

Mai Bangkok Business Challenge® @ Sasin

Culinary Talent Management International (CTMI)

Business Plan

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Culinary Talent Management International (CTMI)

CTMI is a management services firm that provides a suite of service products to promising chefs with nascent and unrepresented brand potential. Our model is built on the concept that chefs are “Creatives”; and they are in high demand in a world with entire media entities dedicated to their glorification. Much like athletes, they combine training and natural talent to produce an entertaining experience to customers. However, they often have neither the required business skills, nor the desire to develop them, in order to be financially successful and grow. As a result, the restaurant industry is plagued by failure due to poor performance monitoring and lack of business acumen.

Business Description

Based on our current strong relationships with Creatives, we *provide the necessary structure* of services around the Creative, which allows them to fully realize the potential of their restaurant concepts. This support includes but is not limited to:

Real Estate – Hot new chefs add value to retail developments, but rarely leverage their pull when negotiating real estate terms. We sell this star quality and the value that it brings to neighboring locations when negotiating leases for our chefs.

Construction – We oversee the design, costs, and project timelines of our chefs’ renovations and build-outs. Our model stresses the use of green building materials and

techniques to economize on utilities, leverage a green image, and limit carbon emissions.

Financing – A lack of financial competency results in poor financial decisions, sometimes even using credit card debt. Through a solid knowledge of the current capital climate we find the most attractive financing options for our chefs.

Cash Flow – In a business where credit is rarely extended to customers, chefs find themselves in a cash rich environment, but without short-term investment opportunities. Our asset management services will put that money to work, creating a greater overall IRR for investors.

Inputs – By representing various chefs, we will reach economies of scale on price and payment terms which will improve cash flows. Using our experience with agribusiness value-chains, we contract farm locally to ensure the reliability of concept critical inputs.

Performance Management - CTMI research has shown that even many successful restaurateurs have not embraced performance monitoring systems. In an industry with slim margins, constant review is important to identify the areas (menu composition, level of service, turnover, etc.) that can be adapted to assure continued success and growth. CTMI systems utilize existing point of sale software, daily reports for managers, opportunities for customer comments (online, comment cards), “secret shoppers,” and other means to assure the health of the business. As an investor, implementing these

systems in restaurants creates an opportunity to improve performance and investment return.

Exposure & Endorsements – We creatively gain calculated media exposure for our chefs to build their brand value. By creating a chef's buzz and maintaining that momentum we increase traffic, secure product endorsements, develop side projects (books, competitions, etc.), and facilitate the success of our chefs' next project.

Market & Strategy

The statistics of the US restaurant industry are impressive:

- \$536,890,720 billion in revenue - 5% C.A.G.R 2004 - 2007
- 90% failure rate – a compelling argument for our services

Our strategy is to continue building strong relationships of trust with promising chefs who bring engaging personalities and exciting concepts. Our projects will pursue:

- Concepts well suited to the market and not already present
- Attractive demographics
- A strong pilot project

Our pilot project is Andrew Ricker, owner and operator of Pok Pok, a Portland, Oregon restaurant. Pok Pok is the creative culmination of Ricker's culinary tourism across Thailand. Following the 2005 opening of Pok Pok and its rapid expansion through 2007,

Ricker has earned many accolades including articles in *Food & Wine*, *Gourmet* and *The New York Times*, as well as *The Oregonian's* Restaurant of the Year. His new Thai noodle concept "Sen" is a high volume replication of the traditional "street vendor" noodle dishes of Thailand. This project has secured a 9,000 square foot space in the heart of Portland's China Town (see map, Exhibit A). The restaurant would focus on high volume, high margin business with a median entrée price of \$11.00 (see menu, Exhibit B), as well as a full bar, and private dining facilities. Initial estimates project a build out cost of \$95.30 per square foot

Management Team

Andrew Ricker, Chef and Owner of Pok Pok. Andy approached CTMI to help develop his newest restaurant concept – *Sen*.

Kurt Huffman, Haas MBA '08, has spent his professional career in the food and beverage industry where he previously owned a chain of bar/restaurants in France's Rhone Valley. Mr. Huffman holds a BA in History from Reed College and a LLM in Law from the University of Glasgow.

Lucas Dunnington, Haas MBA '08. He brings to the team professional experience across project management, design, event management, and agribusiness contracting. Mr. Dunnington holds a BA in History & Psychology from the University of Virginia.

Michael Pearce, Haas MBA '08. His strong financial analysis and in-depth knowledge of financial markets (5 Years with UBS in New York and London) brings critical CFO skills to this team. Mr. Pearce holds a BS in Finance and Math from Georgetown University.

Financial Projections

CMTI's financial projections are based upon the assumption that we will begin with one restaurant and Creative as a client in year 1. Each year we will double the number of Creatives and operations that we represent. CMTI's revenues are based upon a management fee model where CMTI will take 4% of gross revenues from each client. Net Present Value estimate of CMTI, based upon a 12% rate of return and a \$1.15 Million USD investment, is \$9.9 Million USD (See Exhibit C).

Funding Request

CMTI requires an initial capital investment of **\$1.15 Million USD** in operating capital for years one to three. In return for the above capital **CMTI** is willing to provide a 25% equity stake with full voting rights. IRR to investor under these terms is 22% (see exhibit C).

