

FRANCHISE BUSINESS PLAN EVENT



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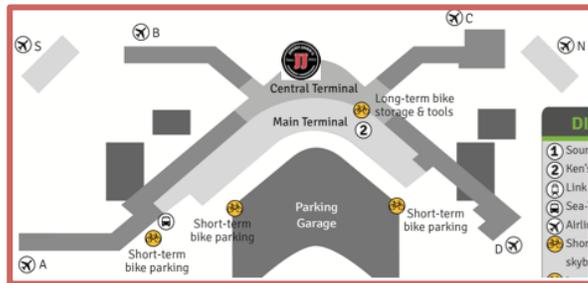
I. EXECUTIVE SUMMARY

Description of Company: Founded in Charleston, Illinois in 1983, Jimmy John's is a popular sandwich shop that provides simple, fresh, and fast sandwiches to millions of people. With over 2,500 locations across the U.S, Jimmy John's is one of the fastest growing franchises in recent years. In 2016, they were named as the number one top franchise on Entrepreneur's Franchise 500 list.

Short and Long-Term Objectives: We used a combination of short-term and long-term goals to create four goals for the inception of the franchise location. The details of the goals are in Section II. B. and the outlined version is shown below:

Short-term Goals	Long-term Goals
Gain \$150,000 in financing to open a Jimmy John's franchise in Seattle, Washington, specifically within the Sea-Tac airport.	Make a 15% profit increase from the first year of operation in 2018.
Make a \$90,000 profit in the first year of 2017.	Accumulate \$600,000 through the first five years to finance another Jimmy John's franchise within the Los Angeles airport.

Business Environment: We selected the Seattle-Tacoma airport because there was over 42.3 millions passengers traveling through the airport in 2015, a 13% increase from 2014. The passenger frequency has increased annually in 12 of the last 13 years, with 2009 being the exception. The high traffic flow within the airport will provide our franchise with a huge customer base to advertise to and sell our products.



We will be placing our Jimmy John's franchise within the central terminal of the Seattle-Tacoma airport located in Seattle, Washington.

Products: Jimmy John's offers three main "sizes" of sandwiches, each size the same length, but packed with more meat, cheese and vegetables. There is also three sides to choose from: Jimmy chips, Jimmy cookies, and a kosher pickle. The size and description of each of the Jimmy John's sandwiches are below:

Sandwiches Offered	Price and Description
Plain Slims	\$6.50 – Jimmy John's famous bread with meat and cheese, nothing extra
Sub Sandwiches	\$8.00 - Bread with various meats, cheese, and vegetables. Heartier than the slims.
Giant Club Sandwiches	\$9.00 – Basically the 8" subs with more meat and cheese. Heartier than 8" subs.
The J.J Gargantuan	\$12.00 – The largest sandwich offered with 5 different types of meat, vegetables and cheese.

Present Market: We will be marketing to the busy middle class person who is on the go. The Sea-Tac airport is the perfect location to reach the target market, as many of the travelers are the busy middle class. Additionally, the international flights into Seattle provide the opportunity to create a new customer base that view Jimmy John's as a novelty.



Growth Potential of Market: The passenger traffic in the Sea-Tac airport is equal to the number of Las Vegas visitors annually, and it will only increase. There are plans to build eight new gates in the Alaska Airlines terminal by 2019, and by 2034, the airport is projected to have 66 million annual passengers. With the continued increase of annual passengers through the Sea-Tac airport, Jimmy John's will see an increase of sales from year to year based just on customer traffic.

Current Pricing Policy: Jimmy John's prices from region to region and are up to the discretion of the franchisee. Using the average sales price of the Jimmy John's sandwiches in Seattle, we increased the price to be 25%-30% because of inflated airport pricing standards. This price increase will help us compensate for the higher lease and staffing expenses.

Seasonality: Seattle's peak tourism season from May-September correspond with the Seattle-Alaska cruise season. During those months, the franchise will expect a high customer traffic flow and will add an additional employee onto the rotation to compensate.



Competition: There is only one other sandwich shop, Quiznos, in the Sea-Tac airport for Jimmy John's to compete with for the same product, but Qdoba and Wendy's are the other two quick service competitors. While the competition does have its strengths over Jimmy John's, such as customization of food and a diverse selection, Jimmy John's has three key advantages over all three of its competitors:

- Quick**
 - The customer service is quick, sandwiches often done before payment
 - Very beneficial for people who are in a hurry in the airport
- Simple**
 - The simpleness of Jimmy John's is reflected in the menu and sandwiches
 - There is no mess and sandwiches easily transported through the airport
- Fresh**
 - The sandwiches are fresh and the unwich provides a very healthy option
 - Gives travelers a healthy option in an otherwise unhealthy airport

Marketing Plan: Jimmy John's will have four different marketing expenses, the franchise national advertising fee, the Sea-Tac Marketing Fund, the digit display in the airport, and the logoed refrigerated cart. We will be conducting a delivery service within the Sea-Tac airport using the Jimmy John's online ordering app. Customers will input their order and a Jimmy John's employee with the logoed, refrigerated cart will come to the specified gate to deliver the order. Extra sandwiches are available for purchase off the delivery cart and all deliveries are guaranteed to arrive within 15 minutes of ordering. The logoed cart will provide a huge advertising advantage as it is a mobile advertising agent within the Sea-Tac airport.

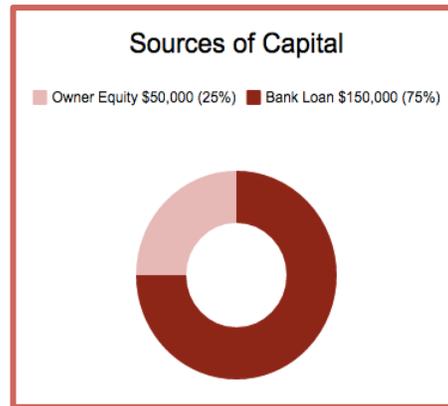
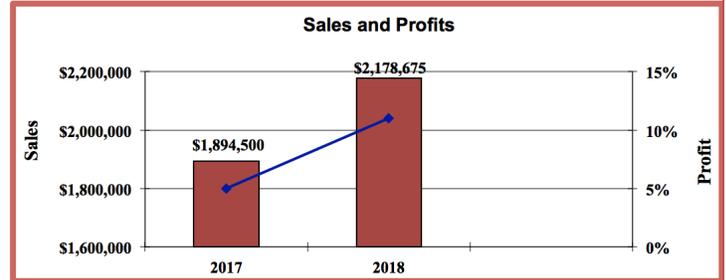
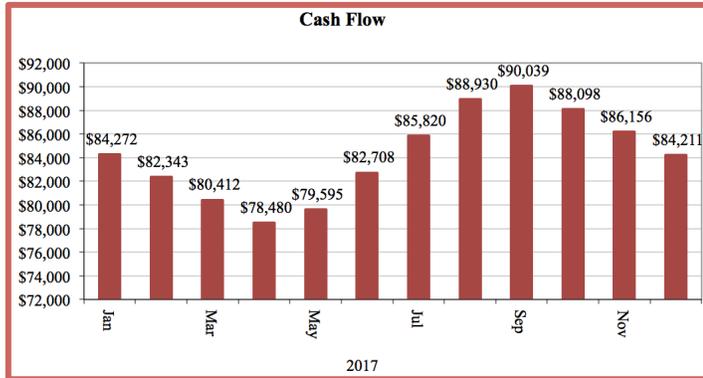


Management and Organization: The Sea-Tac Jimmy John's will consist of three levels of organization:

Job Descriptions	
Position	Responsibilities
Owner	Making the business plan and budget, reviewing the report of production in relationship with sales, directing the managers and employees
Manager	Leading the employees, planning and maintaining work systems, procedures, and policies, overseeing the operations, training the employees
Employee	Making sandwiches, serving customers, operating point-of-sale system, cleaning

Financial Request:

We are investing \$50,000 into our business and are requesting a \$150,000 loan with a seven year payback period. Below is our supporting cash flow, profitability forecast, and sources of capital:



**Jimmy John's
Forecasted Statement of Income
For the years ended December 31, 2017, 2018**

	2017	2018
Operating Revenue	\$ 1,894,500	\$ 2,178,675
Cost of Goods Sold	404,800	465,520
Gross Profit	1,489,700	1,713,155
	79%	79%
Operating Expenses	1,372,863	1,407,547
Income/ Loss before tax	116,837	305,608
Tax Expense	23,367	61,122
Net Income [Loss]	\$ 93,469	\$ 244,486
	5%	11%

**Jimmy John's
Forecasted Statement of Cash Flows
For the year ended December 31, 2017**

	2017
Beginning Cash Balance	\$ -
Cash Inflows:	
Owner	50,000
Bank	150,000
Operations	1,894,500
Total Cash Inflows	2,094,500
Cash Outflows:	
Fixed assets	101,800
Inventory	404,800
Payroll and related	672,106
Lease	480,000
Customer acquisition	97,560
Loan	26,295
Other	227,727
Total Cash Outflows	2,010,289
Net Cash Flow	84,211
Ending Balance	\$ 84,211

Our amortization schedule describes our payback plan for a \$150,000 loan at 6% of annual interest over a period of 7 years:

Loan Amount	Interest Rate	Term	Start Date
\$150,000	6%	7 years	January 2017

Payment Schedule for Jimmy John's

Year	Principal Paid	Interest Paid	Loan Balance
Begin	\$0	\$0	\$150,000
2017	\$17,779	\$8,516	\$132,221
2018	\$18,876	\$7,420	\$113,345
2019	\$20,040	\$6,256	\$93,306
2020	\$21,276	\$5,020	\$72,030
2021	\$22,588	\$3,707	\$49,442
2022	\$23,981	\$2,314	\$25,460
2023	\$25,460	\$835	\$0
Totals	\$150,000	\$34,068	

Summary of Payments and Interests

Monthly Payment:	\$2,191
Total Interest Paid Over Life of Loan	\$34,068
Interest Paid in 2017	\$8,516
Interest Paid in 2018	\$7,420

Thank you for considering our request for a \$150,000 loan for Jimmy John's in the Sea-Tac airport. We look forward to meeting you and further discussing this opportunity.

