

INTERNATIONAL BUSINESS PLAN EVENT

Fast Food Eating Establishment



Orono DECA Chapter

Orono High School

795 Old Crystal Bay Road

Long Lake, MN 55356

Athena J. Feldshon

Camille E. Trangsrud

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I. EXECUTIVE SUMMARY

Chipotle Mexican Grill, Inc. is an upscale fast food eatery that captures the local homegrown mindset of the bygone diner era while using fresh, high quality ingredients. Here at Chipotle our goal is to serve fresh gourmet Mexican food that appeals to the on-the-go customer. Our customers are the highest priority for all of our staff. While focusing on keeping a welcoming atmosphere, Chipotle also strives to effectively eliminate each of its restaurants' impact on the environment.

Chipotle Mexican Grill, Inc. is currently located solely in the United States of America. We feel, after three months of research, that Chipotle has established a loyal customer base in America that provides countless opportunities for expansion. We plan to expand overseas into the Baltic Sea region of Scandinavian Europe, specifically, Stockholm, Sweden. Their current economic stability, trade expansion, and diversifying demographics create the perfect location for our new International Branch.

The Swedish economy is exponentially expanding due to a recent change to capitalism and an influx of foreign investors. We recommend opening the first European branch of Chipotle Mexican Grill in Stockholm, Sweden to take advantage of the opportunity for global growth. Not only will Chipotle succeed financially, we will succeed culturally. Chipotle's clean comfortable atmosphere matches the traditional nonchalant Swedish attitude. Chipotle will uphold its "all natural and organic" philosophy by raising food within 150 km of the restaurant location in Stockholm. A fleet of refrigerated trucks will preserve the food's freshness en route to the restaurant.

Chipotle Mexican Grill's projected target market for this operation will be the youth population of Stockholm, which will include people in their early to late teens, as well as those in their early thirties to late forties. The teenage demographic will love Chipotle's hip, young vibe, while the middle-aged adult demographic will appreciate the reasonable cost of Chipotle's food and its availability. Undoubtedly, both groups will love the diverse cuisine offered by Chipotle Mexican Grill.

As soon as Chipotle is a registered business in Sweden, there will be no tax barrier to this business venture, since the United States of America and the Kingdom of Sweden share a dual income tax agreement, which prevents the double payment of income taxes to both countries.

Fortunately, Sweden is a member of the European Union (EU). This ensures an extremely low tariff rate between member countries. This, along with Sweden's location as the trade hub of the Baltic Sea Region will, one day, allow Chipotle Mexican Grill, Inc. to expand further into the European continent.

We have calculated the cost of this endeavor to be \$270,000 United States Dollars (USD). After three years of operation, Chipotle's revenue from this overseas location will be \$85,499 USD. Our goal is to work with you to support our business plan and, overall, bring more revenue to Chipotle Mexican Grill, Inc. With the information in our proposal, we hope to further explain and answer any of your questions. We are very excited about this venture, and look forward to discussing its infinite opportunities with you.



II. INTRODUCTION

The phrases "Slow Food, Fast"; "Chicken Raised with Care, Not Chemicals," and "We Put the Burrito in Gourmet" all describe one restaurant. Chipotle Mexican Grill, Inc. has become a cult classic in thirty-five states in America. The restaurant prides itself on serving fajitas, burritos, tacos, and other Mexican fare prepared with organically raised meats and produce purchased from local farms. Chipotle Mexican Grill has gathered fame on the basis that its food is free from harmful, inorganic chemicals such as growth hormones and antibiotics. In many ways, Chipotle has become the pioneer for fresh, healthy fast food.

Chipotle is also known for its prompt, yet customized, food service. An efficient assembly line allows Chipotle employees to assemble the perfect burrito, fajita, or taco for the customer. Ingredients are always fresh and include: tortilla and taco shells, cilantro-lime rice, black beans, pinto beans, fajita vegetables, naturally raised pork, chicken, and beef, a variety of fresh salsas, sour cream, jack and white cheddar cheese, guacamole, shredded romaine lettuce, and our signature Chipotle spice.

Sweden is an ideal starting point for the international division of Chipotle Mexican Grill as traditional Swedish food is generally cooked without spices nor seasonings. With this knowledge we think that native Swedish people between the ages of 15-45 will enjoy the product because it is new and distinctive, while the immigrant population will enjoy the familiarity Chipotle food brings to their tables.

Chipotle's rigorous hygienic standards make us well-prepared to comply with Sweden's strict regulations concerning phytosanitation. Chipotle works hard to maintain a green, unharmed lifestyle and stop the spread of disease. Chipotle requires 100% naturally raised beef, pork, and chicken. They also purchase vegetables from local organic farms. Sweden's organic farms are



located near Stockholm, which eliminates the need to import food from neighboring countries, which would violate the company's locally grown, organic foods policy.

III. ANALYSIS OF THE INTERNATIONAL BUSINESS SITUATION

A. Economic, political and legal analysis of the trading country

1. Describe the trading country's economic system

Sweden currently uses a system of modern capitalism with extensive welfare benefits.

Under this system, Sweden's economy has become 70.4% free from government interference, and business ventures of all types have flourished under Sweden's strict policies regarding business freedom. This is discussed later in this proposal (Index for Economic Freedom 2008).

In 2007, Sweden's Gross Domestic Product (GDP) Real Growth Rate was 2.7% and Sweden's GDP Purchasing Power Parity was \$338.5 billion USD. A report by Robert Huggins and Associates that studied employment, patents, research and development expenditure, and property rents of countries across the continent predicts Sweden to be "Europe's major success story." Based on their economic growth, Sweden projects a 15% increase in GDP by 2010. It is pertinent to note that one United States Dollar is equivalent to 7.88536 Swedish krona, or kronar.

Stockholm's stock market is open to foreign investment, and the Swedish government allows for 100% foreign ownership in investments. In fact, Sweden ranks third among 140 countries on the Foreign Direct Investment Index (FDI), which measures the amount of outside investment put into a country. These two factors create a very welcoming environment for outside companies wanting to expand into Sweden.

