

# Concept Plan

## Boone's Ale and Smokehouse, Oskaloosa, IA

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## Executive Summary

In conjunction with the McClure Visioning Team, a group from the Iowa Restaurant Association reviewed Oskaloosa's current restaurant and tavern offerings, demographics, and market data to assess the potential for developing a new restaurant concept in the community's downtown. Based on that review, the Association team drafted a concept plan to help Oskaloosa recruit an independent owner/operator interested in creating a family-friendly sports bar featuring onsite smoked and/or BBQ of locally-sourced meats, as well as offer upscale casual dishes, craft beers and cocktails. This will be served in an engaging and interactive environment. Both market segments incorporated into this plan—sports bar and BBQ restaurant—are showing growth in the number of single owner/operator establishments (versus chains). The plan, while adaptable, was developed to create an independent sports bar featuring local smoked meats and a gastropub menu based on the specifications of the unoccupied McMillen Building at 208 1<sup>st</sup> Avenue East.

## Market Landscape

In their efforts to attract the younger demographic groups necessary to sustain population, small communities across the country have made hospitality establishments a central part of their community revitalization efforts. Restaurants and bars are increasingly taking on the important roles of "community gathering spaces" as well as primary markets for consumer food dollar spend (48% of food dollars are spent in hospitality establishments.) While Oskaloosa has a relatively stable population and multiple community gathering spaces, more than an "eating place" or "traditional sports bar" is an important underlying component for this plan.

Consumer expectations have evolved and so has the experience delivered by traditional sports bars across the country. This market segment has "upped its game" by capitalizing on food and beverage trends which place a strong emphasis on higher end, local and fresh menu items, as well as craft beers, wines, and cocktails to entice customers to stay after the games end. Rather than catering to a mainly male, sports-obsessed clientele, today's successful sports bars have value propositions which frame the establishments as "restaurants first." This helps them position themselves as dinner destinations, family gathering spots and places where girls' nights out are just as common as boys' or game nights. It is also why the BBQ gastropub emphasis of the proposed Oskaloosa restaurant is an important element in the plan.

Selecting a restaurant name that captures the interest and imagination of a broad spectrum of potential patrons is important. A great restaurant name connects consumers to the experience they can expect. Interestingly, in the world of BBQ restaurants, there is a tried and true methodology to naming an establishment—incorporate the operator’s LAST name. In fact today, 64% of the BBQ restaurants in *Southern Living’s* definitive *Top 50 BBQ Restaurant List* bear the founder’s last name.

For the sake of this plan the Association team took a page from Oskaloosa’s history and used the last name of two of the famous explorers tied to the community—Daniel and Nathan Boone. The working name for this plan is **Boone’s Ale and Smokehouse**.

## Concept

**Boone’s Ale and Smokehouse** will offer a casual full-service 120 seat barbeque restaurant/sports bar with a mix of dining room and bar seating along with a well-conceived carryout strategy. In addition to locally sourced meat, smoked and barbecued onsite, Boone’s will emphasize local and seasonal ingredients in an upscale gastropub menu. It will offer Iowa’s favorite domestic beers (Bush light, etc.), as well as local and craft beers on tap rotating seasonally--fully exploiting the state’s growing appreciation for local craft beers. As a point of local interest, experience, and pride, all of the beers from Oskaloosa’s NoCoast Beer Co, should always be available, as the brewery does not have a full scale tasting room and will be a natural marketing referral for **Boone’s Ale and Smokehouse**. Cocktails will also feature spirits from Iowa distilleries.

The causal (albeit upscale) cuisine and beverage approach is in line with trends in thriving restaurants today. In fact, three of the top five items in the 2019 “What’s Hot Culinary Forecast” chefs’ survey feature Hyper-local faire (#1), Natural Ingredients (#2) and Locally Sourced Meat. **Boone’s Ale and Smokehouse** will be well positioned to offer all of the above.

Opting for locally-focused alcoholic beverages is also supported by strong market data. In fact, four of the top five alcoholic beverage trends in restaurants today are connected to local and regional production. The previously referenced “What’s Hot” chefs’ survey ranked top alcohol trends that will work well in **Boone’s Ale and Smokehouse** including: Locally produced spirits/wine/beer (#2) Craft artisan spirits (#3), and Regional signature cocktails (#5).