II. BUSINESS HISTORY, BACKGROUND, AND OBJECTIVES

A. Description of the Company

In 1982, Jimmy John Liautud graduated second to last in his high school class. College was not an option, but he had always wanted to open his own business. He borrowed \$25,000 from his father with



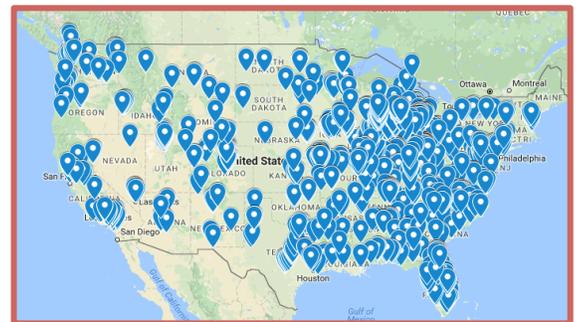
the caveat that if he did not earn a profit in the first year, he would have to join the Army. Jimmy's motivation for a sandwich shop came from Booby's Sandwiches in Illinois. When he realized how simple and cheap a sandwich business could be, he was hooked. By January 1983, Jimmy had four sandwiches on the menu and a remodeled two-car garage turned sandwich joint in Charleston, Illinois. In just 10 years, Jimmy expanded his business to ten stores and had no debt.¹

In 1993, Jimmy John's started franchising their stores, which allowed the Jimmy John's name to

Jimmy John's Mission Statement

"First caring for each other. Then caring for the customer, then our community, then our suppliers, and the product is, 'Absolute profitability' - in that order" - JJ

expand farther than the Midwest. In 2002, Jimmy John himself stopped selling franchises and reconfigured the franchise system after 70 of the 160 stores open were failing because they were not following the operations systems that were in place. The Jimmy John's president, James North and Jimmy John met with individual store owners to ensure that they were re-trained according to the brand standards and restaurant lifestyle. They ended up retaining 63 of the stores, and closing only seven. A business coach program was established to help monitor the franchise operations and offer them in-store assistance. Jimmy Liautud also made stricter guidelines for franchisees to follow and refurbished some of the older stores, so that the franchises would not fail again.² Today, Jimmy John's has over 2,500



Graphic A: Map of all Jimmy John's locations

¹ <https://www.jimmyjohns.com/about-us/our-story/>

² <http://www.chicagotribune.com/business/ct-jimmy-johns-1104-biz-20151103-story.html>

stores in 46 states (See Graphic A), all embedded with Jimmy John Liatud's philosophy: "Work hard. Push forward. Learn from mistakes."³

B. Short and Long-Term Objectives

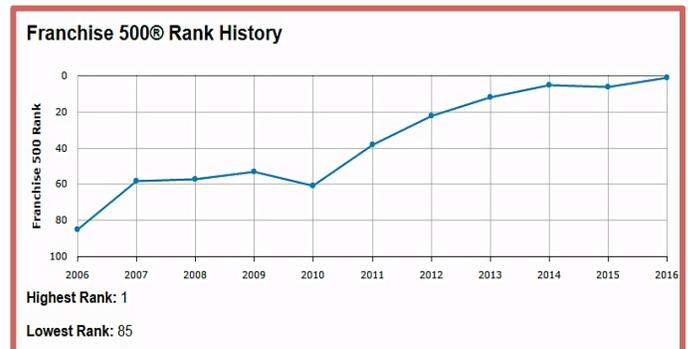
An email interview with Mallory Haas, Franchise Development Manager, conducted on November 3, 2016 revealed that there are no performance metrics for Jimmy John's franchisees, nor any long-term goals for the Jimmy John's brand. **The goals for the franchises are determined and set by the franchisee.** In 2017, the short-term goals for this company are to add a franchise within the Seattle-Tacoma International Airport and to make a \$90,000 profit in the first year. The long-term goals include increasing the profit made in the first year by 15% and then using profits from the first five years to open a Jimmy John's franchise within another large airport such as Los Angeles.

Short-term Goals	Long-term Goals
Gain \$150,000 in financing to open a Jimmy John's franchise in Seattle, Washington, specifically within the Sea-Tac airport.	Make a 15% profit increase from the first year of operation in 2018.
Make a \$90,000 profit in the first year of 2017.	Accumulate \$600,000 through the first five years to finance another Jimmy John's franchise within the Los Angeles airport.

According to the Franchise Development Manager, Mallory Hass, Jimmy John's is committed to "being the best that we can be at what we do – making fast, accurate and delicious sandwiches" and they trust in their carefully selected franchisees to run profitable businesses. The goals for the franchise are important because they will provide the business with guidance and purpose for functioning.

C. Major Successes and Achievements to Date

In 2016, the company was also named the number among the top ten Most Popular Restaurants for Business Meals by Certify, an expense-reporting program.⁴ The company has over 2,500 locations in

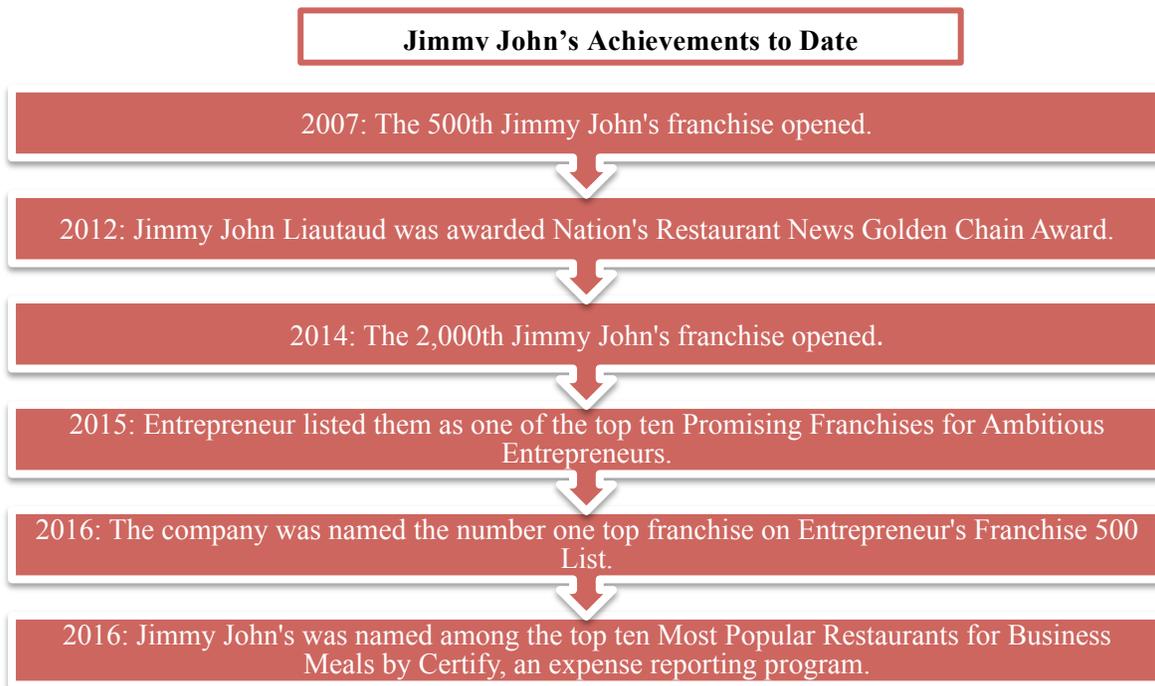


Graphic B: Jimmy John's Franchise 500 rank since 2006.

³ <http://www.franchising.com/jimmyjohnsgourmetsan/>

⁴ <https://www.certify.com/CertifySpendSmartReport.aspx>

46 states across the country since opening in 1983,⁵ and according to the National Restaurant News Top 100, it is one of the fastest growing chains.⁶



Jimmy John's plans to continue their success and expand their franchise business.

