According to a recent study on U.S. consumption of desserts, 40 percent of those between ages of 35-44 years consumed dessert at least once a week. More interestingly, the age group below, 25-34, were 49% more inclined to eating multiple desserts a week. With these statistics in mind combined with San Diego's large population, Rita's Ice has a great potential to grow its clientele and franchise to increase sales. Also, the average household income in San Diego is average salary is around \$79,000 - 44% higher than the national average - thus indicating that families in San Diego can afford to buy desserts on a regular basis. In addition, San Diego hosts a variety of events including weddings, concerts, and sport games which reflects the large number of tourists, 35.1 million, the city hosts on an annual basis. Rita's Ice can leverage these events and high traffic areas to sell their dessert items. Paired with San Diego's warm year-round weather, individuals will not have second thoughts on purchasing a refreshment dessert.

Why we chose tourists, Generation Z, and middle-upper class millennials as our target market



Open-minded



Higher incomes



Higher customer retention

B. Describe the growth potential in your market

San Diego does not have any Italian dessert businesses, and we see significant growth potential for our location in Seaport Village. While our company's main competitors are ice cream businesses, Rita's Ice does not specifically make ice cream. Their closest product line to ice cream is gelato - a very similar dessert to ice cream. With that said, we can reasonably compare the statistics of ice cream production in California to forecast the growth potential for Rita's Ice. In the years 2018, 2019, and 2020, California alone produced around 66.33, 63.96, and 71.19 thousand gallons of ice cream respectively. These statistics indicate that there is a huge demand for ice cream type desserts. So, if our Rita's Ice can successfully market our gelato, there is huge growth potential in our selected area. Moreover, in a Pew Research study, a psychology group concluded that around 44% of millennials are willing to advocate and purchase products from brands that have aesthetically pleasing items. Since Rita's Ice has a multitude of products beyond gelato that are eye-catching, our business can further leverage this marketing tactic to increase the number of sales as well as increase our customer retention rate. Interestingly, California is home to almost 10 million millennials who are more racially and ethnically diverse than previous generations according to an economic study. Rita's Italian based desserts may resonate extremely well with the younger generation as they are more open to trying international themed desserts rather than ordinary California ice cream type refreshments.

Growth Potential

- Increasing demand for ice cream type desserts
- 44% of millennials are willing to purchase from brands with aesthetically pleasing items
- Willingness of millennials to try new products

C. Describe the current pricing policy

Rita’s Ice follows a standard pricing structure that varies based on sizes. This makes pricing fairer and appealing to interested customers. In turn, this affordability increases the popularity and recognition of our franchise. The prices of Rita’s Ice’s products also compare competitively with other Italian Ice shops, securing us a favorable place in the market since they are cheaper than most businesses located in the Seaport Village. The table below offers a visual representation of the breakdown of pricing within Rita’s Ice.

Items & Costs						
Italian Ice	Frozen Custard	Gelati	Misto Shake	Blendini	Milkshake & Bottled Water	Frozen (Cold) Refreshments
Regular - \$2.69	Regular Cone/Cup - \$3.39	Regular - \$3.79	Regular - \$4.09	Original - \$4.29	Regular Size Milkshake - \$4.59	Frozen Drink Regular Size - \$3.15
Large - \$3.19	Large Cone/Cup - \$3.89	Large - \$4.29	Large - \$4.59	All-Custard - \$4.79	Bottled Water - \$1.59	Frozen Drink Large Size - \$3.65
Ice Flight - \$3.99	Regular Sundae - \$4.39	--	Concrete - \$6.29	Stuffed - \$5.29	--	Frozen Tea Regular Size - \$3.15
QT - \$5.50	Large Sundae - \$4.89	--	--	--	--	Frozen Tea Large Size - \$3.65
--	Waffle Cone - \$0.69	--	--	--	--	Frozen Coffee Regular Size - \$3.15
--	Waffle Bowl - \$0.69	--	--	--	--	Frozen Coffee Large Size - \$3.65
--	Cookie Sandwich - \$3.59	--	--	--	--	--
--	Cakes - \$4.49	--	--	--	--	--
--	Toppings - \$0.89 extra	--	--	--	--	--

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

In San Diego, the climate is classified as Mediterranean climate, which is characterized by warm dry summers and cool wet winters. Since most of the items on Rita’s menu are currently cold, customers tend to visit Rita’s only during warmer months. To encourage more visitors during colder months, we will introduce hot options for tea, coffee, and custard. Also, we will add limited edition winter flavors such as Dark Chocolate Gingerbread, Christmas Cake Chunk, and Cookie Monster. For the hot drink and dessert options, instead of letting it chill or adding ice, we would just serve it to customers hot. This not only gives customers more options during colder seasons, but also prevents Rita’s from over expanding its product mix. For the limited-edition flavors, Rita’s will be able to attract more customers through a special offer, effectively minimizing seasonal sale losses.