All this being said, to succeed in rural Iowa, a restaurant cannot be pretentious. Consumers still expect value pricing, large portions, and an emphasis on protein. **Boone’s Ale and Smokehouse** must deliver all three—on-premise and for carry-out. Like comparable establishments in the Central Iowa area, Boone’s will have

a targeted food to alcohol sales ratio of 75% to 80% food to 20 to 25% alcohol sales.

## Value Proposition

Today's successful independent restaurant concepts deliver more than great food—they also deliver something “experiential.” This doesn't necessarily equate to creating a floor show or overtly interactive event or activity. It simply refers to providing a unique atmosphere or culinary experience—in short, creating something worth traveling for. Data from the National Restaurant Association confirms the importance of this notion. Their recent consumer study found that more than half of adults (56%) say they would prefer to spend money on an experience such as a restaurant, than on an item. What's more, market data shows that that 42% of adults are not currently eating at restaurants as often as they'd like to—so Boone's must become a regular choice for locals.

The sports bar “experience” of **Boone's Ale and Smokehouse** will be self-evident-- replete with televisions tuned to local, national and international sports events. There will always be an air of camaraderie for patrons who will be immediately connected to one another through a shared viewing experience. Because Boone's will feature craft beers and offer a full-on upscale barbeque menu, the expressed desires of locals for somewhere to go and something to eat will be fulfilled. A formal connection to the NoCoast Beer Company should be established and will further create a unique experience. Because, NoCoast does not have a tasting room, Boone's can be the de facto place for people to come after sampling a beer at the brewery. Boone's will be able to serve a full glass of a favorite local beer with some great food.

Great BBQ, local craft beers, your favorite game, and community connection—all will be hallmarks of Boone's.

## Hours of Operation

**Boone's Ale and Smokehouse** will focus on a solid lunch and strong dinner sales to locals, as well as a marketing themselves as a “must stop” for visitors who are in town to visit the County Courthouse, downtown, NoCoast, or one of the local companies. Big game weekends and connections to events at William Penn University will also be revenue sweet spots.

### Hours of operation:

Monday	11AM–10PM
Tuesday	11AM–10PM
Wednesday	11AM–10PM
Thursday	11AM–10PM
Friday	11AM–1AM
Saturday	8AM–1AM
Sunday	8AM–8PM

## Guest Experience

**Boone's Ale and Smokehouse** will fully leverage the retro/historic vibe of the building with a fresh, open and minimalistic environment with stripped back floors, brick walls and light paint colors, high ceilings and a well-lit dining area. Tables (versus booths) will be the primary seating option to allow for simple reconfiguration to accommodate different sized groups. High top tables and chairs will be used throughout (versus booths). Eight to 12 flat screen televisions with Direct TV and NFL ticket subscriptions will ensure everyone's favorite team and/or sport can be seen on a screen. The bar will have a distinct seating section. Designated carryout parking and an easily identifiable pick-up spot for carry-out at the hostess stand or bar will be important.

Much emphasis will be placed to the 12+ beer taps from carefully selected regional craft brewers-- a chalkboard will feature limited and seasonal offerings. NoCoast will be prominently featured.



BBQ with “gastropub” sides (unique twists on traditional favorites), will be complimented by traditional bar food staples such as gourmet burgers and sandwiches. All will offer unique sides and accoutrements. Foodies will be delighted, but no one will be intimidated when reading the menu.

The primary dining area will seat up to 94 people with additional seating for 24+ at the bar. Because there is space to do it, a community/party room will be created but open only for overflow, large groups or big weekends.

## Menu and Signature Items

Studies confirm that barbecue has a wide appeal. In fact, more than 95 percent of Americans say they like barbecue, and nearly one-third say that they eat barbecue or barbecue-sauced foods in any given week.” This is important as Boone’s will need local patrons to be regulars who come in and/or carryout on a monthly basis.