D. Challenges and Obstacles

One challenge that Jimmy John's will have is breaking into the airport restaurant location. Sea-Tac airport only has a set amount of food and beverage business spaces, many of which have 5-10 year leases on them. However, according to the Sea-Tac shops website, Sea-Tac now has two open lease spots in the main food terminal and are accepting business proposals. The main requirements for the business proposal are as follows:

- 1. \$50,000 proposal guarantee to SeaTac airport**
- 2. 3 years of prior experience in the development, management, and operation of restaurants at airports, shopping centers and business districts**
- 3. Financial capacity for the initial investment of the business**
- 4. Specific costs for the company: debt service, renovation, expenses by line item, and salary of employees**
- 5. Expected gross profit and expected sales per enplanement**

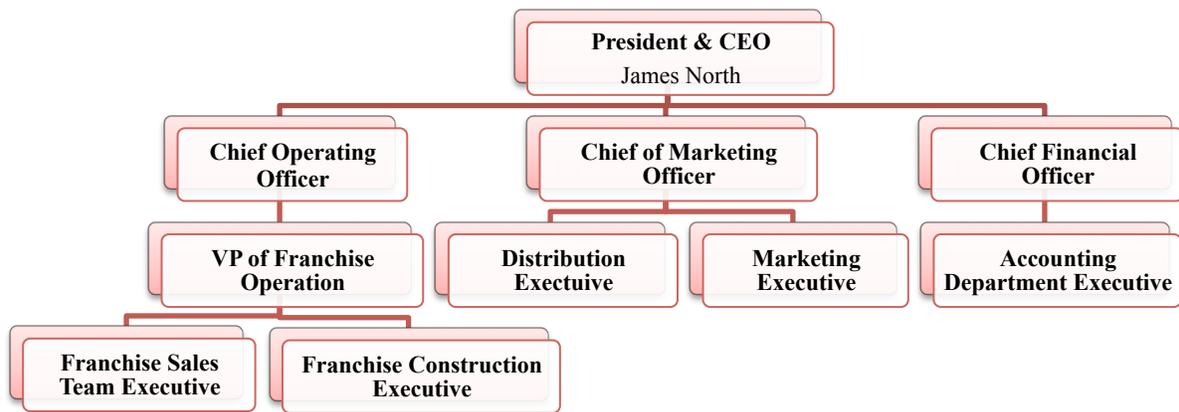
⁵ <https://www.entrepreneur.com/franchises/jimmyjohnsandwiches/282480>

⁶ <https://www.jimmyjohns.com/about-us/our-owner-founder/>

In addition to the main requirements, SeaTac also requires that food and dining business proposals supply franchise authorization letters, license authorization letters and menus that provide high quality, diverse dietary options for the majority of passengers.⁷ Another challenge is that the Jimmy John's "package" is made for stand-alone stores, not for the adjoining, small spaces the airport provides. However, the double counter that is typical of a Jimmy John's can be converted into a single counter to fit the airport structure and the fast service will please customers in a rush to their flight.

E. Changes in Management in the Last Year

Jimmy John's organizational structure has remained consistent throughout the 2016 year. The company is organized into three main parts as reflected in the diagram below: the marketing team, the financial team, and the franchise team.⁸ This reflects the emphasis that Jimmy John's puts on growing their company through its enormous franchise sector.



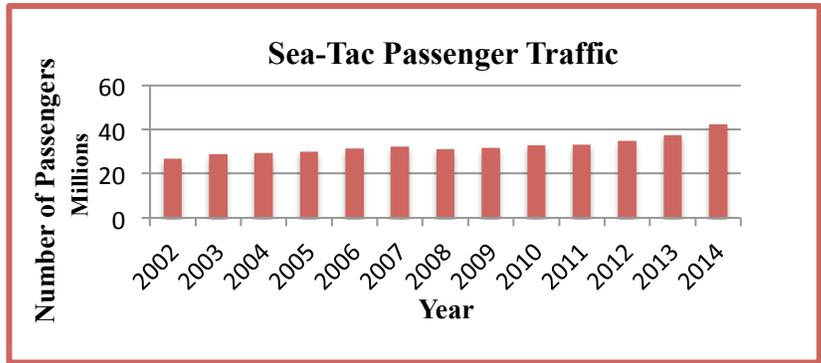
The Jimmy John's executive's upward mobility has provided the company with an experienced and knowledgeable management.

III. BUSINESS ENVIRONMENT

Seattle, specifically the Seattle-Tacoma airport, is the next best franchise opportunity for Jimmy John's. 38.1 million tourists came to Seattle and King County in 2015, which increased 2.6% from 2014. They spent a total of \$6.8 billion in the city and county in 2015 as well, which increased 5.8% from the

⁷ <http://www.lease.seatacshops.com/leasing/eat/large-package-4/>
⁸ <https://www.jimmyjohns.com/about-us/our-team/>.

previous year.⁹ The Sea-Tac airport set a passenger traffic record for the fifth straight year in 2015 with over 42.3 million travelers, an increase of 12.9% from the last year.¹⁰ Frequency has increased annually in 12 of the past 13 years, with the only decrease seen in



Graphic C: Graph of number of Sea-Tac Passengers 2002-2014

2009 due to the national economic downturn. **This increase means more people in the airport, and, consequently, more traffic through the restaurants within the Sea-Tac airport.**

For the past two years, Sea-Tac has been the fastest growing Top 20 airport in the U.S.¹¹ With all of these tourists, the demand for a quick place to get food that can easily be brought onto a plane is high. Sales for restaurants, shops, and passenger services increased 9.7% from 2014, with sales totaling over \$241 million. Anthony's Restaurant, located in the main terminal, is the **highest grossing airport restaurant in North America with over \$14 million in sales in 2015.**¹² A Jimmy John's would thrive in this setting where most restaurants find success, providing higher profit margins than regular franchises.

IV. PRODUCTS AND/OR SERVICES

A. Products and Services Offered

Jimmy John's offers a main product of delicious sandwiches made with fresh ingredients from local, small businesses. There are four different types of sandwiches offered¹³:

Sandwiches Offered	Price and Description
Plain Slims	\$6.50 – Jimmy John's famous bread with meat and cheese, nothing extra
Sub Sandwiches	\$8.00 - Bread with various meats, cheese, and vegetables. Heartier than the slims.
Giant Club Sandwiches	\$9.00 – Basically the 8” subs with more meat and cheese. Heartier than 8” subs.
The J.J Gargantuan	\$12.00 – The largest sandwich offered with 5 different types of meat, vegetables and cheese.

⁹ <http://www.visitseattle.org/press/press-releases/seattle-tourism-statistics-announced/>.

¹⁰ <http://www.highlinetimes.com/2016/02/03/news/sea-tac-airport-growth-continues-%E2%80%A8fifth-straight->

¹¹ <http://www.highlinetimes.com/2016/02/03/news/sea-tac-airport-growth-continues-%E2%80%A8fifth-straight->

¹² <http://www.highlinetimes.com/2016/02/03/news/sea-tac-airport-growth-continues-%E2%80%A8fifth-straight->

¹³ <https://www.jimmyjohns.com/menu/#/>

Jimmy John's also offers three different sides: different types of Jimmy Chips, cookies, and jumbo kosher pickles. Unlike any other sandwich shops, Jimmy John's offers delivery services within a two-mile radius of their shops.

B. Planned Changes to the Present Line of Products/Services Within the Next Year

Jimmy John's sandwich prices inconsistent throughout the country and are determined by the franchisee. There will be a price increase for the sandwiches, sides and beverages offered, as most airport food is inflated 25%-30% than regular retail value.¹⁴

We will be keeping the delivery service that Jimmy John's provides, as it is a huge competitive advantage. To incorporate delivery at the airport, we will have a rotating employee with a refrigerated cart delivering sandwiches to gates. Customers will place their order via the Jimmy John's app, and the sandwich will be **guaranteed to arrive within 15 minutes of ordering**. There will also be extra, pre-made sub sandwiches (as they are the most popular out of the three sizes) for purchase right at the gate, so if customers see the cart and feel inclined to buy one instantly, they can. Lastly, instead of offering fountain drinks, this franchise will be implementing bottled soda drinks and water because they are more durable for the airport environment.



Graphic D: Example of mobile refrigerated cart used to deliver sandwiches

V. PRESENT MARKET

A. The Present Market

The stereotypical customer is a middle class business person on the go. **The airport location is the perfect place to reach the target market, as many travelers are middle class business people.**

The peak hours of the SeaTac airport are between 5am-11am and 7pm-9pm, this is when most of the passengers pass through the airport.¹⁵ Jimmy John's will not open until 7am, as they do not serve

¹⁴ <http://www.wsj.com/articles/the-price-you-pay-for-water-at-the-airport-1429709430>

¹⁵ <http://www.ifly.com/seattle-tacoma-international>

breakfast, and their peak hours will be around 10am-2pm and 6pm-8pm.

With over 75 gates served by 28 different airlines, both domestic and international, the airport location allows access to people from a large variety

of places around the globe.¹⁶ Some of these people will come from places where there are no Jimmy John's --like Beijing, Tokyo, London, Edmonton and Paris -- **creating a new customer base which would otherwise be unreached.**¹⁷ The following maps show the domestic routes and international non-stop routes of the flights departing from and arriving to the Sea-Tac airport.¹⁸

Total Annual Passengers					
	2011	% of Total	2010	% of Total	% Change
Total	32,823,220		31,553,166		4.0
Domestic	29,838,192	90.9%	28,745,014	91.1%	3.8
International	2,985,028	9.1%	2,808,152	8.9%	6.3

Graphic E: 2011 & 2010 total number of domestic and international passengers and percent change between years.



Graphic F: International flights in and out of Sea-Tac airport



Graphic G: Domestic flights in and out of Sea-Tac airport

The high frequency of travelers, with 10% of them being potential new customers, allows for a high growth of the customer base.