Few Visuals of Seasonal Product Line



Furthermore, other than adding seasonal products, we will also add decorations to the store and products with a goal of making it trendier. For example, Rita’s will add store decorations such as spooky decorations during Halloween and holiday lights during Christmas. Seasonal music will also be played in the background. For the products, different designs for cups and napkins will be introduced during seasons and holidays. Furthermore, small decorations will be added onto desserts. With the increasing use of social media and the addition of these trendier decorations, this will encourage customers to spread the business and its products through various social media platforms, raising Rita’s brand reputation.

VI. COMPETITION



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

Rita's Ice is known for its all-natural flavors and fresh products every 36 hours. Within the shopping complex chosen for our franchise in San Diego, Rita's Ice is the only Italian Ice seller. However, despite these unique attributes, Rita's Ice still faces certain competitors in the market and in fighting for the same target market customer base. There are no exact similar primary competitors that sell Italian Ice or custard as Rita's Ice does but out of the various small and large business secondary competitors nearby, the main competitors for Rita's Ice consist of general dessert or ice cream companies. The two largest competitors we chose to focus on are Seaport Fudge Factory and Ben & Jerry's. Both these competitors are less than a mile away from our location for Rita's Ice since they are also located within the Seaport Village shopping complex. Some strengths of Ben & Jerry's are their unique flavors, brand presence, and lower costs due to preservation and bulk purchasing. On the other hand, some weaknesses are ice cream is unhealthy than gelato, there is lower cultural appeal, and prices are higher. Some strengths of Seaport Fudge Factory are their wide variety of products and unique products. However, some weaknesses are the higher prices for their products and lower quality products and presentation.



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

Rita's is popular for its unique and high-quality products that are offered in comparison to other dessert shops in the area. While the Seaport Fudge Factory and Ben & Jerry's have many unique options for desserts, both businesses lack in the quality aspect as all of Rita's ingredients are fresh and its products are made on demand. Also, although Ben & Jerry's provides many unique ice cream flavors, it only has the one dessert option, which is very limiting in comparison to Rita's Ice.

Moreover, Rita's Ice is known for its environment, which is a key factor that many businesses overlook. In comparison to both Seaport Fudge Factory and Ben & Jerry's, Rita's has a more friendly environment. With helpful employees and a comfortable interior, customers will be more inclined to visit Rita's rather than other competitors in the area.

When looking at Google Reviews, many customers have commented about the pricing of Rita's Ice being more affordable than other dessert businesses. Additionally, customers also enjoy the fact that most products at Rita's Ice are healthier in comparison to traditional desserts like ice cream. For example, gelato is healthier than ice cream. Also, Rita's offers many sugar-free options as a healthier option for customers. Furthermore, most customers like the cultural aspect of Italian desserts as they can try unique treats.



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

In comparison to our franchise's competitors, we have pinpointed three areas of improvements to increase the overall success of the business: negative stigma surrounding international foods/desserts, low brand recognition, and costly to produce fresh products every 36 hours.

While many millennials are open to trying new types of foods according to the statistic mentioned in section 5B, the other portion of our target market might not like or prefer Italian desserts based on their past experiences. Though our flavors are Americanized to better fit the American population, the desserts itself are made from true Italian recipes. Traditional desserts such as ice cream or frozen yogurt may have a larger target market than Italian desserts as the American population is already familiar with this product line.

Compared to companies like Seaport Fudge Factory and Ben & Jerry’s who have been in longer service, Rita’s Ice does not have the same publicity as its competitors. As a result, sales in the opening months of the business have the potential to be very slow or stagnant. Rita’s Ice will have to dedicate more time and effort into a variety of marketing campaigns in order to increase its clientele.

Lastly, producing fresh desserts on demand every 36 hours is costly. Rita’s Ice accounts for the risk that not every ingredient will be used up, and if there are left over ingredients that are past 36 hours old, the company tosses it. While some customers may view this as wasteful, Rita’s Ice is staying true to its slogan that every dessert is freshly made. Financially, if Rita’s Ice has to buy new ingredients every other day, it may cost three times as much as having preserved desserts.

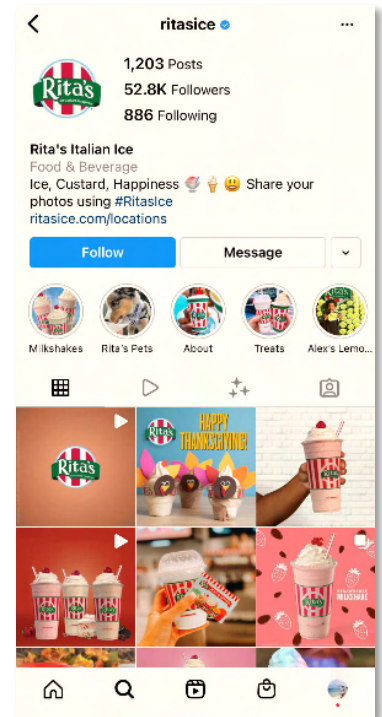
	Seaport Fudge Factory	Ben & Jerry's
Strengths	<ul style="list-style-type: none"> • Brand presence • Wide variety of products • Unique products 	<ul style="list-style-type: none"> • Unique flavors • Brand presence • Lower costs due to preservation and bulk purchasing
Weaknesses	<ul style="list-style-type: none"> • Higher prices for products • Lower quality products and presentation 	<ul style="list-style-type: none"> • Ice cream is healthier than gelato • Lower cultural appeal • Prices are higher

VII. MARKETING PLAN

A. Describe the company’s existing marketing techniques, strategies and tools

Rita’s advertising is heavily funded by the overall corporate base initially before retained profits can be used to fund future advertising. Rita’s Ice gives their franchisees a large amount of support to promote the opening of a new unique Italian ice shop each time. This includes aiding in the execution of a grand-opening event to begin business in an eye-catching manner that attracts customers. The corporate base also helps plan local marketing strategies for their new franchises and offers promotional materials used throughout Rita’s history to create and retain interest in the new franchise.