In 2006, the total amount of FDI stock in Sweden was \$210.4 billion USD. Of that total amount, \$6 billion USD (2.9 %) was invested in food businesses, which is the least of all business



sectors. Chipotle Mexican Grill, Inc. can capitalize on the lack of investment in food services and become an important component of the Swedish lifestyle.

The investing countries are drawn to Sweden's enormously high economic growth potential, which is driven by Sweden's dedication to "technology and culture of innovation in IT, telecom, and life sciences" (Invest in Sweden Agency). The average annual return on investment is 15%.

Sweden's profitable outlook has caused investment in the region to skyrocket. Sweden is quickly emerging as the major trade hub of northwestern Europe. Investment freedom is a driving force behind foreign companies' decision to invest in Sweden. In general, no government approval is needed for a company to invest in Sweden, except in fishing, civil aviation, transport, and communications. Because of this freedom, foreign investment influx to Sweden in 2006 totaled \$27 billion USD.

The European Union and the United States of America have agreed to reduce the amount of trade interference that occurs between the two countries. This agreement, known as the Framework for Advancing Transatlantic Economic Integration between the European Union and the United States of America, "accelerates the reduction of barriers to international trade and investment." The agreement is designed to prevent, eliminate, or reduce the impact of investment barriers, with special attention being given to small and medium-sized business enterprises. Overall, this agreement effectively diminishes the obstacles Chipotle's expansion would encounter.

To reiterate, once Chipotle Mexican Grill becomes established in Sweden, there will be little to no interference from the Swedish government. From The Index of Economic Freedom 2008, (IEF08)

"The overall freedom to start, operate, and close a business is strongly protected by Sweden's regulatory environment. Starting a business takes an average of 15 days, compared to the world average of 43 days. Obtaining a business license takes less than the world average of 19 procedures and 243 days."



The IEF08 goes on to say that Sweden has a rating of 94.8% freedom in business ventures, so Chipotle Mexican Grill need not be concerned with restrictions to private business enterprises from the government. Also, because the United States has a bilateral tax treaty with Sweden's government, Chipotle's income will not be dually taxed by the USA and Sweden; it will only adhere to the United States income tax.

2. Describe the trading country's governmental structure and stability

Sweden's constitutional monarchy has been in place since June 6, 1809. Three distinct groups run Sweden's government: the executive, legislative, and judicial branches. The executive branch consists of the Prime Minister, ministers of various departments, and the monarch. The Swedish Prime Minister, Fredrik Reinfeldt, is the Swedish head of state, and he and his cabinet are in control of official state matters. The king has only representational or symbolic authority in the decision-making process. The Prime Minister is selected once the elections for Parliament are completed.

The judicial branch is comprised of: the Supreme Court, the Supreme Administrative Court, the Labor Court, the Law Council, District Courts and Courts of Appeal, and the Public Prosecutor's Office.

The legislative branch is made up of a unicameral, or single-bodied, parliament called the Sveriges riksdag. The Swedish Parliament can propose laws and amend existing laws. The laws passed by the Swedish Parliament are those that impact Chipotle's business operations.

Sweden is 92% free from corruption, and placed 6th in 163 countries on the Transparency International's Corruption Perceptions Index. In addition, the Swedish Parliament contains the National Audit Office, which examines how the Kingdom's funds are spent. This ensures the correct distribution of money to government projects and checks the account balance of Sweden's



treasury. Once the riksdag passes a bill, the judicial branch of Sweden's central government enforces the decision.

Sweden's government is further organized by region. There are twenty-one counties, eighteen regional county councils, and 290 local municipalities. Each has its own duty to the central government. For instance, the counties provide support for county-based, nationally sponsored goals; the regional governments focus on health and medical care; the local governments spend the majority of their time improving public transportation, social welfare, and education. These various checks and balances in Sweden's government allow for a very stable, economy.

A press release from the Ministry of Finance dated 2007 states that Sweden has recently established a stability plan that will "provide a fallback plan for all Swedish banks." This plan will prevent the possibility of financial meltdown and inspire faith into the globally downtrend markets.

Another factor in a country's stability is its standard of living. Since 1995, Sweden's standard of living has steadily increased through an advanced and extensive infrastructure system.

As of right now, the Swedish people are confident in their economy after a brief period of weakness in the 1990's that stemmed from a high unemployment rate. The country survived this impediment through strict fiscal discipline.

Although Sweden maintains an economic and political relationship with other countries through the EU, Sweden has not joined the military alliance known as NATO. This is in accordance with Sweden's long history of neutrality beginning after the 17th century.

3. Describe laws and/or governmental agencies that affect your business

Sweden has strict agricultural laws that Chipotle Mexican Grill must adhere to. Upon joining the EU on January 1, 2005, Sweden adopted the Common Agricultural Policy (CAP). Objectives of the CAP are increasing food productivity, ensuring a fair standard of living for the

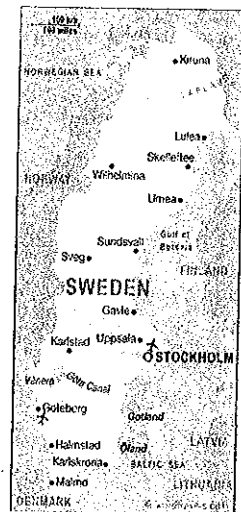


agricultural community, stabilizing markets, assuring food supplies, and providing customers with food at reasonable prices. This pertains to Chipotle as it affects how we receive and serve our food.

To reach the goals stated in the CAP, trade tariffs and subsidies are removed between all member states of the EU. Farmers are paid directly through the EU to compensate for reduced prices of goods. Specific crops have varied payment values, such as grains, produce, and oil seeds.