B. Growth Potential of Market

As outlined in Section III, the Sea-Tac airport traffic is expanding rapidly, 12.9% up from 2015. The airport had 42.3 million passengers, a 13% passenger traffic increase from 2014 to 2015, nearly doubling the 7.7% increase from 2013 to 2014.¹⁹ That is approximately the same number of visitors that Las Vegas receives yearly- showing just how high the frequency of travelers through the airport is.²⁰ The

¹⁶ <http://www.lease.seatacshops.com/leasing/eat/large-package-4/>
¹⁷ https://www.portseattle.org/About/Publications/Statistics/Airport-Statistics/Documents/2012_06_30_2011SEAAAR.pdf
¹⁸ <http://www.portseattle.org/Sea-Tac/Flights-Airlines/Route-Maps/Pages/Domestic.aspx>
¹⁹ <https://www.portseattle.org/About/Publications/Statistics/Airport-Statistics/Pages/default.aspx>
²⁰ <http://www.seattletimes.com/business/boeing-aerospace/sea-tac-passenger-volume-hits-another-record/>

gross sales to square feet ratio for the food service in Sea-Tac airport is \$1,363 per square foot (See Graphic H). "Over the next few years, the Airport has plans for significant expansion of the facilities. The North Satellite, used exclusively by Alaska Airlines, will undergo a complete renovation and expansion that will add 8 gates to the existing 12 gates. Completion of this project is slated for the 2019-2020 timeframe".²¹

2015			
Location	Approx. Sq.Ft	Gross Sales	Sales/ Sq. Ft.
Pre-Security (includes North Esplanade, South Esplanade, and Baggage Claim)			
Food Service	9,438	\$ 7,560,947	\$ 801
Convenience Retail	3,339	\$ 4,434,723	\$ 1,328
Total Pre-Security	12,777	\$ 11,995,670	\$ 939
Post-Security (includes Central Terminal, Concourses A,B,C,D, and North and South Satellites)			
Food Service	93,383	\$ 127,298,166	\$ 1,363
Convenience Retail	21,727	\$ 51,213,640	\$ 2,357
Specialty Retail	15,923	\$ 29,851,134	\$ 1,875
Duty Free	8,014	\$ 20,197,528	\$ 2,520
Consumer Services	2,560	\$ 22,438,405	\$ 8,765
Total Post- Security	141,607	\$ 250,998,873	\$ 1,773
Total	154,384	\$ 262,994,543	\$ 1,704

Graphic H: Total amount of gross sales for food service post security in 2015: **\$127,298,166**



Graphic I: Number of Sea-Tac passengers projected in 2034

With the 42.3 million people passing through the airport, all of who can obtain a sandwich with the delivery service, Jimmy John's has the ability to reach all the passengers in the airport .

In 2034, the airport is projected to reach 66 million annual passengers, a 57% increase from the 42 million passengers in 2015.²² **With an**

increase in the number of people passing through the Sea-Tac airport, the number of Jimmy John's customers at this franchise is

likely to increase, therefore providing an incredible growth and profit potential for the business.

Besides Quiznos, which has slow service and is located off in the B terminal, Jimmy John's will be one of two sandwich shops in the entirety of the Sea-Tac airport. The store will be located in the central terminal of the airport, where most travelers have to pass through



Graphic J: Map of the Sea-Tac airport, Quiznos is in B Gates, while Jimmy John's would be central terminal.

²¹ Sea-Tac Airport RFP Exhibit 14 – Capital Investment Form

²² <https://www.portseattle.org/Business/Construction-Projects/Airport-Projects/Pages/airport-master-plan.aspx>

to reach their gates. This will give Jimmy John's a competitive advantage, creating a high growth potential.

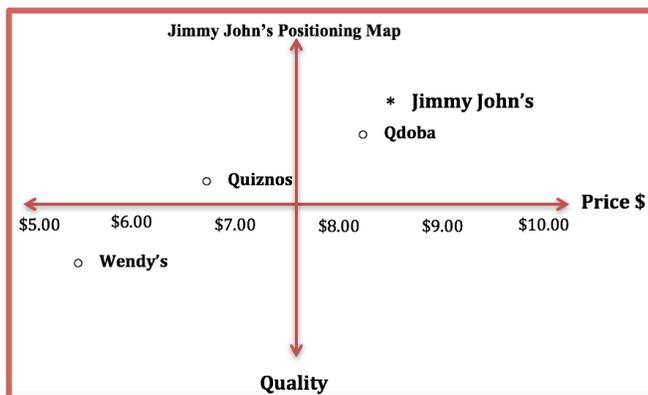
C. Current Pricing Policy

Prices are inconsistent at Jimmy John's locations and are up to the discretion of the franchisee. As outlined in section IVA, the prices are going to be 25%-30% higher than the Jimmy John's in the surrounding Seattle area because of the airport location.

Sandwich/Product	Price	Average
Plain Slim	\$6.50	\$4.80
Club Sandwich	\$8.00	\$6.00
Giant Club Sandwich	\$9.00	\$7.00
Cookie	\$2.30	\$1.75
Chips	\$2.25	\$1.50
Pickle	\$2.00	\$1.00
Beverages	\$3.00	\$1.00

Graphic K: Table of planned menu prices

Our pricing is based off nearby competitors in the airport. Pallino Pasta entrees range from \$6.50-



Graphic L: Positioning map of Jimmy John's and their competitors

\$12.50, Qdoba \$5.00-\$8.00, Quiznos \$5.00-\$8.00 and Wendy's \$5.00-\$8.00.²³

Jimmy John's is in the middle-high end of their competitor's price range, falling between \$6.50-\$9.00 for a sandwich (see Graphic L). Jimmy John's is a higher quality restaurant compared to Quiznos, Qdoba, and Wendy's because of their cleanliness, fresh ingredients, franchise quality

control requirements, locally purchased produce, and daily baked bread.²⁴

D. Seasonality

As a sandwich shop, Jimmy John's itself is not seasonal. However, the business will be located at the Sea-Tac airport, where the number of travelers passing through is seasonal. May through September are the months with the highest passenger volumes.²⁵ **One reason for this influx is that many people land in**

²³ <http://seatacshops.com/merchants/central-terminal/pallino-pastaria/>

²⁴ <https://www.jimmyjohns.com/about-us/our-food>

²⁵ <https://infogr.am/ceeb0f9e-6fea-4794-9602-28f47e7f047a>

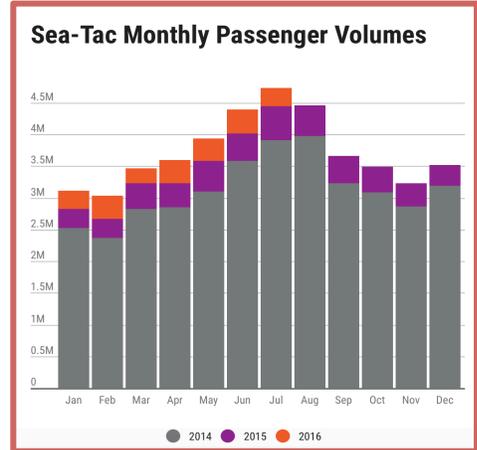
the Sea-Tac airport board the cruise ships heading up to Alaska.

As Alaska is too cold to visit anytime other than the summer

cruises only occur during the May-September time period.

With an increased passenger volume in those three months, the cash flow for Jimmy John's will be higher in that time period, and lower in other months of the year. In order to adjust to this,

our franchise will add one extra employee during the summer months (May- September) to maximize the number of customers served in this busy time of the year.



Graphic M: Graph of Sea-Tac Monthly passengers and increases from 2014-2016.

VI. COMPETITION

A. Strengths and Weaknesses of Primary Competitors

Competitors

While Jimmy John's main competitors in the U.S. market are Subway, Quiznos, and Blimpie, this franchise is located within the Sea-Tac airport, so competition is different.²⁶ The competitors of will be Qdoba and Wendy's in the main food court and Quiznos in the B gates.



Graphic N: Visual representation of Jimmy John's competitors in the Sea-Tac airport

Competitors	Strengths	Weaknesses
Qdoba	<ul style="list-style-type: none"> Kid's menu Diverse offering of products Customization of orders 	<ul style="list-style-type: none"> Slow service Messy (difficult to take on planes and walk around with)
Wendy's	<ul style="list-style-type: none"> Huge brand recognition Use of fresh beef rather than frozen beef Financially stable 	<ul style="list-style-type: none"> Perceived and categorized as unhealthy fast food by customers Mainstream burger products
Quiznos	<ul style="list-style-type: none"> Baked sandwiches Customization of sandwiches Chef specialties introduced throughout the year 	<ul style="list-style-type: none"> Struggling financially No Gluten-free menu Very slow service
Jimmy John's	<ul style="list-style-type: none"> Quick service Fresh Ingredients No mess 	<ul style="list-style-type: none"> Not customizable Sometimes perceived as "mainstream" sandwiches

²⁶ <http://www.mbaskool.com/brandguide/food-and-beverages/13972-jimmy-johns.html>

The competition within the airport are: Qdoba, Wendy's and Quiznos, all with their different competitive advantages. Jimmy John's will acknowledge the competitive advantage each company brings and create a marketing plan to counter them.

B. Advantages over Competitors

Jimmy John's excels because of it is simple, quick service and delicious sandwiches. As the slogan of Jimmy John's, "Subs so Fast You'll Freak" suggests, Jimmy John's is committed to excellent, quick customer service. The quick service of the sub shop is extremely helpful to customers in a rush to their gate. Similarly, the simple sandwiches produce no mess and are therefore easily brought onto planes, cars, trams and buses. The freshly made sandwiches also label Jimmy John's as a healthy, fresh option.

Quick

- The customer service is quick, sandwiches often done before payment
- Very beneficial for people who are in a hurry in the airport

Simple

- The simpleness of Jimmy John's is reflected in the menu and sandwiches
- There is no mess and sandwiches easily transported through the airport

Fresh

- The sandwiches are fresh and the unwich provides a very healthy option
- Gives travelers a healthy option in an otherwise unhealthy airport

C. Disadvantages Compared to Competitors

One of the main disadvantages of Jimmy John's is its inability to customize the sandwiches. There are a few add-ons to the sandwiches like condiments and hot peppers, but otherwise, the sandwiches come as ordered. Many customers like the ability to choose what goes on their food: it gives them a sense of freedom and individuality. However, customization leads to slow customer service, which is not ideal in the bustling airport setting.

Another disadvantage is the cost of employees of Jimmy John's. To maintain the excellent customer service, Jimmy John's hires more employees than most fast-food chains, leading to a higher operating costs. However, the profit margin between the inflated airport sales price and the cost of the sandwich will make up for the higher employee cost.