The popularity of BBQ has translated into \$2.9 billion worth of sales for a niche segment of the U.S. restaurant industry with BBQ restaurant sales showing nearly double the growth of the overall restaurant industry in recent years. The growth in the barbeque restaurant space has also driven an increase in taste for pork by consumers—accounting for a 66% increase in the use of pork butt (the cut of choice for pulled pork sandwiches) in restaurants over the last year.

**Boone’s Ale and Smokehouse** local beverage strategy is equally well supported by market data. According to an Iowa Tourism study, production by Iowa’s craft breweries and brewpubs is projected to increase to over 146,000 barrels this year. Additionally, in-state consumption of craft beer is on track to surpass 120,000 barrels. That will be a 259% increase over five years. Iowans like beer and increasingly, Iowans like Iowa-brewed craft beer.

**Boone’s Ale and Smokehouse** will focus on creating a profitable menu by leveraging local sourcing as much as possible. The menu will feature protein focused dishes and upscale sides.

- Pulled Pork sandwich
- Smoked Chicken
- Burnt Ends
- Brisket
- Gourmet Burgers
- Grilled Portabella
- Reuben Sandwich

- Cuban Sandwich

Seventy-two percent of consumers say restaurant food provides tastes and flavors they can't duplicate at home. Unique and interesting appetizers and sides will be a key feature of the menu—offering unique approaches to traditional “bar food” favorites and could include:

- Deviled eggs
- Pork Belly sliders
- White Cheddar Grits
- Fried Pickles
- Elevated Mac and Cheese
- Red Beans and Rice
- Seasoned Onion Rings and Curly Fries
- Gourmet poppers
- Seasonal and local feature soups and salads

## Pricing

One of the greatest mistakes new restaurateurs make is creating too large a menu from the start. It is imperative that the operator not stray far from **Boone's Ale and Smokehouse's** primary offering of smoked/BBQ meat. A menu of 25 items including entrees, appetizers, and desserts should be the target. Regardless of the end number of menu options, the single most important step **Boone's Ale and Smokehouse** operators will need to take is engineer a menu for profit.

Many successful restaurants are operating with razor thin profit margins and most consider themselves doing well if they post a net profit of 5%. Iowa's 6,000+ eating and drinking establishments represent \$4.4 billion dollars in annual sales, but if one extrapolates that down to daily net profit, the average Iowa eating or drinking establishment (with a 5% profit margin) is netting just under \$97 per day in profit. There's not much margin for error so knowing the profit margin on every menu item is imperative when creating a menu. There are many free tools available from food distributors to help ensure that every menu item is priced for profit out of the gate.

As a starting point, the target average table check for Boone's on-premise patrons should be \$15 per person for lunch and \$19 per person at dinner.

Weekend breakfasts should average \$12 per person. This assumes a 80/20 food and alcohol mix. The price of the average appetizer will be \$8, domestic draws \$4, craft beers \$6, signature cocktails \$6 to \$8. Entrees \$12 to \$14—with signature items up to \$17.

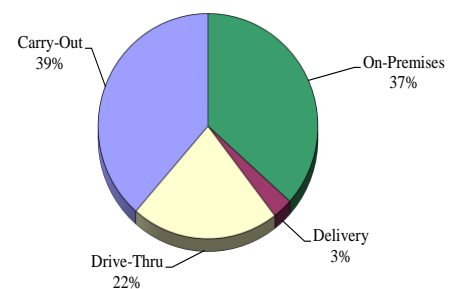
## The Market

Oskaloosa is unique in that it is a rural community that has not shown a net loss of population over the past 20 years. With approximately 11,500 people, a good sized school system, a private university with on campus living of 350+ students, and a net gain in adults during the work day of approximately 500, a casual sports bar restaurant concept has many potential patrons to draw from.

The median age of Oskaloosa County residents is 37—which is about the same as the rest of the state. However, the median household income is slightly lower than average estimated at just under \$42K. One unique demographic that is encouraging to a potential restaurateur is the unusually high number of residents who also work in Oskaloosa. This would lead one to conclude that they are also apt to stay in Oskaloosa for entertainment when possible and is also a key reason that Boone’s will need a strong carry-out strategy.