Rita’s Ice is also very successful in online marketing techniques and using social media followings. Their Instagram following is steadily climbing with more than 50 thousand followers presently. Similarly, their Twitter following, although lower, is still relatively high with almost 30 thousand followers currently. Rita’s posts on these social media platforms encourage customers to post selfies with Rita’s products, including family members or pets, overall increasing an inclusive customer-business environment. They also utilize seasonal promotions with popular holidays such as Halloween, and lesser-known holidays such as Hanukkah, to further promote inclusivity. Partnerships with large corporations, such as Reese’s and Nickelodeon, are also a part of Rita’s Ice’s strategy to elevate brand presence by association. Aesthetic themes are utilized throughout their marketing scheme to catch attention and instill feelings of joy and attract consumers.



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

To increase the traction of a Rita’s Ice franchise in San Diego, we have decided to implement a five-step marketing plan known as Operation F.R.E.S.H (view graphic below). This plan is designed to improve the preventability as well as reputability to ultimately bolster sales for this franchise. The plan aims to tackle a variety of angles such as purchasing fixed assets, combating COVID-19, ingredient costs and storage, décor, and social media. The objective is to create a franchise that meets the customer’s needs while simultaneously growing financially. This is a “FRESH” start for Rita’s Ice post pandemic.

Operation F.R.E.S.H.



Further increasing sales on San Diego beaches through purchasing a food truck



Restart and refresh in-store dining protocols to maintain safety for all customers



Employ efforts to improve our franchise environment & impacts on natural



Start adding seasonal options & decorations to encourage visitors during all times of the



Highlight trendy products, store decorations, & customer experience via



Food truck - Further increase sales on San Diego beaches through purchasing a food truck. As previously mentioned in section 3, we plan to acquire a truck to sell Rita's Ice desserts on high traffic areas on beaches near Seaport Village.

This strategy will be both beneficial for the franchise - increased potential sales and brand recognition - and the consumer - increased convenience to purchase desserts. For example, in the summer months, we could park the portable dessert truck on Coronado Beach where tourism is highest. The truck would be decorated in Rita's Ice theme colors (light blue, green, red, white) and equipped with large Rita's Ice signs to increase our brand presence. If this tactic serves to be a success in the near future, we will consider the possibility of purchasing multiple additional food trucks to expand this method.



Sample Food Truck



Restarts dine-in after COVID-19 - Restart and refresh in-store dining protocols to maintain safety for all customers. COVID-19 is an infectious viral disease that has negatively impacted the food industry for over two years. We are very fortunate that California regulations are now allowing in store dining as a measure to help food businesses rebound from the pandemic. However, Rita's Ice takes health measures very seriously to keep our customers safe from the disease. So, upon our opening, we will require customers to wear masks unless they are eating. In addition, we will purchase multiple air purifiers designed to prevent the spread of COVID-19 or any airborne viral illness. Within the store, 6 feet signs will be posted to politely remind individuals and hand sanitizing stations will be available. All employees will be required to wash hands before handling any desserts and must wear a mask with the opinion edition of wearing a face covering.



Air Purifier



Environment - Employ efforts to improve our franchise environment as well as impacts on the natural environment. Currently, Rita's Ice discards its ingredients and swaps them for fresh ones every 36 hours. Over time, this accumulates a large amount of waste, which we aim to decrease through donating the older ingredients. By doing this, we can both contribute to sustainability efforts as well as draw in environment-conscious consumers. Additionally, we plan to improve our franchise environment as well by creating a positive ambiance. We plan to do this through positive customer-employee relations, an inclusive experience, and interactive customer activities such as suggesting new flavors, song requests, or customized products. This will create long-lasting impressions on customers and increase the likelihood of more returning.



Gelati Ingredients



Seasonal options/decorations – Start adding seasonal options and decorations to encourage visitors during all times of the year. The products at Rita’s Ice are all chilled now, which mainly targets customers during the warmer months. Although San Diego has long periods of warm weather, there are still colder and wetter months. By adding season options, more customers will be inclined to visit. We plan on adding limited time flavors such as Dark Chocolate Gingerbread, Christmas Cake Chunk, and Cookie Monster. Moreover, we will provide hot versions of tea, coffee, and custard during colder months. Decorations will also be added based on the season and holidays to improve customer experience. For example, during Christmas, we will put up a Christmas tree and Christmas lights around the store. To add even more holiday spirit, the cups that we will use will also be holiday themed. This will encourage more customers to visit Rita’s throughout the year, especially during the winter.