VII. MARKETING PLAN

A. Description of Customers and Geographic Area to be Targeted for Marketing Efforts

As outlined in Section III, the geographic area that is going to be targeted is the Seattle-Tacoma International airport in Seattle, Washington (see Graphic O). The Sea-Tac airport has over 40 million passengers annually, creating a huge customer base for the Jimmy John's. The passenger demographic of Sea-Tac -- the demographic that Jimmy John's will try and market to -- is outlined in Graphic P.



Graphic O: location of Sea-Tac airport

- 68% leisure travel : 32% business travel
- 49% female : 51% male
- 64% are younger than 54 years old
- Close to 50% have incomes over \$100,000
- 86% spend over 100 minutes at Sea-Tac before their flight

Graphic P: 2015 Passenger demographic of Sea-Tac Airport

The ideal customer of Jimmy John's is a busy middle class person who does not have time to stop and wait for food. Using the demographics of Jimmy John's ideal customer and the customers of the Sea-Tac

airport, we will create a marketing plan to target this specific demographic.

B. Marketing Techniques Employed to Promote Business

As part of the Jimmy John's franchise "package" every franchisee must pay a yearly 4.5% of gross profit for national advertising fee to the Jimmy John's corporation. This fee will cover large advertising such as sponsorships, radio ads, commercials, large-scale media advertising. Also, as part of the Sea-Tac tenant association, the franchise will pay a yearly 0.5% of gross profit to the Sea-Tac Marketing Fund for in-airport advertising. This fee will include advertising Jimmy John's on the Sea-Tac website, on all the airport maps and signs, and in the magazines on airplanes. The logoed refrigerated cart will provide mobile advertising throughout the airport for Jimmy John's. As mentioned in Section II. D, there will be extra sandwiches in the cart for customers who see the cart and want a sandwich right there. The cost of the mobile cart advertising is not included in the advertising fee, for the costs fall in employee salary and fixed assets (for the cart) categories.

Element	Cost	Rationale	Timing
National Advertising Fee	4.5% of gross profit Total: \$50,004	Required by Jimmy John's, national level advertising	Ongoing
Sea-Tac Marketing Fund	0.5% of gross profit Total: \$5,556	Required by Sea-Tac, in-airport advertising	Ongoing
Digital Display in airport	\$3,500 per month Total: \$42,000	Promote Jimmy John's to travelers that want food before their flight	Ongoing
Employee delivering sandwiches with a Jimmy John's Refrigerated Food Cart	Cost is already incorporated with employee salary and fixed assets	The employee is walking all over the airport with a logoed food cart, constantly advertising for the company	Ongoing
Total	\$97,560		



Graphic Q: Example of Jimmy John's digital display

In addition to the franchise advertising fee, the mobile cart, and the airport fee, Jimmy John's will also be advertising on digital displays in various terminals of the airport, so as to reach those customers who do not go through the central terminal on the way to their gate. This extra measure of advertising will increase the traffic flow through the Jimmy John's location.

The cost of the digital displays will be \$3,500 a month.²⁷ Examples of the different advertisements used for the graphic displays are shown below:



Graphic R: Electronic ads to be used on digital displays to market Jimmy John's

To meet our short term goal of: making a \$90,000 profit in the 2017 year and long term goals of: increasing profit by 15% from year one to year two, we will use the advertising mix of national, in-airport, mobile, and digital display advertising to fulfill these goals.

²⁷ <http://www.bluelinemedia.com/airport-advertising#rates>

VIII. MANAGEMENT AND ORGANIZATION

A. Strengths and Weaknesses of Management Team

As a national company, Jimmy John's provides the necessary support needed for franchisees to find success. The regulations provide structure to the business, but may also detract from the personal connections between the management team and the franchisor.

Strengths of Management Team	Weaknesses of Management Team
The franchisor provides a 7-week training program, so the franchisee will be properly prepared.	The franchisor does not provide training to the low-level employees, so the franchisee must do so.
Franchisees receive regular updates to their training.	As a national company, the communication between the franchisor and franchisee will not be as personal.
With three managers and ten employees, the managers will easily be able to oversee the operations of the business.	The employees do not have the freedom to create their own work schedules.

Although the franchisor does provide three weeks of training and four weeks of real life management experience by way of their apprenticeship program, the owner is responsible for identifying a third party to train the managers. There is a cost of \$10,000 to use a third party business to train the three managers on how to manage a Jimmy John's, promote a positive working atmosphere, make the sandwiches, and be personable to other team members. According to a former Jimmy John's area manager in Portland Oregon on Glassdoor "If owners send managers to training, it helps the store".²⁸

B. Plans for Development of Management Team

Jimmy John's will begin with two owners, three managers and ten employees. We have gone through a 7-week training program, three weeks of training and four weeks of live management via an apprenticeship program so as to be prepared for owning our own business. We will continually receive training updates, so we know the latest corporate Jimmy John's instructions. The managers will be subject to a two-week managerial training by a third party to learn the Jimmy John's culture and management procedures.

²⁸ https://www.glassdoor.com/Benefits/Jimmy-John-s-Job-Training-US-BNFT43_E15876_N1.htm

C. Management Succession Plan

In the event of a continued absence or incapacity of any manager, an owner will be required to take their place until either a new employee is hired or the manager returns from their absence. In the case of a continued absence or incapacity of an owner, the Jimmy John's may be sold to another proprietor. This new owner would take full responsibility for the franchise.

D. Acquisition of Additional Management Based on Future Sales

As previously stated, more personnel as part of the management team may be needed as the business gains popularity in the airport setting. If the management team is unable to handle the number of customers walking through the door, then a new employee will be hired to fit this demand. **We project that Jimmy John's Sea-Tac will be prepared to hire an additional manager by the year 2023 to help the Sea-Tac Jimmy John's, as we hope to have a second location in Los Angeles.**

IX. BUSINESS RESOURCES

A. Operating Equipment

The franchisor will supply the standard operating kitchen equipment needed to run the Jimmy John's. Outlined below is the fixed assets that will be purchased and their depreciated value over time:

Jimmy John's Fixed Asset and Depreciation/Amortization Schedule For the Period Beginning January 2017									
Number	Fixed Asset		Acquisition		Life in Years	Salvage Value	Annual Straight Line Depreciation		
	Class	Description	Date	Cost			Value	Expense	
1	Franchise Fee	Initial Franchise Fee	12/20/16	35,000	15	-	35,000	2,333	
		<i>Total Franchise Fee</i>		35,000			35,000	2,333	
2	Equipment	Computer/Point-of-Sale System	12/27/16	2,800	7	100	2,700	386	
3	Equipment	Kitchen Equipment	12/26/16	20,000	15	-	20,000	1,333	
		<i>Total Equipment</i>		22,800			22,700	1,719	
4	Office equipment	Office equipment	12/28/16	1,000	7	100	900	129	
		<i>Total Office Equipment</i>		1,000			900	129	
5	Leasehold	Leasehold Improvements	12/21/16	40,000	10	-	40,000	4,000	
		<i>Total Leasehold</i>		40,000			40,000	4,000	
		<i>Total All Fixed Assets</i>		<u>98,800</u>				<u>8,181</u>	

While the kitchen equipment is one of the largest fixed assets purchased, it is essential for making the sandwiches. The franchise fee, while costly, is a mandatory fee to pay for being a franchisee of the Jimmy John's company. The computer, office equipment, and point of sale system are all necessary to the management and organization of the business. The leasehold improvements is the architectural reconfiguration of the given airport space to fit the specific requirements of a Jimmy John's franchise. The refrigerated cart will be used to deliver to hold and deliver the sandwiches around the Sea-Tac airport.

B. Describe quality control procedures

As a sandwich shop, Jimmy John's are required to follow the U.S. Food and Drug Administration's regulations. These include standard procedures that keep the food safe for the consumers. Some examples of the procedures are: employees must wash their hands before handling food, employees may not contact ready-to-eat food with their bare hands, and employees are properly sanitizing multiuse equipment before reuse.²⁹ In addition to these rules, Jimmy John's has a high standard for the quality of their food. The produce, cheeses, and meats are all purchased locally and are brought in fresh and hand sliced daily. See Graphic R that shows the food quality of five popular ingredients. These ingredients are all-natural and contain little preservatives, giving the food a high quality.

	TURKEY	HAM	ROAST BEEF	CAPICOLA	SALAMI	BACON
NO ARTIFICIAL INGREDIENTS	★	★	★	★	★	★
NO ARTIFICIAL PRESERVATIVES	★ ¹	★ ²	★	★ ²	★ ²	★ ²
MINIMALLY PROCESSED	★	★	★ ³	★	★	★
NO NITRATES OR NITRITES ADDED	★ ¹	★ ²	★	★ ²	★ ²	★ ²
NO HORMONES ADDED	★	★	★	★	★	★
MSG FREE	★	★	★	★	★	★
PHOSPHATE FREE	★	★	★	★	★	★
PRODUCT OF THE USA	★	★	★	★	★	★

¹ Except preservatives naturally occurring from citrus extract and sea salt. ² Except preservatives naturally occurring from celery juice powder and sea salt. ³ Rubbed with caramel color.

Graphic S: list of various all-natural Jimmy John's ingredients

C. Availability of Skilled Labor

The Jimmy John's franchise's demand for skilled labor is limited to only the three managers. The managers will be expected to readily learn the requirements and expectations of them in the operation of the business, and they must be capable of overseeing multiple employees at a time. The availability of

²⁹ <http://www.doh.wa.gov/Portals/1/Documents/Pubs/332-033.pdf>

skilled labor, specifically in management, is abundant in Seattle to fit the needs.