The Swedish Animal Welfare Act strictly prohibits use of antibiotics, hormones, and drugs in animals rearing, with the exception of uses in animals with serious medical conditions those, of course, will not be used for commercial eateries. Sweden runs many veterinary clinics where animals are guarded against disease for protection of the communities. In the clinics, animals are treated to live a healthy life, benefitting animals and the surrounding community. Chipotle Mexican Grill only uses all natural, organic meats, and this law provides for a greater abundance of vendors that sell the healthy meat. The agricultural authorities include The Ministry of Agriculture, The Swedish Board of Agriculture, The National Veterinary Institute, The National Food Administration, The National Board of Forestry, The National Environment Protection Agency, and The Agricultural Divisions of the Country Administrative Boards.

Although we will eliminate Chipotle's trade with foreign nations, we will establish worldly relationships with other organizations, including The National Board of Trade, The Swedish Trade Federation, and The Swedish Trade Council. These are the specialized Sweden trade organizations, whereas the EU and World Trade Organization (WTO) create trade guidelines worldwide.



For an enlarged version of this map see Appendix page 25



B. Trade area and cultural analysis

1. Geographic and demographic information

Sweden is located in northern Europe, next to Finland and Norway. The country is slightly larger than California, occupying 449,964 square miles. Sweden is currently the largest trade market for the Baltic Sea Region, which includes Sweden, Finland, Lithuania, Latvia, Estonia, Poland, Germany, and Denmark. It develops new technology and machinery with high levels of sophistication. As stated by the Investment in Sweden Agency, (ISA),

"Investors are offered qualified and custom-oriented staff, the best availability of Nordic and Baltic native speakers, and a business environment that is tailor-made for international business operations."

According to the US Department of State, Sweden's population in 2008 was 9,208,034. Most of the citizens are native Swedes, although 1.2 million residents are foreign-born. Other countries represented include Iran, Poland, Yugoslavia, Somalia, Denmark, and Finland. The immigrant populations will fuel part of our target market because they will be attracted to the spice and flavor of Chipotle that resembles their native cuisine.

While typical Swedish food is not spicy, the immigrant populations from Iraq, Somalia, and Iran have introduced Swedes to more flavorful foods such as kebab and falafel. These flavors have become popular among Swedes and will make it easy to introduce the flavors of Chipotle Mexican Grill.

In Sweden, the primary religious affiliation is Lutheran (80%). Muslim (5%), Roman Catholic, Eastern Orthodox, and Jewish religions are also represented, but are a very small fraction of the population.

McDonalds and Burger King are the only fast food restaurants in Sweden. However, they serve food that differs entirely from Chipotle Mexican Grill, so we do not share much competition for business. It is important to note that Chipotle Mexican Grill was once operated through the



McDonalds Corporation. Throughout the time they were connected, McDonalds applied its very successful global expansion strategy to Chipotle's overall restaurant plan. That is, McDonalds readied Chipotle corporately for international expansion. Today, Chipotle Mexican Grill is a publically traded company unaffiliated with the McDonalds Corporation.

2. Market segment analysis target market

Our market consists of young to middle-aged adults, aged 14-45. In this category, our primary market is 14-25, and our secondary market is 26-45. In America, these are the age groups that provide most of the business to Chipotle. The majorities of Chipotle's customers in the US are individuals in high school, college, and industrial workers with fast-paced jobs, such as service jobs, consumer goods, and industrial work.

Fifty-nine percent of Sweden's population is made up of 15-59 year-old people. The younger generation especially prefers to get food quickly. Chipotle provides fast service in a clean environment with healthy ingredients. This minimizes customer guilt associated with consuming fast food.

Most of our market analysis suggests that Chipotle's customers will come from the surrounding area, more specifically from Stockholm University. Currently, Chipotle Mexican Grill, Noodles & Company, McDonalds and Taco Bell are common among United States college campuses. Younger crowds of people tend to gravitate toward informal, inexpensive restaurants in close proximity to their dorm or living space. Chipotle will offer them a close, low-cost and unique dining option that also differs from possible everyday options for meals. Furthermore, we will divide our target markets, which will enable us to advertise more towards our primary market, while still recognizing the secondary market. Each age bracket is important as it brings revenue to our company.



The parallel target market in the United States enjoys the ease of eating any Chipotle item. The burritos are prepared tightly packed in tin-foil. The fare at our restaurants can be prepared in an on-the-go fashion, yet also sit-down-restaurant-ready, if any customer would like to stay and take their time. The scrumptious options for ingredients appeal to many people. We offer four different kinds of meat, two kinds of beans, many vegetables, three different salsas ranging from mild to spicy, and guacamole. Synthesized into one magnificent creation, the taco, burrito, or salad is then ready to eat regardless of how much time the customer has to do so.

The average salary of a Swedish worker is 26,500 Krona (Swedish currency, also known as SEK) per month. This converts into \$3,256 USD. The cost of Chipotle's food, which ranges from \$3 to \$10 USD, offers economical options for consumers.

3. Analysis of the potential location

Under the rules of the WTO, each country, Sweden included, is part of the Agreement on Technical Barriers to Trade, which is a large overview of all trade regulations within the organization.

In the Agreement on Technical Barriers to Trade, each article covers the preparation, adoption, and application of certain laws, regulations, provisions, and standards. Each article contains sub-categories further explaining the topic. The document begins with a formal introduction to all members and ends with Annex 3: *The Code of Good Practice for the Preparation, Adoption, and Application of Standards*. Article 2, entitled *Preparation, Adoption, and Application of Technical Regulations by Central Government Bodies*, specifies the rules regarding international trade. This article simplifies relations between member countries. In essence, member countries should not create unnecessary obstacles for fellow members. The remaining articles outline provisions for international enquiry points for all goods traded between countries and guidelines for complying with all local governments and encouraging ethical practices between



member countries and their governments. In whole, this document provides a standard body of regulations for each country to abide by. It is the bridge between countries wanting to do business within the WTO.

Sweden joined the EU in 1995. The EU also has a common trade document for all 27 member nations. *The Common Commercial Policy* includes many regulations and guidelines for trade among its members. Under article 133, a committee is comprised of representatives from each member state. The representatives mainly coordinate the EU trade policies.