Seasonal Décor



Highlight promotions - Highlight the trendy products, store decorations, and customer experience through various social media platforms. Currently, Rita’s Ice mostly only uses its main Instagram Account for social media. However, for this franchise, after Operation FRESH, more forms of social media should be used to increase the brand recognition of Rita’s Ice. Posts will be made regularly, highlighting new products, updates, and customer experiences. We will also start accounts on other platforms such as Facebook and Tik Tok. Through these, we will be able to reach even more customers. Furthermore, our new decorations for our products and store will encourage more customers to post about Rita’s Ice on their personal social media accounts, thus improving our brand reputation.



Customer Photo

VIII. MANAGEMENT AND ORGANIZATION



A. Describe your management team and its strengths and weaknesses

Our Rita’s Ice franchise will be managed by two co-owners: Lenci Ni and Aishwarya Rajaram. After a thorough consideration of the various factors that affect fully operating a franchise, we chose these two people to be in the management team. Each co-owner will own ½ of the company, which is the industry’s standard for two co-owners. With an equal split, this prevents the possibility of decisions being deadlocked or decided by a single person. This team specifically was chosen as their various experiences and management styles complement each other. Lenci Ni will be the director of operations in the franchise, and she will be responsible of ensuring that Rita’s business objectives are met. Aishwarya Rajaram will be the director of marketing, where she will oversee the promotions and advertising efforts in our franchise to drive sales. One strength of our management team is that we all have existing food handler licenses, a necessity when operating a franchise in the food industry. Also, another strength of our group is our extensive range of connections to head managers in the food industry in Washington such as Sharetea, Coho Cafe, and Cold Stone. A weakness is our aim of adapting our franchise to keep up with current trends. Since one of our goals is to match trends to provide customers with the best experience, we might face a problem of changing the food/drink options and the store layout too often. To prevent this from happening, it will be important to find balance between our brand identity and willingness to change, while also considering the response from visitors. Another weakness of our management team is that we have limited experience in working in California. To combat this weakness, we will do extensive research and reach out to other restaurant and/or food businesses in the area that are not direct competitors to learn about how they conduct successful businesses.

Meet the Team

Lenci Ni

- **Director of Operations**
- Many years of experience in various fields

Aishwarya Rajaram

- **Director of Marketing**
- Specializes in developing marketing strategies

B. Describe your plan to further develop your management team

To further develop our management team, both of us will attend Rita's orientations to become well versed in the company's product line. The orientations will detail the proper ways to make the products in an authentic Italian way while also teaching us how to market a newly established franchise efficiently and effectively. It is crucial that we understand the unique propositions of our product line in order to sell and make any necessary adjustments to grow the franchise. Additionally, listening to these training courses will allow the San Diego based management team to understand Rita's core mission statement as it will help us outline/create performance standards and metrics in alignment to the overall organization's goals.

C. Describe your management succession plan – who will take over in the event of the incapacity or continued absence of any owner or key employee?

In the case one of our Rita's Ice franchise's owners were to leave, the other owner would gain ownership over the franchise. This means that the remaining owner would assume sole proprietorship. However, if both owners were to leave the franchise, the employee within our franchise that holds the highest position below the management team would become owner. This employee would need to be approved by the overall Rita's Ice franchisor and then subsequently trained in ownership activities. If a key employee is ever continuously absent, we would react by promoting another employee with a large amount of experience within our franchise. This employee would then need to be appropriately trained and established. This will help successful operations because the employee will already be knowledgeable with our franchise.

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

Important things
to know if we go
into business
together



Equal Shares



Complementary
Skills



Addressed
Weaknesses

Depending on the popularity of our franchise, we may need additional management personnel. In the case sales exceed our projections, we will require more personnel to manage different aspects of the store and retain our customer base by developing new outreach ideas. We have decided to hire a new franchise manager or supervisor if our actual sales exceed our projected annual sales by 25%. This manager will be chosen out of the various employees already working at our Rita's Ice franchise to reward them for their dedicated work. This manager will be necessary as the franchise becomes more popular because we, the owners, will be more focused on expanding our franchise to other locations or in logistical matters with vendors and such that another personnel is required to focus on the first San Diego franchise.

XI. BUSINESS RESOURCES



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

First, we will lease a food truck through a lease-purchase agreement because this will keep our initial costs lower. Inside the food truck, under counter refrigerator, standing refrigerator, countertop food warmer, coffee brewer, ice machine, ice cream machine, beverage dispenser, and a cash resistor.

Also, we will need to purchase similar operating equipment for the physical store, but there are some additional features. For instance, we need an industrial freezer and a walk-in fridge. Since much the operating equipment can be used for multiple products and are long-lasting, this helps reduce cumulative operational costs long-term.