Employee turnover rate in quick service food restaurants "was 66.8 percent in 2014, up ten percentage points from 2010.³⁰ To retain our employees and reduce the turnover rate, we will supply them with sufficient hours without burdening them, provide them with a quality benefit package, and recognize outstanding work.³¹ In addition to the methods above, we are by law paying our employees \$15 an hour. The average Washington minimum wage is \$9.47, so our employees are making over \$5 more than other low-level workers.³²

D. Projected Number of Full-time and Part-time Employees

All of the employees will be full-time, with three managers and ten full-time employees that will work in rotation during the week. Below is a typical shift schedule for a work-day at the Sea-Tac airport:

Monday	6:00 A.M.	7:00 A.M.	8:00 A.M.	9:00 A.M.	10:00 A.M.	11:00 P.M.	12:00 P.M.	1:00 P.M.	2:00 P.M.	3:00 P.M.	4:00 P.M.	5:00 P.M.	6:00 P.M.	7:00 P.M.	8:00 P.M.	9:00 P.M.	10:00 P.M.	11:00 P.M.	12:00 P.M.	Total	
Mariah A				owner	owner																9
Marissa C						owner	owner	owner	owner	owner	owner	owner	owner	owner							9
James S	manager	manager	manager	manager	manager	manager	manager	manager	manager												8
Jon M												manager	manager	manager	manager	manager	manager	manager	manager	manager	8
Miranda D																					0
Evan A	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee											8
Alex C			employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	8
Erin V																					0
Macy H		employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	employee	8
Eddie H																					0
Kalin S									employee	employee	employee	employee	8								
Brooke J																					0
Andrew M																					0
Sean P																					0
Eric K												employee	employee	employee	employee	employee	employee	employee	employee	employee	8

E. Organizational Chart

Jimmy John's organization will consist of three stakeholders: the owners, the full-time managers, and the full-time employees.

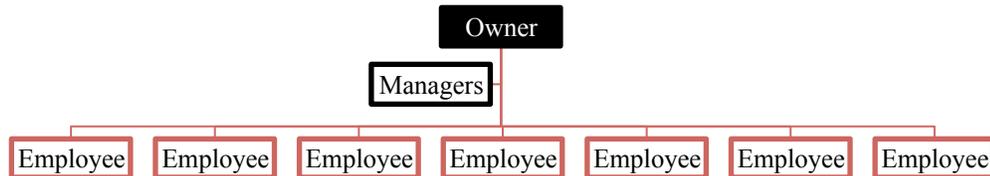
Job Descriptions	
Position	Responsibilities
Owner	Making the business plan and budget, reviewing the report of production in relationship with sales, directing the managers and employees
Manager	Leading the employees, planning and maintaining work systems, procedures, and policies, overseeing the operations, training the employees
Employee	Making sandwiches, serving customers, operating point-of-sale system, cleaning

³⁰ <http://www.restaurant.org/News-Research/News/Hospitality-employee-turnover-rose-in-2014>

³¹ <http://smallbusiness.chron.com/employee-turnover-statistics-restaurants-16744.html>

³² <https://www.dol.gov/whd/minwage/america.htm#Washington>

We illustrated the organizational chart in a hierarchy structure to show the level of organization and the different salaries each level will receive. The owner will oversee the business, planning, organizing, and controlling operations to achieve the strict goals established. The jobs of the other employees get more specific on each level.



Following the requirement of the City of Sea-Tac Proposition 1, the regular employees at Jimmy John's will have a starting base salary of minimum wage of \$15 an hour, making employees easier to hire.³³ All the full-time employees are expected to work about 160 hours a month. For managers at the Jimmy John's, they will have a base salary of \$17.00 an hour. As a new franchise, Jimmy John's will only provide benefits to its full-time employees. In the first two years, the benefit plan will consist of a basic dental and health care plan. We included the salary and benefits table to outline their additional compensation.

Salary Table:

Position	Rate Per Hour	Hours per month	Monthly Payroll Expense	Annual Payroll Expense
Owner (x2)			\$14,000	\$168,000
Manager (x3)	\$17.00	160	\$8,160	\$97,920
Employee (x11)	\$15.00	160	\$26,400	\$316,800
Totals			\$48,560	\$582,720

Tax and Benefits:

Position	Cumulative Payroll Tax Rate ¹	Cumulative Benefits Rate ²	Total Salary Burden
Owner (x2)	9%	20%	\$48,720
Manager (x3)	9%	9%	\$17,626
Employee (x11)	9%	9%	\$91,872
Totals			\$158,218

The **Cumulative Payroll Tax Rate** includes the employer's portion of Social Security (6.2%, limit \$118,500), Medicare (1.45%, no limit), and State Unemployment (.2%), plus an estimate for Federal Unemployment (.8%, limit 10,000) and Workman's Compensation.

The **Cumulative Benefits Rate** includes medical and dental at various levels depending on the position.

Jimmy John's will begin operation with 13 total employees, expanding **when necessary**.

³³ <http://www.ci.seatac.wa.us/Modules/ShowDocument.aspx?documentid=8233>

X. FINANCIAL PLAN AND DATA

A. Company's Sales and Profit Trend.

On the Jimmy John's website, it states that a typical franchise has annual gross sales of \$1,326,276 and an average net profit of \$247,256.²³ However, this number has an asterix due to Item 19 in the Franchise Disclosure Document, and as it turns out, the facts and figures only reflect averages for 19 affiliate-owned restaurants that opened before January 1, 2007. Moreover, almost all affiliate-owned stores are located on college campuses, sites likely to generate significantly more traffic than a traditional strip mall in a town whose population remains unchanged when the fall semester begins.³⁴

However, in developing a sales projection for this franchise, we accounted for the expected, increase of customer flow due to the prime location in the central terminal, which would be much higher than a college campus, and the annual spikes during May-September tourism months. Additionally, there is only one other sandwich shop in the entirety of Sea-Tac, giving Jimmy John's little direct product competitors. Our unique delivery service will give us a competitive advantage over our competitors as well. Due to the airport setting, our prices are also increased by about 30%. For all of those listed reasons, our expected gross revenue for 2017 is 1,894,500.

Jimmy John's has five main revenue streams: plain slim sandwiches (small), sub sandwiches (medium), giant club sandwiches (large), beverages, and sides. The price, costs and margin profits are outlined in the table below:

Revenue Model For the Year 2017							
Revenue Stream	Units Sold			Average Sales Price	Budgeted Revenue		
	Conservative	Likely	Aggressive		Conservative	Likely	Aggressive
Plain Slim Sandwiches	38,000	57,000	76,000	\$ 6.50	247,000	370,500	494,000
Sub Sandwiches	60,000	90,000	120,000	\$ 8.00	480,000	720,000	960,000
Giant Club Sandwiches	32,000	48,000	64,000	\$ 9.00	288,000	432,000	576,000
Beverages	62,667	94,000	125,333	\$ 3.00	188,000	282,000	376,000
Sides	26,667	40,000	53,333	\$ 2.25	60,000	90,000	120,000
Totals					\$ 1,263,000	\$ 1,894,500	\$ 2,526,000

³⁴ http://franchisefocus.blogspot.com/2012/07/normal-0-false-false-false-en-us-ja-x_26.html

**Jimmy John's
Cost Model
For the Year 2017**

Revenue Stream	Units Sold			Average Cost	Budgeted Cost		
	Conservative	Likely	Aggressive	Per Unit	Conservative	Likely	Aggressive
Plain Slim Sandwiches	38,000	57,000	76,000	\$ 1.50	\$ 57,000	\$ 85,500	\$ 114,000
Sub Sandwiches	60,000	90,000	120,000	\$ 1.90	\$ 114,000	\$ 171,000	\$ 228,000
Giant Club Sandwiches	32,000	48,000	64,000	\$ 2.10	\$ 67,200	\$ 100,800	\$ 134,400
Beverages	62,667	94,000	125,333	\$ 0.25	\$ 15,667	\$ 23,500	\$ 31,333
Sides	26,667	40,000	53,333	\$ 0.60	\$ 16,000	\$ 24,000	\$ 32,000
Totals					\$ 269,867	\$ 404,800	\$ 539,733

**Jimmy John's
Gross Profit Model
For the Year 2017**

Revenue Stream	Units Sold			Average Gross Profit	Budgeted Gross Profit		
	Conservative	Likely	Aggressive	Per Unit	Conservative	Likely	Aggressive
Plain Slim Sandwiches	38,000	57,000	76,000	\$ 5.00	\$ 190,000	\$ 285,000	\$ 380,000
Sub Sandwiches	60,000	90,000	120,000	\$ 6.10	\$ 366,000	\$ 549,000	\$ 732,000
Giant Club Sandwiches	32,000	48,000	64,000	\$ 6.90	\$ 220,800	\$ 331,200	\$ 441,600
Beverages	62,667	94,000	125,333	\$ 2.75	\$ 172,333	\$ 258,500	\$ 344,667
Sides	26,667	40,000	53,333	\$ 1.65	\$ 44,000	\$ 66,000	\$ 88,000
Totals					\$ 993,133	\$ 1,489,700	\$ 1,986,267

The projected gross profit for Jimmy John's likely revenue forecast is 1,489,700 in 2017. Below is our projected sales forecast:

Two Year Sales Forecast

	Jimmy John's												Annual Sales Forecast 2018	
	Fiscal Year Begins Jan-17													
	12-month Sales Forecast for 2017													
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Annual Totals	
Plain Slim Sandwiches	4600	4600	4600	4600	4900	5000	5000	5000	4900	4600	4600	4600	57000	65550
Sale price @ unit	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50		\$ 6.50
Cat 1 TOTAL	\$ 29,900	\$ 29,900	\$ 29,900	\$ 29,900	\$ 31,850	\$ 32,500	\$ 32,500	\$ 32,500	\$ 31,850	\$ 29,900	\$ 29,900	\$ 29,900	\$ 370,500	\$ 426,075
Sub Sandwiches	7400	7400	7400	7400	7550	7700	7700	7700	7550	7400	7400	7400	90000	103500
Sale price @ unit	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00		\$ 8.00
Cat 2 TOTAL	\$ 59,200	\$ 59,200	\$ 59,200	\$ 59,200	\$ 60,400	\$ 61,600	\$ 61,600	\$ 61,600	\$ 60,400	\$ 59,200	\$ 59,200	\$ 59,200	\$ 720,000	\$ 828,000
Giant Club Sandwiches	3900	3900	3900	3900	4050	4200	4200	4200	4050	3900	3900	3900	48000	55200
Sale price @ unit	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00		\$ 9.00
Cat 3 TOTAL	\$ 35,100	\$ 35,100	\$ 35,100	\$ 35,100	\$ 36,450	\$ 37,800	\$ 37,800	\$ 37,800	\$ 36,450	\$ 35,100	\$ 35,100	\$ 35,100	\$ 432,000	\$ 496,800
Beverages	7700	7700	7700	7700	7900	8100	8100	8100	7900	7700	7700	7700	94000	108100
Sale price @ unit	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00		\$ 3.00
Cat 4 TOTAL	\$ 23,100	\$ 23,100	\$ 23,100	\$ 23,100	\$ 23,700	\$ 24,300	\$ 24,300	\$ 24,300	\$ 23,700	\$ 23,100	\$ 23,100	\$ 23,100	\$ 282,000	\$ 324,300
Sides	3200	3200	3200	3200	3400	3600	3600	3600	3400	3200	3200	3200	40000	46000
Sale price @ unit	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25		\$ 2.25
Cat 5 TOTAL	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,650	\$ 8,100	\$ 8,100	\$ 8,100	\$ 7,650	\$ 7,200	\$ 7,200	\$ 7,200	\$ 90,000	\$ 103,500
Monthly totals: All Categories	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 160,050	\$ 164,300	\$ 164,300	\$ 164,300	\$ 160,050	\$ 154,500	\$ 154,500	\$ 154,500	\$ 1,894,500	\$ 2,178,675

B. Strategy for Obtaining Capital

In order to obtain finance for the first Jimmy John's franchise into the Sea-Tac airport, we are requesting a 150,000 loan with a term of 7 years and an interest rate of 6% in order to cover the

startup expenses of the first three years. The loan will be taken out January 1st, 2017. The amortization schedule for this loan is outlined below.

Loan Amount	Interest Rate	Term	Start Date
\$150,000	6%	7 years	January 2017

Payment Schedule for Jimmy John's			
Year	Principal Paid	Interest Paid	Loan Balance
Begin	\$0	\$0	\$150,000
2017	\$17,779	\$8,516	\$132,221
2018	\$18,876	\$7,420	\$113,345
2019	\$20,040	\$6,256	\$93,306
2020	\$21,276	\$5,020	\$72,030
2021	\$22,588	\$3,707	\$49,442
2022	\$23,981	\$2,314	\$25,460
2023	\$25,460	\$835	\$0
Totals	\$150,000	\$34,068	

Summary of Payments and Interests	
Monthly Payment:	\$2,191
Total Interest Paid Over Life of Loan	\$34,068
Interest Paid in 2017	\$8,516
Interest Paid in 2018	\$7,420

C. Two Year Projected Operating Statement

All of Jimmy John's revenue comes from the sale of sandwiches, beverages, and sides. Our projected gross profit is \$1,489,700 in 2017. With all the start-up expenses, Jimmy John's projects a net profit of \$93,469. In the first year of operation, Jimmy John's is expected to sell \$1,894,500 worth of products. Our lease is one of our largest expenses. To operate in Sea-Tac, the airport charges a high rent fee for businesses. However, our expected high revenue should cover this expense.

Jimmy John's
Forecasted Statement of Income
For the years ended December 31, 2017, 2018

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017	2018	Totals
Operating Revenue															
Plain Slim Sandwiches	\$ 29,900	\$ 29,900	\$ 29,900	\$ 29,900	\$ 31,850	\$ 32,500	\$ 32,500	\$ 32,500	\$ 31,850	\$ 29,900	\$ 29,900	\$ 29,900	\$ 370,500	\$ 426,075	\$ 426,075
Sub Sandwiches	\$ 59,200	\$ 59,200	\$ 59,200	\$ 59,200	\$ 60,400	\$ 61,600	\$ 61,600	\$ 61,600	\$ 60,400	\$ 59,200	\$ 59,200	\$ 59,200	\$ 720,000	\$ 828,000	\$ 828,000
Giant Club Sandwiches	\$ 35,100	\$ 35,100	\$ 35,100	\$ 35,100	\$ 36,450	\$ 37,800	\$ 37,800	\$ 37,800	\$ 36,450	\$ 35,100	\$ 35,100	\$ 35,100	\$ 432,000	\$ 496,800	\$ 496,800
Beverages	\$ 23,100	\$ 23,100	\$ 23,100	\$ 23,100	\$ 23,700	\$ 24,300	\$ 24,300	\$ 24,300	\$ 23,700	\$ 23,100	\$ 23,100	\$ 23,100	\$ 282,000	\$ 324,300	\$ 324,300
Sides	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,650	\$ 8,100	\$ 8,100	\$ 8,100	\$ 7,650	\$ 7,200	\$ 7,200	\$ 7,200	\$ 90,000	\$ 103,500	\$ 103,500
Total Operating Revenue	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 160,050	\$ 164,300	\$ 164,300	\$ 164,300	\$ 160,050	\$ 154,500	\$ 154,500	\$ 154,500	\$ 1,894,500	\$ 2,178,675	\$ 2,178,675
Cost of Goods Sold:															
Plain Slim Sandwiches	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 7,350	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,350	\$ 6,900	\$ 6,900	\$ 6,900	\$ 85,500	\$ 98,325	\$ 98,325
Sub Sandwiches	\$ 14,060	\$ 14,060	\$ 14,060	\$ 14,060	\$ 14,345	\$ 14,630	\$ 14,630	\$ 14,630	\$ 14,345	\$ 14,060	\$ 14,060	\$ 14,060	\$ 171,000	\$ 196,650	\$ 196,650
Giant Club Sandwiches	\$ 8,190	\$ 8,190	\$ 8,190	\$ 8,190	\$ 8,505	\$ 8,820	\$ 8,820	\$ 8,820	\$ 8,505	\$ 8,190	\$ 8,190	\$ 8,190	\$ 100,800	\$ 115,920	\$ 115,920
Beverages	\$ 1,925	\$ 1,925	\$ 1,925	\$ 1,925	\$ 1,975	\$ 2,025	\$ 2,025	\$ 2,025	\$ 1,975	\$ 1,925	\$ 1,925	\$ 1,925	\$ 23,500	\$ 27,025	\$ 27,025
Sides	\$ 1,920	\$ 1,920	\$ 1,920	\$ 1,920	\$ 2,040	\$ 2,160	\$ 2,160	\$ 2,160	\$ 2,040	\$ 1,920	\$ 1,920	\$ 1,920	\$ 24,000	\$ 27,600	\$ 27,600
Total Cost of Goods Sold	\$ 32,995	\$ 32,995	\$ 32,995	\$ 32,995	\$ 34,215	\$ 35,135	\$ 35,135	\$ 35,135	\$ 34,215	\$ 32,995	\$ 32,995	\$ 32,995	\$ 404,800	\$ 465,520	\$ 465,520
Gross Profit															
Plain Slim Sandwiches	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 24,500	\$ 25,000	\$ 25,000	\$ 25,000	\$ 24,500	\$ 23,000	\$ 23,000	\$ 23,000	\$ 285,000	\$ 327,750	\$ 327,750
Sub Sandwiches	\$ 45,140	\$ 45,140	\$ 45,140	\$ 45,140	\$ 46,055	\$ 46,970	\$ 46,970	\$ 46,970	\$ 46,055	\$ 45,140	\$ 45,140	\$ 45,140	\$ 549,000	\$ 631,350	\$ 631,350
Giant Club Sandwiches	\$ 26,910	\$ 26,910	\$ 26,910	\$ 26,910	\$ 27,945	\$ 28,980	\$ 28,980	\$ 28,980	\$ 27,945	\$ 26,910	\$ 26,910	\$ 26,910	\$ 331,200	\$ 380,880	\$ 380,880
Beverages	\$ 21,175	\$ 21,175	\$ 21,175	\$ 21,175	\$ 21,725	\$ 22,275	\$ 22,275	\$ 22,275	\$ 21,725	\$ 21,175	\$ 21,175	\$ 21,175	\$ 258,500	\$ 297,275	\$ 297,275
Sides	\$ 5,280	\$ 5,280	\$ 5,280	\$ 5,280	\$ 5,610	\$ 5,940	\$ 5,940	\$ 5,940	\$ 5,610	\$ 5,280	\$ 5,280	\$ 5,280	\$ 66,000	\$ 75,900	\$ 75,900
Total Gross Profit	\$ 121,505	\$ 121,505	\$ 121,505	\$ 121,505	\$ 125,835	\$ 129,165	\$ 129,165	\$ 129,165	\$ 125,835	\$ 121,505	\$ 121,505	\$ 121,505	\$ 1,489,700	\$ 1,713,155	\$ 1,713,155
	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%
Operating Expenses															
Payroll	\$ 46,100	\$ 46,100	\$ 46,100	\$ 46,100	\$ 46,100	\$ 46,340	\$ 46,340	\$ 46,340	\$ 46,100	\$ 46,100	\$ 46,100	\$ 46,100	\$ 553,920	\$ 570,538	\$ 570,538
Payroll taxes and benefits	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,995	\$ 9,995	\$ 9,995	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 118,186	\$ 121,732	\$ 121,732
Manager Training	\$ 10,000												\$ 10,000	\$ 10,000	\$ 10,000
Lease	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 480,000	\$ 494,400	\$ 494,400
Interest Expense	\$ 750	\$ 743	\$ 736	\$ 728	\$ 721	\$ 714	\$ 706	\$ 699	\$ 691	\$ 684	\$ 676	\$ 669	\$ 8,516	\$ 7,420	\$ 8,516
Taxes and Licensing	\$ 3,090	\$ 3,090	\$ 3,090	\$ 3,090	\$ 3,201	\$ 3,286	\$ 3,286	\$ 3,286	\$ 3,201	\$ 3,090	\$ 3,090	\$ 3,090	\$ 37,980	\$ 39,027	\$ 39,027
Depreciation	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 707	\$ 8,481	\$ 8,735	\$ 8,735
Insurance	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000	\$ 37,080	\$ 37,080
Advertising	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 8,130	\$ 97,560	\$ 100,487	\$ 100,487
Repairs	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200	\$ 1,236	\$ 1,236
Professional Fees-Architect	\$ 5,000												\$ 5,000	\$ 5,000	\$ 5,000
Royalties	\$ 1,271	\$ 1,271	\$ 1,271	\$ 1,271	\$ 1,304	\$ 1,337	\$ 1,337	\$ 1,337	\$ 1,304	\$ 1,271	\$ 1,271	\$ 1,271	\$ 15,510	\$ 15,975	\$ 15,975
Miscellaneous	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600	\$ 618	\$ 618
Total Operating Expenses	\$ 127,997	\$ 112,990	\$ 112,983	\$ 112,976	\$ 113,112	\$ 113,658	\$ 113,651	\$ 113,643	\$ 113,083	\$ 112,931	\$ 112,924	\$ 112,916	\$ 1,372,863	\$ 1,407,547	\$ 1,407,547
	83%	73%	74%	74%	70%	70%	70%	70%	70%	73%	73%	73%	72%	65%	65%
Income Loss before tax	\$ (6,492)	\$ 8,515	\$ 8,522	\$ 8,529	\$ 12,723	\$ 15,597	\$ 15,514	\$ 15,522	\$ 12,752	\$ 8,574	\$ 8,581	\$ 8,589	\$ 116,837	\$ 305,608	\$ 305,608
Tax Expense	\$ (1,298)	\$ 1,703	\$ 1,704	\$ 1,706	\$ 2,545	\$ 3,101	\$ 3,103	\$ 3,104	\$ 2,550	\$ 1,715	\$ 1,716	\$ 1,718	\$ 23,367	\$ 61,122	\$ 61,122
Net Income (Loss)	\$ (5,194)	\$ 6,812	\$ 6,818	\$ 6,824	\$ 10,178	\$ 12,496	\$ 12,411	\$ 12,417	\$ 10,202	\$ 6,859	\$ 6,865	\$ 6,871	\$ 93,469	\$ 244,486	\$ 244,486
	-3%	4%	4%	4%	6%	8%	8%	8%	6%	4%	4%	4%	5%	11%	11%