Due to Chipotle's promise of freshness, we will not need to import any agricultural products, and therefore follow phytosanitation trade laws. All of those items will be locally raised to keep Chipotle's philosophy that food should be naturally raised, and local to the Chipotle Mexican Grill restaurant. We will keep within the regulations regarding food without antibiotics, chemicals, and harm to animals.

The only projected trade across international waters Chipotle will engage in is for the artist who provides sculptures for the interior decorations of our restaurant. The artist, Bruce Gueswel, has original art in every Chipotle restaurant. Having this as our only import is safer, easier and less expensive than mass influxes of food.

IV. PLANNED OPERATION OF THE PROPOSED BUSINESS

A. Proposed Organization

Chipotle Mexican Grill's restaurant in Stockholm, Sweden will be fully owned by the parent company that is based in Denver, Colorado. Instead of operating as a franchise we will create a new international division that will remain fiscally independent from the corporate head in Denver, Colorado. However, this division will be under the direction of the corporate office. The division will be licensed as a corporation. Creating a new division offers many benefits. Two major



benefits of incorporation are the attractiveness of investing and the corporate tax treatment. For investors, a corporation is a stable and healthy investment opportunity.

Chipotle will solicit foreign investors, and launch the Chipotle name and personality in the new market. The second advantage is the bilateral income tax mentioned previously in the proposal. These will generate more income for Chipotle and allow for further expansion later.

Chipotle Mexican Grill Inc. must develop a deed of foundation and complete three filing requirements. First, a representative from the corporation must file a written statement from a Swedish bank certifying that the total currency amount to be paid for shares has been deposited in an account. This procedure is free and takes one day to complete. Next, an application must be submitted to the Swedish Companies Registration Office, or Bolagsverket, to acquire a registration certificate. This costs 2000 Swedish Krona, and takes about two weeks to complete. Lastly, the restaurant must be registered with the Swedish Tax Agency, or Skatteverket. This final procedure is free as well, and also takes one day to complete. All three filings must be done within six months after the deed of foundation has been signed and notarized. When all of this is complete, the Registration Office assigns the business an identification number and cross-checks the integrity of the business name.

As soon as the registration process is complete, the restaurant can begin hiring crewmembers. The Swedish Association Management Consultants (SAMC) in order to begin the search for a staffing agency. The three key positions in each restaurant are the kitchen manager, service manager, and general manager.

The Kitchen Manager controls the cooking and food preparation. From the Chipotle Crew Webpage,

"We consider our Kitchen Managers to be masters of prep and grill. Our Kitchen Managers are knowledgeable in all areas of the back of the house and are passionate about food. As a Kitchen Manager, you will train, schedule, recruit,



and interview our employees in the world of all things kitchen. You also manage food orders and inventory, and develop future Kitchen Managers"

The Service Manager controls the customer service operations of the restaurant. Again from the Chipotle Crew Webpage,

"After you master the kitchen, you'll get to hone your leadership skills even further by running the show in the front of the house. Our Service Managers are knowledgeable in all areas of the front of the house and continue to be passionate about food. Our Service Managers take care of all front-of-house business, including interviewing, training, scheduling, and delivering the Chipotle experience to our customers. You will also develop future Service Managers"

The General Manager is responsible for the restaurant as a whole, and reports to the corporate office in Denver, Colorado.

"The General Manager is responsible for the overall success of your restaurant, including business planning, staff development and retention, marketing, and delivering the full Chipotle dining experience."

One Chipotle restaurant generally employs between ten to twenty people (one "crew") for set hourly shifts. Chipotle restaurant employees are very enthusiastic and helpful to customers. From the Chipotle crew webpage, "We look for people with a passion for serving quality food, having fun at work, and delivering amazing customer service". Our most trusted assistant, Joe Smith will live in Stockholm during the first two years of production. Joe will oversee all jobs and processes in which he can give advice to make sure our overseas Chipotle matches our stores in the United States.



In the following chart, job descriptions are laid out for each position within the company.

Chipotle Mexican Grill Job Descriptions			
General Manager	Service Manager	Kitchen Manager	Crew
Runs the restaurant Responsible for finances Responsible for marketing Controls Staff retention	Runs the customer factors Interviews potential employees Head of customer service	Runs the kitchen Interviews potential employees Manages food and inventory	Prepares food Runs cash register



In order to identify a suitable location for the restaurant, representatives from Chipotle must work with experienced, commercial realtors in Stockholm. The goal is to find a restaurant location that is easily accessible to the target customer base. The design of Chipotle restaurants must match the corporate standard, including operating in a "green environment." Local contractors will be used to renovate the site. Following this, the artist Bruce Gueswel will be notified to begin work on the one-of-a-kind sculptures he creates for the Chipotle restaurants.

Finally, corporate representatives must contact and negotiate with organic farms in Sweden who offer the quality and service of organic food products required for a Chipotle restaurant. These are listed later in the proposal. With the first shipment of organic foods, the restaurant is ready to open its doors!

B. Proposed product/service

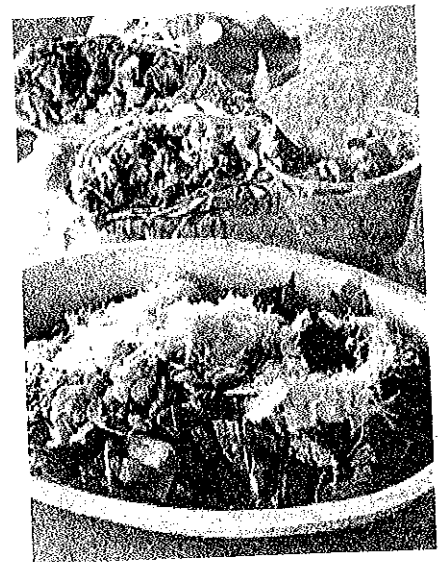
1. Details of the products/services to be provided

Our slogan, "Food with Integrity", defines our outlook on how we should treat our environment, customers, and food. On our website, it states:

"It's a philosophy that we can always do better in terms of the food we buy. And when we say better, we mean better in every sense of the word- better tasting, coming from better sources, better for the environment, better for the animals, and better for the farmers who raise the animals and grow the produce"

Chipotle Mexican Grill offers seven different meal options:

- ☞ Burrito
- ☞ Fajita Burrito
- ☞ Burrito Bowl
- ☞ Soft Taco
- ☞ Hard Taco
- ☞ Salad
- ☞ Chips and Guacamole



Each customer may choose from 16 different fillings:

- ☞ Cilantro-Lime Rice
- ☞ Black or Pinto Beans
- ☞ Fajita Vegetables (bell peppers and onions)
- ☞ Steak, Chicken, or Barbacoa (shredded beef)
- ☞ Mild, Medium, or Hot Salsa
- ☞ Roasted Corn
- ☞ Sour Cream
- ☞ Lettuce
- ☞ Cheese
- ☞ Guacamole

We use a mix of spices for our signature, flavorful Chipotle feel. Our most used spices are pepper, garlic, cumin, and thyme. With the diverse spread of vegetables, we offer a wide range of options for our customers who are vegetarians and vegans.

In Sweden, the organization KRAV certifies all farms to be organic. They have published a 136 page document, called *Standards for KRAV Certification*, laying out all rules and guidelines for farms on how to be truly organic. It was last updated in July 2008. We will identify vendors and farms that can provide us with the best quality food, from a trusted environment. We plan to work with a combination of five farms in close proximity to Stockholm. Ramsojard, Hornudden, Rosenhills Tragard, Andebolsgard, and Hansta Ostergarde are all certified organic farms within 150 Km of Stockholm. These vendors are capable of providing us with the grains, vegetables, dairy, and all of meats we need for our restaurant to run sufficiently.

2. How the goods will be transported to/from the home country

Swedish vendors will provide us with all of the food necessary to run our restaurant. Once each vendor collects the food and processes what we need on-site, they will then ship the food in



refrigerated trucks to Stockholm. A trucking system is the most feasible system of transport because:

- ⌘ No major train stations are accessible in southern Sweden.
- ⌘ No major airports are accessible in southern Sweden. In addition, airfare is too expensive for the distance the cargo would travel.
- ⌘ a trucking system will be able to deliver the shipments directly to our restaurant without a second means of transportation.
- ⌘ a trucking system uses reliable vehicles, which are also able to carry many, heavy cargo loads at one time.

Before and after each trip, documentation will be used to confirm the arrival and departure inventory of each load. We expect to ship about 25 crates (3 ft x 3 ft) of food at a time, each weighing about 100 pounds. The average price for shipping this amount of food is \$615.00 USD. Depending on the truck company we use, prices will range from \$1,500.00, to \$400.00 USD.

When using a truck as a form of transportation, there is always a risk due to weather conditions. Snow, hail, and other storms are all possible factors in the delay of truck routes. There is also a risk of food spoilage, but because the route for the trucks is not lengthy, this is a very low risk. Following our policy of fresh food, we will get bi-weekly shipments of food. This also diminishes the risk of food spoilage.

We will also be shipping in original artwork from the artist Bruce Gueswel. He currently makes the collection of artwork and sculptures for all Chipotle Mexican Grills across the United States. His sculptures made of wood and metal range from 1,728 square inches to 3,942 square inches. Gueswel's pieces weigh between 50-200 pounds. A chart listing all of his pieces, and the price per piece is listed for your reference in appendix, page 23. Chipotle Mexican Grill will use a cargo plane to ship Gueswel's pieces from Loveland, Colorado to Stockholm, Sweden. Air transportation will be fast and efficient in comparison to shipping, which would involve multiple more stops and more funding. We will send the sculptures on a departing flight out of Denver



International Airport, which will then fly into Stockholm-Arlanda Airport. The United Parcel Service (UPS) estimates that the projected price to ship the artwork is \$8,908.53 USD. To ensure the safety of the sculptures, they will be properly wrapped and protected. We will also insure the artwork to protect our investment.

C. Proposed strategies

1. Proposed pricing policies

Chipotle uses a corporately set pricing strategy for all the restaurants. All burritos, tacos, and burrito bowls are all the same "price," but the value of what fills them differs. For example, chicken costs \$5.95 USD, steak costs \$6.35 USD, Barbacoa, shredded beef, costs \$6.35 USD, and vegetarian costs \$5.95 USD. This way, the entire meal costs what the main ingredient costs. Sweden uses a currency called the "Krona". In terms of markup, Chipotle follows the standard for restaurants and charges 40% markup.

Compared to McDonalds and Burger King, the major competitors in the area, Chipotle will have about the same price range, although some meals will be priced higher. The average McDonalds meal is \$5, while the average Chipotle meal is \$8. This three dollar gap will not cause Chipotle to lose customers. We believe our food and environment varies so much, that we will obtain the same customer base.

2. Proposed promotional program

Once this Stockholm-based Chipotle Mexican Grill restaurant has been established, a marketing plan will be developed to drive visibility and awareness of our restaurant in the area. Some specific tactics will include: advertising in the "Tunnelbana," Sweden's metro subway system and the Blue Line bus route buses. You may reference the map in the appendix, page 24. Of the one hundred metro stations located in urban Stockholm, this proposal advises only advertising in



the ones located on or immediately around the Stockholm University campus. We will also advertise on the bus line throughout Stockholm.

The Blue Line bus is strictly reserved for inner city travel as opposed to the red and green lines, which are used for suburban travel. Because Stockholm University is an urban campus, it is included in the Blue Line bus route. Promoting only in these stations and stops will be effective in getting the attention of the primary target market. The cost for this endeavor is subject to change at each subway station. We have come to realize that it is difficult to correlate all of the costs involved with advertising. Therefore, we have decided to hire an advertising agency. Our advertising agency will assist in negotiating costs for this advertising. Ab Dagens Nyheter Annonsförsäljning is one such agency located in Stockholm, Sweden.