Rita's Ice Fixed asset and Depreciation Schedule For the Period Beginning January 2022								
Class	Asset Description	Acquisition		Life in Years	Salvage Value	Annual Straight Line Depreciation		
		Date	Cost			Value	Expense	
Franchise Costs	Initial Franchise Fee	1/1/22	30,000	15	-	30,000	2,000	
	Total Franchise Fee		30,000			30,000	2,000	
Equipment	Food Truck	1/1/22	50,000	15	-	50,000	3,333	
Equipment	Point of Sale Scanner	1/1/22	2,000	7	-	2,000	286	
Equipment	Miscellaneous (Storage Items, etc.)	1/1/22	3,000	3	-	3,000	1,000	
	Total Equipment		55,000			5,000	4,619	
Leasehold	Leasehold Improvements	1/1/22	10,000	10	-	10,000	1,000	
	Total Production Equipment		10,000			10,000	1,000	
			95,000				7,619	

B. List major suppliers, location and payment terms

Rita's Ice will purchase all necessary operating equipment from Continental E&J Foodservice. Since this supplier is based in San Diego, one of our first priorities was to form a partnership with them regarding supplies. The agreement includes free delivery on bulk orders and a five-year warranty for all equipment. The Fixed asset and Depreciation Schedule table estimates that these costs will entail \$10,000 to purchase out right. Based on other initial costs to Franchise, the \$10,000 fits reasonably within our budget. Our partnership with Continental E&J Foodservice also includes a 15% discount for all ingredients. We will make all our products in the store, which we will lease for \$5,103 each month (Reference Cash Flow).

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

As previously stated in Section 7, Rita's Ice plans to implement decorative items in the store such as a polaroid for customer entertainment. This entails that Rita's Ice will create a photo corner for customers to take pictures. Although the polaroid and the photo corner is not included in Rita's Ice covered fixed costs (this is our own independent idea), we will be able to purchase these item separately from various businesses within the San Diego metropolitan such as Best Buy and Home Depot. Additionally, we mentioned that our Rita's Ice will be decorated with seasonal items to celebrate the holidays. These items can be purchased from small shops locally or online retailers like Amazon.

D. Describe quality control procedures

To ensure sanitary conditions within Rita's Ice and a safe accordance to COVID-19 guidelines, we will prioritize the usage of sneeze guards, air purifiers, washable dishes, and covers for our food and drink products. To further guarantee the sanitation of our store and truck, we will clean and sanitize the store and truck daily after closing. We will also disinfect our display containers in the store and truck as well as hold two quality control inspections per week within the store. In the same way, we will also hold two quality control inspections in our food truck weekly to ensure that all of Rita's Ice's operating equipment is sanitary and safe.

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

A unique selling point to work at Rita's Ice is you do not need prior culinary experience to learn to make Italian desserts. This is because Rita's Ice provides all employees with ingredients for each product. As such, the skilled position needed is just workers to make desserts. Additionally, our establishment of Rita's Ice includes a complementary training session for the franchisees. As a result, either Lenci and Aishwarya will host training sessions for new employees. This will ensure all staff members are confident in making Italian desserts before heading out into the workforce. Management wise, for the first two years, Lenci and Aishwarya will be the store and food truck managers, with at least one being available to be present at the store or at the food truck. If the need to expand arises, the management team will internally promote and train one of our most dedicated, senior workers to the position of a store and food truck manager. This allows us to focus on expanding without worrying about the store and food truck logistical problems.

Position	Rate Per Hour	Hour Per Month	Monthly Payroll Expense	Annual Payroll Expense
Owner/Manager (x2)			\$20,000	\$240,000
Multi-Use Employees (x18)	14.50	756	\$10,962	\$131,544
Totals			\$30,962	\$371,544

Position	Cumulative Payroll Tax Rate	Cumulative Benefits	Total Salary Burden
Owner/Manager (x2)	6.2%	15.0%	\$50,880.0
Multi-use employees (x6)	6.2%	6.2%	\$16,311.5
Totals			\$67,191.5

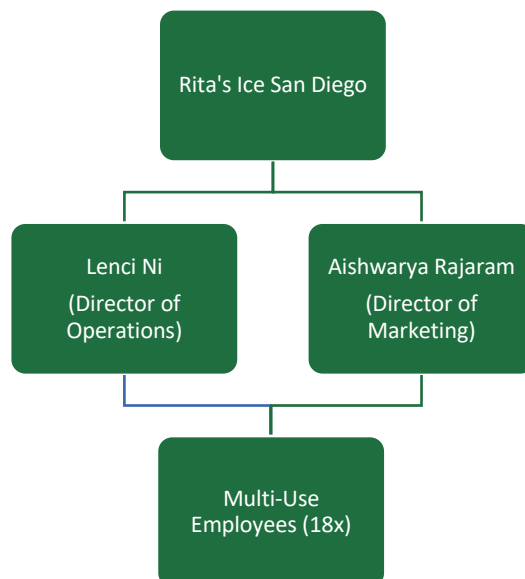
F. Describe the type and extent of necessary training that will be required to upgrade the skills of labor and administrative employees and the estimated cost

Within our Franchise Disclosure Agreement, it is stated that all employees and management must be trained in business operations and kitchen operating. Rita’s Ice’s training costs an initial fee of \$500 for new or replacement managers. This would be a six-day training session hosted locally in San Diego where employees learn effective management techniques and business procedures. However, for other ordinary employees, we would have to use out-of-pocket money to train them ourselves. We estimate this would cost around \$200, since we would host a four-day training session also locally in San Diego including training costs and the acquisition of a food handler’s permit. Since we will have our employees rotating and taking shifts, the base requirement is for all of them to receive training. Both owners/franchisees will acquire kitchen operating skills and management understanding as well.