Today only 37% of restaurant food is eaten on premise. A full 39% is carry-out with the remainder being drive thru and delivery items. While neither delivery nor drive thru are realistic or desirable given the proposed concept and location, a consumer-friendly technology-based carry-out order and pick up system will be extremely important. In fact, 40% of consumers say that being able to order via a cell phone or computer makes them more likely to order take out or delivery food more often.

Where is Restaurant Food Consumed?



## Competitive Analysis

While there are nearly 2 dozen places in Oskaloosa that meet the technical definition of operating within the “restaurant industry” (*def: all meals/snacks prepared away from home, including all takeout meals and beverages*) the community does appear to have a gap in its foodservice offerings. A half dozen of the “food venues” are convenience stores, and there is quite a bit of “Fast food,” Mexican, and Pizza. Based on the large number of these types of concepts—particularly pizza, it is obvious that the level of interest for “carry out” prepared food in the community is inline with the national trends. The importance of a strong carry-out program cannot be underestimated.



That being said, the value proposition of becoming a de facto community gathering place will be key to the long term success of Boone's. The restaurant will have to have a reputation as an easy and often frequented restaurant for those looking for a quick meal and drink or something "better to go."

## Marketing Strategy

Given the population base, it will be essential that **Boone's Ale and Smokehouse** focus its marketing efforts on both retention/repeat business and acquisition/ new customer marketing. To do this, a multi-pronged marketing strategy which targets locals, as well as those throughout Mahaska County.

It will not take long for the locals to know **Boone's** is open—the key to building and retaining repeat local business is to ensure the guest experience delivers and locals feel appreciated through retention marketing that supports community programs and local loyalty. Whether it's through a mug club, birthday program or loyalty club, **Boone's Ale and Smokehouse** will need to proactively "invite" residents of Oskaloosa and Mahaska County to come in multiple times per month and/or order carry-out meals. Additionally, **The Boone's Ale and Smokehouse** needs become part of the community by providing visible and real support to key community events and businesses—in particular NoCoast Beer Co.

Local breweries have become tourism destinations, but complicated liquor laws in Iowa prohibit them from doing many of the things breweries in other states can do. The brewery currently has no option for selling full glasses of beer for consumption on site. **Boone's Ale and Smokehouse** can take advantage of this, by forming a relationship with NoCoast Beer Company. If the restaurant commits to carrying all of their brews (available directly) **NoCoast** can send visitors to the restaurant to buy full glasses along with some great food. Collaborative marketing via social media, coupons/discounts and signage should be explored.

Building an online presence will be critical to retention as well as acquisition efforts. It will be important to create a responsive design-based website—that automatically sizes to the format of the screen (phone, tablet or computer). It will be imperative to claim **Boone's Ale and Smokehouse's** name and address on key search sites such as Google Places, Yelp and TripAdvisor. This needs to be done prior to open and should include all of the critical components to a strong online presence—directions, menus, and hours and include an easy-to-use multiplatform online ordering system.

From day one, the restaurant staff will gather e-mail addresses and create an e-newsletter to promote seasonal beer and food introductions, tastings, events and specials. Initially, marketing will be conducted using a free package from Mail Chimp.

Building from the e-mail list, Boone's will create a loyalty program. Customers in loyalty programs return twice as often. **The Boone's Ale and Smokehouse** should offer free birthday dinners, anniversary incentives, and happy hour specials on beer and appetizers. It should create more than customers, it should create a culture.

Additionally, because Oskaloosa is a small community with a strong school system, Boone's should be very visible as a supporter of the local high school teams, as well as William Penn's teams. Local involvement and promotion of charitable causes through e-news, Facebook and when possible in the restaurant, will be an important part of a complete "good neighbor" and "family friendly" marketing strategy. Today's consumers (60%) say they consider social responsibility as an important factor when choosing a restaurant.

Old fashioned road signage is still an impactful marketing tool and if possible should be placed on Highway 63 to help building awareness and name recognition.