Television ads are an effective way to reach consumers. However, there are several limitations to this type of advertising. The Swedish government recently passed a law prohibiting the marketing of products to children under the ages of twelve. The other components that are prohibited include:

- ⌘ Pornography
- ⌘ Racial or culturally offensive images
- ⌘ Fraudulent or misleading claims
- ⌘ Product placement in television programs
- ⌘ Use of other individual's names without their consent

Chipotle Mexican Grill can easily comply with these regulations and limitations.

A law that does in fact affect Chipotle is the law concerning the maximum amount of advertising that can be incorporated into a program in any given hour. This maximum is eight minutes of advertising in one hour, except between seven and twelve p.m. where the amount of advertising can be extended to ten minutes (Bird & Bird: The Evolution of New Advertising



Techniques in Sweden). Advertising costs differ depending on which hours and how many minutes a company advertises.

Chipotle Mexican Grill provides tee shirts for sale in their restaurants. The tee shirts bare the Chipotle name, and burritos in various states of consumption. Some tee shirts read "full" and some read "empty." Cost in this instance does not necessary apply because as customers buy and wear their new shirts, Chipotle gets publicity and revenue from tee shirt sales.

Chipotle Mexican Grill has an annual "Burrito Day" which, in the United States generally falls on Halloween, where customers can dress up like a Chipotle burrito and receive free chips and guacamole. This activity promotes Chipotle Mexican Grill around the region, drawing potential customers to participate in the Chipotle way of life. Once the potential customer reaches the restaurant, the idea is that the customer will see the other food available for a good price and buy a meal. The company saves money by offering the least expensive food item free, and compensates this cost with the revenue gained from the purchased meal. Overall, the company expands their customer base while at the same time remaining frugal with the free items. This also draws publicity towards the Chipotle Mexican Grill restaurant from the people walking around the streets dressed as burritos. We plan to offer this activity two times per year.



V. PLANNED FINANCING

A. Projected income statement for first year's operation

Chipotle Mexican Grill						
PROJECTED INCOME STATEMENT						
YEAR ONE						
		25.00%	25.00%	25.00%	25.00%	100.00%
	Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Sales	972,000	243,000	243,000	243,000	243,000	\$972,000
-Cost/goods sold	388,800	97,200	97,200	97,200	97,200	\$388,800
Gross Profit	583,200	145,800	145,800	145,800	145,800	\$583,200
Expenses**						
Owner Salary	100,000	8,333	8,333	8,333	8,333	\$33,333
Other Salaries	50,000	12,500	12,500	12,500	12,500	\$50,000
Rent	200,000	16,667	16,667	16,667	16,667	\$66,667
Advertising	29,160	7,290	7,290	7,290	7,290	\$29,160
Supplies/postage	4,860	1,215	1,215	1,215	1,215	\$4,860
Utilities	64,000	5,333	5,333	5,333	5,333	\$21,333
Insurance	4,860	1,215	1,215	1,215	1,215	\$4,860
Payroll Tax & Benefits	30,000	4,167	4,167	4,167	4,167	\$16,667
Legal	9,720	2,430	2,430	2,430	2,430	\$9,720
Misc.	9,720	2,430	2,430	2,430	2,430	\$9,720
Loan	0	0	0	0	0	\$0
Credit Card Fees	4,860	1,215	1,215	1,215	1,215	\$4,860
License/Fees	500	125	125	125	125	\$500
Bad Debt	4,860	1,215	1,215	1,215	1,215	\$4,860
Total Expenses	512,540	64,135	64,135	64,135	64,135	\$256,540
Net Profit	\$70,660	\$81,665	\$81,665	\$81,665	\$81,665	\$326,660

**Please note, we have included a graph of expenses, breakdown in category by percentage in page 24 of our appendix



B. A brief narrative description of the planned growth of the proposed business

Chipotle Mexican Grill

THREE YEAR PLAN

	YEAR ONE	YEAR TWO	YEAR THREE
SALES	\$ 972,000	\$ 1,069,200	\$ 1,176,120
COST OF GOODS SOLD	\$ 388,800	\$ 427,680	\$ 470,448
GROSS PROFIT	\$ 583,200	\$ 641,520	\$ 705,672
EXPENSES	\$ 512,540	\$ 563,794	\$ 620,173
NET PROFIT	\$ 70,660	\$ 77,726	\$ 85,499

Chipotle Mexican Grill

FIRST YEAR CASH FLOW

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cash on Hand	\$67,968	\$132,000	\$196,032	\$260,064
Sales	\$243,000	\$243,000	\$243,000	\$243,000
Cash Available	\$310,968	\$375,000	\$439,032	\$503,064
Paid Outs	\$178,968	\$178,968	\$178,968	\$178,968
Cash on Hand	\$132,000	\$196,032	\$260,064	\$324,096

In our first year of operation, our projected profit is \$70,660, with specific breakdowns listed in the *Projected Income Statement* chart on page 20. We will look for a 2,000 square foot building, with a fee of \$7.50 per square foot, averaging \$15,000 per month. Machinery and utilities account for \$64,000. We calculated our sales by estimating 200 customers per day, averaging each meal at \$8.50, not including extra refreshments, chips, and guacamole. Our food has a 40.0% markup, making our gross profit \$583,200, before expenses. Our total expenses are \$512,540. After three years, we will have accumulated \$233,885.