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

Currently, the full-time employees will consist of the managerial team. The two managers will take turns being in person to make sure store and food truck logistics are running smoothly. As mentioned before, there is the possibility of hiring another employee to take over the role of managing the store and food truck depending on Rita’s Ice success. For working at the store or the truck, we plan to hire 18-part time multi-use employees who can come in 3-4 times a week and work a minimum of three hour shifts each time. Initially, we will only require three part time multi-use employees working at each shift (two in store and one at the truck) but will increase the number based on demand. These part-time workers will be responsible for making the customer’s desired order, handling the cash register, and restocking ingredients. This will ensure that we are properly staffed and have adequate flexibility. The multi-use employees will receive \$14.50 an hour along with other health benefits.

H. Organizational chart



X. FINANCIAL PLAN AND DATA



A. Describe the company's sales and profit trend

To estimate annual sales and profit trends, we analyzed the success of Rita's Ice in Orlando, Florida. We compared these two locations because both Orlando and San Diego are major metropolitan areas with hosting 30 million plus travelers annually. In a recent evaluation, Rita's Ice in Orlando was found to make a revenue of \$1.7 million dollars. This is around the revenue we estimate our Rita's Ice franchise to make, however we would make slightly more because although we have competitors located closer to our franchise location, we have revenue coming from our truck and store, whereas Orlando simply has a physical store. Within our sales projection for our franchise, we developed conservative, likely, and aggressive estimations for revenue in our area to allow us to understand what our profit margin range may be. Our revenue models are made up of seven main revenue streams – Italian ice, custard, gelati, misto shakes, blendinis, milkshakes and bottled water, and refreshments. After completing these revenue models, our predicted revenue for our first year is \$1,959,640 with a probable gross profit of \$1,334,140. Rita's Ice's revenue models are detailed below.

Rita's Ice Revenue Model For the Year 2022							
Revenue Stream	Units Sold			Average Sales	Budgeted Revenue		
	Conservative	Likely	Aggressive	Price	Conservative	Likely	Aggressive
Italian Ice	80,000	98,000	116,000	\$ 3.84	\$ 307,200	\$ 376,320	\$ 445,440
Custard	82,000	100,000	118,000	\$ 3.91	\$ 320,620	\$ 391,000	\$ 461,380
Gelati	85,000	103,000	121,000	\$ 4.04	\$ 343,400	\$ 416,120	\$ 488,840
Misto Shake	60,000	66,000	72,000	\$ 4.99	\$ 299,400	\$ 329,340	\$ 359,280
Blendini	55,000	60,000	65,000	\$ 4.79	\$ 263,450	\$ 287,400	\$ 311,350
Milkshake & Bottled Water	31,000	34,000	37,000	\$ 3.09	\$ 95,790	\$ 105,060	\$ 114,330
Refreshments	15,000	16,000	17,000	\$ 3.40	\$ 51,000	\$ 54,400	\$ 57,800
Totals					\$ 1,680,860	\$ 1,959,640	\$ 2,238,420

Rita's Ice Cost Model For the Year 2022							
Revenue Stream	Units Sold			Average Cost	Budgeted Cost		
	Conservative	Likely	Aggressive	Per Unit	Conservative	Likely	Aggressive
Italian Ice	80,000	98,000	116,000	\$ 0.82	\$ 65,600	\$ 80,360	\$ 95,120
Custard	82,000	100,000	118,000	\$ 1.26	\$ 103,320	\$ 126,000	\$ 148,680
Gelati	85,000	103,000	121,000	\$ 1.32	\$ 112,200	\$ 135,960	\$ 159,720
Misto Shake	60,000	66,000	72,000	\$ 1.58	\$ 94,800	\$ 104,280	\$ 113,760
Blendini	55,000	60,000	65,000	\$ 1.43	\$ 78,650	\$ 85,800	\$ 92,950
Milkshake & Bottled Water	31,000	34,000	37,000	\$ 2.15	\$ 66,650	\$ 73,100	\$ 79,550
Refreshments	15,000	16,000	17,000	\$ 1.25	\$ 18,750	\$ 20,000	\$ 21,250
Totals					\$ 539,970	\$ 625,500	\$ 711,030