D. One Year Projected Cash Flow Statement

The cash flow statement will provide an in-depth summary on the allocation of funds during the 2017 year:

Jimmy John's Forecasted Statement of Cash Flows For the years ended December 31, 2017												
	2017											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Beginning Cash Balance	\$ -	\$ 84,272	\$ 82,343	\$ 80,412	\$ 78,480	\$ 79,595	\$ 82,708	\$ 85,820	\$ 88,930	\$ 90,039	\$ 88,098	\$ 86,156
Cash Inflows:												
Owner Funds	50,000											
Loan Proceeds	150,000											
Sales	154,500	154,500	154,500	154,500	160,050	164,300	164,300	164,300	160,050	154,500	154,500	154,500
Total Cash Inflows	354,500	154,500	154,500	154,500	160,050	164,300	164,300	164,300	160,050	154,500	154,500	154,500
Available Cash Balance	354,500	238,772	236,843	234,912	238,530	243,895	247,008	250,120	248,980	244,539	242,598	240,656
Cash Outflows:												
Fixed Assets	101,800											
Inventory Purchases	32,995	32,995	32,995	32,995	34,215	35,135	35,135	35,135	34,215	32,995	32,995	32,995
Payroll	46,100	46,100	46,100	46,100	46,100	46,340	46,340	46,340	46,100	46,100	46,100	46,100
Payroll taxes and benefits	9,800	9,800	9,800	9,800	9,800	9,995	9,995	9,995	9,800	9,800	9,800	9,800
Manager Training	10,000											
Lease	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Taxes and Licenses	3,090	3,090	3,090	3,090	3,201	3,286	3,286	3,286	3,201	3,090	3,090	3,090
Insurance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Advertising	8,130	8,130	8,130	8,130	8,130	8,130	8,130	8,130	8,130	8,130	8,130	8,130
Repairs	100	100	100	100	100	100	100	100	100	100	100	100
Professional Fees-Architect	5,000											
Royalties	9,270	9,270	9,270	9,270	9,603	9,858	9,858	9,858	9,603	9,270	9,270	9,270
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50
Tax Expense	(1,298)	1,703	1,704	1,706	2,545	3,101	3,103	3,104	2,550	1,715	1,716	1,718
Subtotal	268,037	154,238	154,239	154,241	156,744	158,996	158,997	158,999	156,749	154,250	154,251	154,253
Other Cash Outflows:												
Loan Principal	1,441	1,448	1,456	1,463	1,470	1,478	1,485	1,492	1,500	1,507	1,515	1,523
Loan Interest	730	743	756	728	721	714	706	699	691	684	676	669
Subtotal	2,191											
Total Cash Outflows	270,228	156,429	156,431	156,432	158,935	161,187	161,188	161,190	158,941	156,441	156,443	156,444
Ending Cash Balance	\$ 84,272	\$ 82,343	\$ 80,412	\$ 78,480	\$ 79,595	\$ 82,708	\$ 85,820	\$ 88,930	\$ 90,039	\$ 88,098	\$ 86,156	\$ 84,211

We will use our loan of \$150,000 for the start-up costs of the fixed assets and to pay the monthly lease.

The loan will be paid off in \$2,191 monthly installments at 6% for 7 years.

XI. CONCLUSION

We recognize the need for a Jimmy John's Franchise in the Seattle-Tacoma International Airport. Jimmy John's provides a quick and easy food source to carry onto flights, with an in-airport delivery service. This franchise will be the first Jimmy John's in an airport setting. Below are the reasons that justify this franchise's likely success:

- The owners are driven, self-motivated entrepreneurs who utilize creativity and passion in every obstacle presented.
- The airport has an extremely high traffic flow, especially through the main terminal where the business will be located.
- The Jimmy John's culture and business model is fit for a busy atmosphere.
- The simple, little mess sandwiches can easily be brought onto planes by our customers
- The unique delivery service will provide convenience for the customer and give us a competitive advantage over our competitors.
- There is only one other sandwich shop in the entirety of Sea-Tac, giving Jimmy John's little direct product competitors.
- Jimmy John's fresh, healthy brand image appeals to the new trend of healthy fast food.

We are requesting a \$150,000 loan on terms of 7 years at a 6% interest rate starting on January 1, 2017, which will be used to ensure a positive cash flow in the first year of operations.

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XIII. APPENDIX

Strengths	Weaknesses
People <ul style="list-style-type: none"> All the employees are full-time and receive full pay and benefits 	People <ul style="list-style-type: none"> Differs from quality between locations
Resources <ul style="list-style-type: none"> The Jimmy John's franchisor provides continued training and support 	Resources <ul style="list-style-type: none"> The sandwiches are simple and do not have a huge variety to them
Innovation & Ideas <ul style="list-style-type: none"> In the last 9 years, Jimmy John's has quadrupled the number of stores 	Innovation & Ideas <ul style="list-style-type: none"> The Jimmy John's corporation has not transitioned internationally
Marketing <ul style="list-style-type: none"> The Jimmy John's corporation provides national advertising: Instagram, Youtube, Pinterest 	Marketing <ul style="list-style-type: none"> Marketing appears to geared towards young males, needs a more general approach
Operations <ul style="list-style-type: none"> Established employee culture of strong work ethic from top to bottom 	Operations <ul style="list-style-type: none"> High turnover rate of low-level employees
Finance <ul style="list-style-type: none"> On level prices with other competitors sandwiches 	Finance <ul style="list-style-type: none"> Most of the franchises are not as profitable as Jimmy John's claims
Opportunities	Threats
Political <ul style="list-style-type: none"> Possible international expansion into other countries 	Political <ul style="list-style-type: none"> Companies like Subway have an international customer base
Economic <ul style="list-style-type: none"> Expansion of Jimmy John's product line to provide more options 	Economic <ul style="list-style-type: none"> Other sandwich shops into the airport reduces Jimmy John's gross profit
Social <ul style="list-style-type: none"> Customers are looking for fast, healthy options – like Jimmy John's provides 	Social <ul style="list-style-type: none"> Emerging market of other fresh food options: Chipotle, Qdoba
Technology <ul style="list-style-type: none"> Ordering app technology allows for fast ordering and quick delivery 	Technology <ul style="list-style-type: none"> Every company can create their own social media advertising pages and app
Legal <ul style="list-style-type: none"> The US-China Visa Agreement allows more Chinese to enter the US and a larger international customer base 	Legal <ul style="list-style-type: none"> Legal and security breaches regarding customer data
Environmental <ul style="list-style-type: none"> Jimmy John's napkins and towels supplier is Ecologo and Green Seal 	Environmental <ul style="list-style-type: none"> If international, differences in culture could lead to lack of demand