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VII. APPENDIX

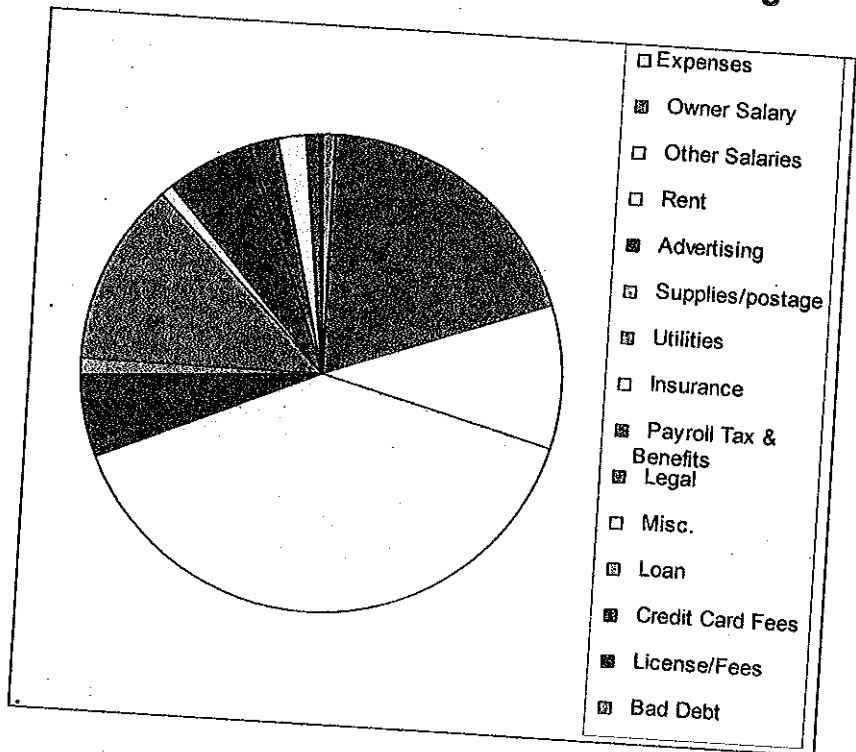
CHIPOTLE ARTWORK PRICE LIST

November, 2003

ITEM	DESCRIPTION	DIMENSIONS	PRICE
Dancer	With club & tambourine	73" x 54"	\$1,400.00
Battle (3D) Dancer	Floor mounted 3 dimensional steel dancer	73" x 54"	\$4,500.00
Half-size Dancer			\$2,700.00
Fancy Dancer	With large mask	60" x 44"	\$1,350.00
HRH	(His Royal Highness) Facing right	50" x 40"	\$850.00
RHR	(Royal Highness Reversed) Facing Left	50" x 40"	\$850.00
Double HRH-R on steel stand	2 (His Royal Highness) Facing right or (Royal Highness Reversed) Facing Left mounted on a steel stand	50" x 40"	\$1800.00
Parents of the King	Ma & Pa	47" x 27" 47" x 32"	\$1700.00
Double-Sided Parents	Double-Sided Parents of the King, each mounted on steel stands.		\$3600.00
Palenque Gods	Left facing 4 piece series	18" x 24" each	\$1,400.00
Reversed Palenque Gods	Right facing 4 piece series	18" x 24" each	\$1,400.00
Palenque God	Individual Palenque God from set of Four	18" x 24"	\$350.00
1 Double Palenque	2 Individual Palenques mounted back to back on steel stands		\$800.00
Puppet Master		91" x 57"	\$2,300.00
Double Puppet Master			\$4,900.00
WLFM	Water Lilly Fish Monster	27" x 79"	\$1,400.00
Double WLFM			\$3,000.00
Bird Jaguar		36" x 108"	\$1,850.00
Double Bird Jaguar			\$3,900.00
Vision Serpent		85" x 46"	\$1,850.00
Double Vision Serpent	2 Vision Serpents mounted back to back on a steel stand		\$4,000.00
The Warriors	3 piece series including Fox, Deer, & Scout	Average 47" x 36"	\$1,860.00
Individual Warrior	Individual Warrior from set of three		\$620.00
Wisemen	3 piece series including Fire, Water, & Geek	Average 47" x 30"	\$1,860.00
Individual Wiseman	Individual Wiseman from set of three		\$620.00
Wrestlers	3 piece series including Griffin, Phoenix, & Serpent	24" x 24" each	\$1,650.00
Wrestler	Individual Wrestler from set of three	24" x 24" each	\$550.00
Double-Sided Wrestlers on steel stands	Three Double-sided Wrestlers mounted on steel stands.		\$3,600.00
Single double-sided Wrestler		24" x 24" each	\$1,200.00
Wrestler with Monster back		24"x24"	\$850.00
El Corazon		72" x 48"	\$2,200.00
10 glyphs	10 piece set including Baldy, Parrot, Doggy, BirdBrain, Caesar, Egg-Head, Monster, Meanie, Moe & Hand	18" x 20" each	\$2,800.00
One Glyph	Individual glyph from set of ten		\$280.00
8 Glyphs	8 piece set including Shrunken Head, Baby Jaguar, Tongue, Pepe & the Sloth, Rodent, Hungry, Jaguar and Smokey	18" x 24" each	\$2,800.00
One Glyph	Individual Glyph from set of eight	18" x 24"	\$350.00
Happy Skulls	Set of two fanciful Mayan skulls Facing each other or mounted back to back	45" x 49" each	\$2,100.00