Rita's Ice Gross Profit Model For the Year 2022							
Revenue Stream	Units Sold			Average Gross Profit	Budgeted Gross Profit		
	Conservative	Likely	Aggressive	Per Unit	Conservative	Likely	Aggressive
Italian Ice	80,000	98,000	116,000	\$ 3.02	\$ 241,600.00	\$ 295,960.00	\$ 350,320.00
Custard	82,000	100,000	118,000	\$ 2.65	\$ 217,300.00	\$ 265,000.00	\$ 312,700.00
Gelati	85,000	103,000	121,000	\$ 2.72	\$ 231,200.00	\$ 280,160.00	\$ 329,120.00
Misto Shake	60,000	66,000	72,000	\$ 3.41	\$ 204,600.00	\$ 225,060.00	\$ 245,520.00
Blendini	55,000	60,000	65,000	\$ 3.36	\$ 184,800.00	\$ 201,600.00	\$ 218,400.00
Milkshake & Bottled Water	31,000	34,000	37,000	\$ 0.94	\$ 29,140.00	\$ 31,960.00	\$ 34,780.00
Refreshments	15,000	16,000	17,000	\$ 2.15	\$ 32,250.00	\$ 34,400.00	\$ 36,550.00
Totals					\$ 1,140,890	\$ 1,334,140	\$ 1,527,390

Three Year Sales Forecast

Rita's Ice

Fiscal Year Begins Jan-22

	12-month Sales Forecast for 2022												Annual Sales Forecast		
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Annual Totals	2023	2024
Italian Ice units sold	8,100	8,100	8,200	8,200	8,200	8,300	8,400	8,300	8,200	8,100	8,000	7,900	98,000	104,000	109,000
Sale price @ unit	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84	3.84
Italian Ice total	31,104	31,104	31,488	31,488	31,488	31,872	32,256	31,872	31,488	31,104	30,720	30,336	376,320	399,360	418,560
Custard units sold	8,200	8,200	8,300	8,300	8,400	8,500	8,600	8,500	8,400	8,300	8,200	8,100	100,000	105,000	110,000
Sale price @ unit	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
Custard total	32,062	32,062	32,453	32,453	32,844	33,235	33,626	33,235	32,844	32,453	32,062	31,671	391,000	410,550	430,100
Gelati units sold	8,500	8,500	8,500	8,600	8,600	8,700	8,800	8,700	8,600	8,600	8,500	8,400	103,000	108,000	112,000
Sale price @ unit	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04	4.04
Gelati total	34,340	34,340	34,340	34,744	34,744	35,148	35,552	35,148	34,744	34,744	34,340	33,936	416,120	436,320	452,480
Misto Shake units sold	5,300	5,400	5,400	5,500	5,600	5,700	5,800	5,700	5,600	5,400	5,300	5,300	66,000	70,000	74,000
Sale price @ unit	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99	4.99
Misto Shake total	26,447	26,946	26,946	27,445	27,944	28,443	28,942	28,443	27,944	26,946	26,447	26,447	329,340	349,300	369,260
Blendini units sold	4,800	4,800	4,900	5,000	5,100	5,200	5,200	5,200	5,100	5,000	4,900	4,800	60,000	65,000	70,000
Sale price @ unit	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79	4.79
Blendini total	22,992	22,992	23,471	23,950	24,429	24,908	24,908	24,908	24,429	23,950	23,471	22,992	287,400	311,350	335,300
Milkshake & Bottled Water units sold	2,700	2,700	2,800	2,800	2,900	3,000	3,100	3,000	2,900	2,800	2,700	2,600	34,000	38,000	42,000
Sale price @ unit	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09
Milkshake & Bottled Water total	8,343	8,343	8,652	8,652	8,961	9,270	9,579	9,270	8,961	8,652	8,343	8,034	105,060	117,420	129,780
Refreshments units sold	1,200	1,200	1,300	1,300	1,400	1,500	1,600	1,500	1,400	1,300	1,200	1,100	16,000	20,000	24,000
Sale price @ unit	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40
Refreshments total	4,080	4,080	4,420	4,420	4,760	5,100	5,440	5,100	4,760	4,420	4,080	3,740	54,400	68,000	81,600
Monthly totals: All Categories	159,368	159,867	161,770	163,152	165,170	167,976	170,303	167,976	165,170	162,269	159,463	157,198	1,959,640	2,092,300	2,217,080

B. Outline your strategy and timing for obtaining capital

Approximately \$325,000 is needed in starting capital to finance our Rita's Ice location in Seaport Village. The number was attained from the cash flow table and considered the potential cash flow issues and project operating costs for the first year of business. Out of the \$325,000, \$100,000 will be provided by the co-owners with each co-owner investing around \$50,000 of their personal money. We will be requesting the rest of the \$225,000 from a paid loan at an interest rate of 8% over 5 years. This loan is scheduled to be taken out on January 1, 2022. The amortization schedule is displayed in the chart below.