Given the demographics of Oskaloosa, Facebook will be an important marketing tool. Facebook is the most popular social media site in the United States—with 53% of US online users accessing Facebook several times per day. Facebook was also the most popular social media app of Millennials but what's more interesting is that Facebook crosses all demographic groups in significant numbers and it has a high degree of sustained engagement. In 2014, U.S. users spent an average of 39 minutes on the site every day and the social network has become a part of daily online usage for millions of users. Facebook has hugely benefited from the mobile social growth in recent years with mobile users also showing strong engagement rates compared to other social media apps.

Facebook is also especially effective for micro target key groups for retention and acquisition purposes for as little as \$5 per day.

## Operations

Oskaloosa will have to create a strong incentive package to attract an owner/operator for **Boone's Ale and Smokehouse**. The identified building is twice the space needed to operate a table service restaurant in the area. While the consulting team understands the desires of the owner to sell or lease the entire building for a hospitality space, best practice numbers suggest that the total necessary area to open a restaurant like **Boone's Ale and Smokehouse** is approximately 3850 square feet. This includes 1155 square feet for a kitchen and just under 2700 square feet for a dining area with 94 seats and the remainder for a bar and required storage. The rest of the building could be used for a secondary purpose including an event/catering space.

The most likely to succeed candidate to be enticed by an incentive package will be a potential owner/operator with both front of the house and back of the house

experience and if possible, someone with ties to the area. He or she will need to be very “present” and visible in the restaurant.

There are several difficult market areas dynamics that the owner/operator of a new Oskaloosa restaurant will encounter. The most difficult will be attracting and retaining quality workforce. Today, 39 % of restaurant operators point to attracting and retaining workforce as their number one concern—ranking even higher than whole sale food prices, the economy and attracting more customers.

In order to provide a high-touch, quality dining experience for our guests, the restaurant will need to have a versatile, knowledgeable and skilled staff—equally able to talk about food and beer. Recruiting staff will be one of the biggest challenges for this new restaurant. Estimated staff needs is approximately six staff per shift. Front of the house (FoH - Service staff) - every 5–6 tables 1 staff per shift. Back of the house (BoH - Kitchen staff) - 4 staff for 80 cover restaurant, per shift. Supporting Staff - 1–2 staff (busser, dishwasher ) - 1 to 2 respectively per shift.

All staff will initially be paid relative to the prevailing wage (\$8 to \$14 per hours depending on their roles and experience), and will be eligible for merit raises based on performance after 3 months and then annually. The service staff will be paid the current server wage of \$4.35 per hour plus tips with an expected gross wage of \$15+ per hour. Because there is usually some error in hiring during the first weeks of any operation, if possible, slightly overstaffing initially is important. This way if some of the staff don't work out, there are still adequate numbers of trained personnel to provide a strong first impression.

The owner/operator will need to develop detailed operations manuals for front- and back-of-house staff as part of the restaurant development process. These manuals will be used for training, for ongoing assessment of operations, and will be adapted as the restaurant matures to reflect best practices.

## **Purchasing/Supply Chain**

As locally sourced protein and produce will be signature ingredients, having reliable sources of high quality product will be important to success. Therefore, where possible, it will be helpful to develop relationships with local producers to purchase pork, chicken, beef and seasonal vegetables. Native breweries are able to self distribute in Iowa, so beyond NoCoast, it will be important to establish relationships with a beer distributor who can fulfill local brews, as well as other Iowa breweries. Ongoing food items and other products will be bid and sourced by one or more of the major food purveyors such as Reinhart Foodservice, Sysco or Martin Brothers.

# Start Up Costs

The median cost to open a casual full service restaurant of this size is \$475,000. The following data is from 2018 Restaurant Owner survey. It assumes the remodel of a non-restaurant building. Any incentive package created to attract an owner to Oskaloosa should be able to safely assume this baseline as a starting point.

Total Restaurant Square Footage	3,850 square feet
Kitchen/Restaurant Square Feet	30%
Square Feet per seat	30
Total Cost to Open:	\$475,500
Cost per square foot	\$111
Cost per Seat	\$3,248
Construction	\$245,000
Kitchen/Bar Equipment	\$100,000
Pre-Opening Training	\$25,000
Projected annual sales	\$750K
Sales to Investment Ratio	2:8:1
Net Profit	5.5 %