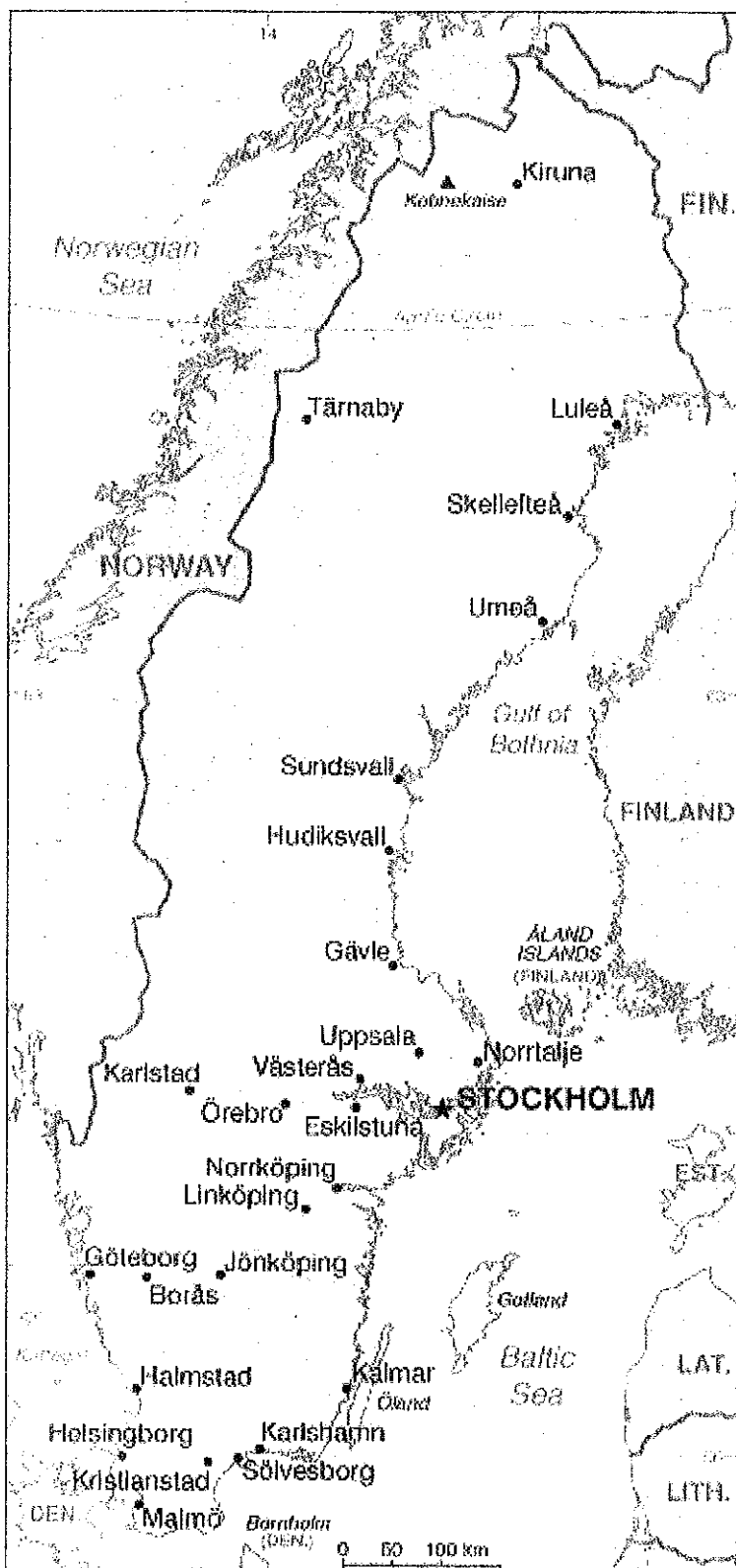
Breakdown of expenses, by percentage



Map of Stockholm subway system: T-BANA



Map of Sweden



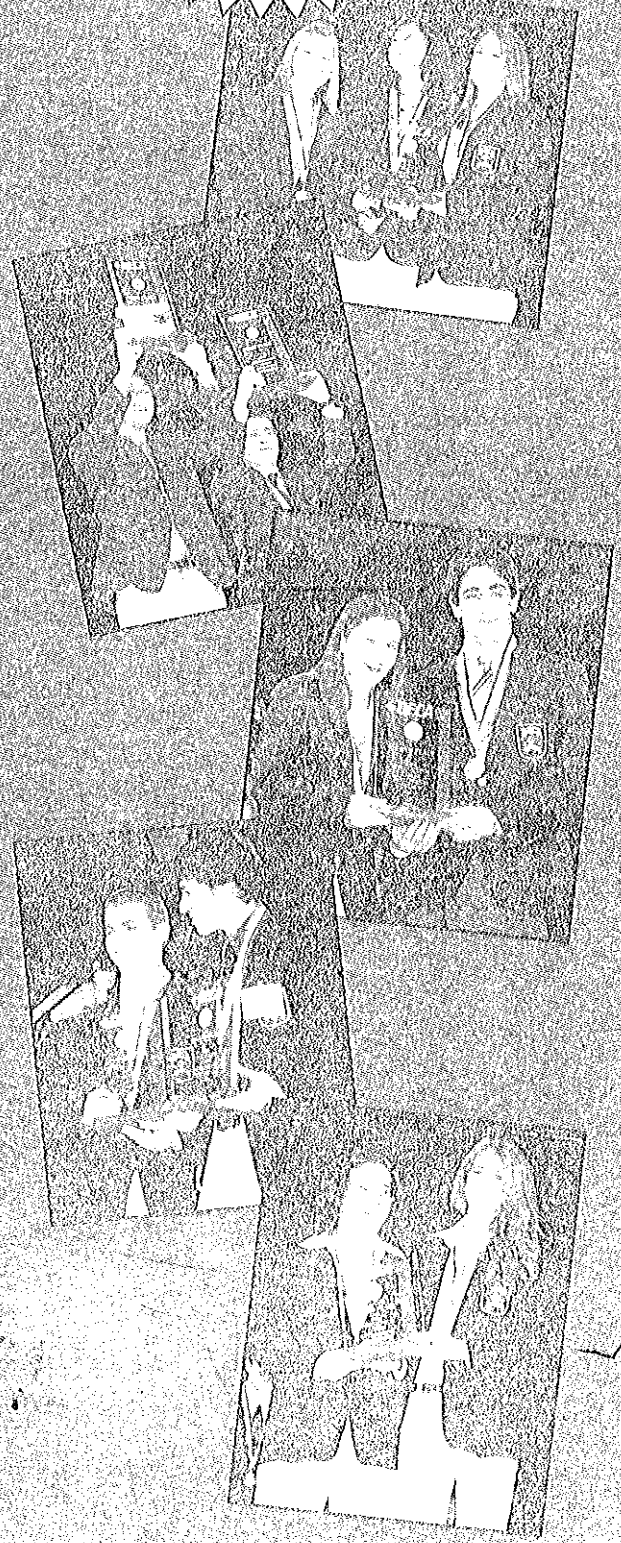
Property of AKHS DECA



International Business Plan Event

100
11-00

by
1st Place
Camille Trangsrud
Athena Feldshon
Orono, MN



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