Rita's Ice – Amortization Schedule			
Loan Amount	Interest Rate	Term	Start Date
\$ 225,000	8 %	5 years	Jan 2022

Summary of Payments & Interest	
Monthly Payment will be	\$ 4,562.19
Total Interest Paid over Life of Loan	\$ 48,731.32
Interest Paid in 2022	\$15,122.24
Interest Paid in 2023	\$13,457.98
Interest Paid in 2024	\$10,031.05

Rita's Ice Payment Schedule			
Month	Principal Paid	Interest Paid	Loan Balance
Begin	\$0	\$0	\$225,000
2022	\$38,124.03	\$15,122.24	\$216,875.97
2023	\$41,288.29	\$13,457.98	\$175,587.68
2024	\$44,715.21	\$10,031.05	\$130,872.47
2025	\$48,426.55	\$6,319.73	\$82,445.92
2026	\$52,445.91	\$2,300.35	\$30,000.01
Totals	\$224,999.99	\$47,231.35	\$0.00

C. Two-year projected operating statement

As mentioned earlier, Rita's Ice's revenue will come from the seven various product offerings we sell. In accordance with Section A, our projections are based off the sales of Orlando's location, which is very alike with our San Diego location's environment. Our estimated gross profit is \$1,334,140. As a result of start-up expenses, our first month is estimated to incur a loss of \$2,512. Nevertheless, by the third year, we predict to function at a 24% net income, with \$531,086 profit. This information can be found in more detail in the following table.

XI. CONCLUSION



We recognize the potential for a successful Rita's Ice franchise in Seaport Village located in San Diego, California. With our proposed innovative marketing plan, Operation F.R.E.S.H, we can utilize San Diego's business environment to maximize our profits and improve our chances of success. **We understand, based on our financial performance, we could pay off the loan early.**

The reasons below are why we believe that Rita's Ice in Seaport Village will be successful.

- The owners are driven with real-business experiences.
- The owners are passionate about the food industry and growing a small business.
- The Rita's Ice establishment has no direct Italian dessert competition in the San Diego metropolitan community, thus not interfering with our potential target market.
- Rita's Ice is an already established well-reputable brand domestically.
- Other Rita Ice businesses in similar business environments are extremely successful.
- Due to the diversity in San Diego, marketing research conducted confirms that residents and tourists are open to purchasing international desserts.
- All products offered are made from organic ingredients, therefore a healthier dessert option.
- Operation F.R.E.S.H aims at simultaneously improving customer experiences while increasing the business' financials.

The reasons below are why we believe that Rita's financials will be successful.

- The year 2022 is forecasted to have an **ROI of 19.5%**
- The year 2023 is forecasted to have an **ROI of 28.7%**
- The year 2024 is forecasted to have an **ROI of 31.7%**
- Cash balance remains positive throughout first three years of operation, thus showing that our San Diego's Rita's Ice will be able to pay off the bank loan on schedule.

$$\frac{\text{Revenue} - \text{Cost}}{\text{Cost}} * 100 = \text{ROI}$$

We are requesting a loan of \$225,000 paid back with an interest rate of 8% over 5 years, starting on January 1, 2022. This loan will be used to address cash-flow issues in our first year of operation as well as provide cushion to our cash balance to ensure we remain in the positive.

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SWOT Analysis: To further examine the business operations of Rita’s Ice, we have compiled a SWOT analysis of the internal and external factors that will affect the success of Rita’s Ice.

S.W.O.T. Analysis for Rita's Ice with P.R.I.M.O.F. Elements

		Strengths	Weaknesses
Internal Factors	People: A transparent hierarchy of management limits inner corporation conflict and decision making. Working environment is inclusive.		People: Not enough employees present in store or food truck to efficiently handle heavy foot traffic.
	Resources: Rita’s Ice has low cost of goods sold and cost of production. Also, all ingredient lists are provided from the franchise.		Resources: Since Rita’s Ice has a mission to only serve fresh products, foods stored for 36 hours or longer are discarded.
	Innovation: Unique dessert product line that combines both Italian and American flavors.		Innovation: With only a limited number of new flavors that appeal to customers, it is difficult to create new flavors that high sales potential.
	Operations: Location in Seaport Village provides Rita’s Ice with huge sales opportunities due to large number of tourists.		Operations: Only one owner is present in store or at the food truck.
	Finance: The three owners have great financial creditability, lowering loan payments, and can invest personal money into the business.		Finance: Owner funds must be supplemented with a sizeable loan which carries an interest expense.

S.W.O.T. Analysis for Rita's Ice with P.E.S.T.L.E. Elements

		Opportunities	Threats
External Factors	Political: American government encouraging sit in dining to support small businesses due to pandemic.		Political: Policies around food can affect Rita’s Ice sales.
	Economic: San Diego’s growing economy increases chances in franchise growth.		Economic: A growing San Diego economy attracts competitor businesses to establish retail stores in a similar vicinity, thus jeopardizing Rita’s Ice customer base.
	Social: Covid-related issues are a major concern to the food industry. So, maintaining safety regulations throughout the store and food truck has the potential to improve Rita’s Ice reputation.		Social: New Covid-19 variants can heavily impact Rita’s Ice depending on future government laws to combat the pandemic.
	Technological: Purchasing new machines designed to improve operation efficiency will reduce the number of staff needed per shift.		Technological: Advertising costs are expensive on high traffic websites/venues.
	Legal: California’s minimum wage is \$15 per hours which does not negatively impact Rita’s Ice financial budget.		Legal: If Rita’s Ice products do not meet legal food health requirements, the business practice is in threat of losing customers.
	Environmental/Ethical: San Diego’s ideal annual weather appeals to tourists, thus improving sales opportunities.		Environmental/Ethical: Organic foods in California cost more due to California’s water drought.