



FRANCHISE BUSINESS PLAN

**Presented by Ed W. Clark High
School**

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I. Executive Summary



Business Overview

Cheba Hut is a “Toasted” sub concept, uniquely themed around marijuana, with a strong cannabis overtone throughout its branding and restaurants. **Cheba Hut** was founded in Arizona in 1998 by Scott Jennings. Their focus on high-quality sandwiches and a unique theme has contributed to their growth over the past **28 years**, with **84 locations** now across the US. The restaurants do not serve any marijuana-related products, making it suitable for both cannabis fans and non-fans alike. We have decided to locate our franchise at Fashion Show Las Vegas (on the Strip), Paradise, Nevada. It is a large, high-traffic shopping mall in a major tourist zone with massive foot traffic from both locals and tourists. Despite its rent price, the exposure is enormous.

Business Environment (PESTEL Analysis)

Political

- Nevada has **one of the lowest incorporation fees** in the country
- No corporate income tax, no state personal income tax, no franchise tax, no tax on shares of a Nevada corporation
- Nevada’s relaxed cannabis laws reflect the restaurant’s cultural acceptance of the theme

Economic

- The median household income in Nevada is **\$76,364**
- Nevada ranks **9th** in the economy category among U.S. states, with most of its economic strength originating from the downtown Las Vegas area
- Las Vegas generated **\$79.3 billion** in visitor spending-related economic activity in 2022, accounting for **over 10%** of U.S. tourism GDP

Social

- **641,900** people in Las Vegas
- **Over 40 million** visitors annually
- Las Vegas’s culture of entertainment and edgy themes fit the cannabis-inspired theme of **Cheba Hut**
- Four key customer Mosaic segments (discussed later under Present Market)

Technological

- The hospitality sector of Las Vegas is highly digital, offering various methods of advertisement
- The active delivery service in Las Vegas opens the door to implementing platforms such as Uber Eats or DoorDash.
- The **Cheba Hut** app lets users order fast and easily and earn Munchie Mob Rewards (a loyalty program for repeat customers that rewards escalating levels of free menu items).

Environmental

- Nevada focuses on energy efficiency and waste reduction
- **Cheba Hut** incorporates sustainable design elements, thus reducing its environmental impact through efficient resource use

Legal

- Nevada has favorable state cannabis laws, which reduce the stigma associated with the brand’s theme (the restaurant does not sell any cannabis related products)
- The food products must meet the Nevada Health Department’s standards and comply with liquor laws.

Products and Services

Cheba Hut currently offers a wide range of **toasted sub sandwiches**, including favorites like the White Widow (Chicken Bacon Ranch) and Kali Mist (Spicy Club). This brand emphasizes customization, which aligns with its counterculture identity by encouraging creative and ‘off-menu’ ordering. In addition to subs, the menu includes sides such as Not’Chos, Cheesy Garlic Bread, and Krispy Treats, along with a variety of beverages. **Cheba Hut** also provides online ordering, delivery, take-out, and catering services.

Target Market

Demographics

- Divided among 4 Experian Mosaic customer groups (details later)
- Younger generations tend to be more open to brand image and theme
- Local working population

Psychographics

- Also divided among 4 Experian Mosaic customer groups
- Not only the “stoners”, but also people open to the **Cheba Hut** culture
- People seeking a dine-in for subs in a unique environment
- People who enjoy and value the quality of toasted subs

Behavioral

- Middle to high purchasing power
- Locals with high brand loyalty to **Cheba Hut**
- High-frequency visitors of the store (heavy user)
- Users frequently exposed to online media or delivery apps

Geographic

- Locals and workers near the downtown Fashion Mall area
- The online delivery services lower the barrier created by location
- Tourists traveling to Las Vegas

Cheba Hut uses Kalibrate exclusively as its primary site-selection and market-analysis platform. Through this system, the brand conducts deep-dive assessments of potential markets by mapping specific Experian Mosaic groups against geographic data.

Competition

Due to the brand's nature and focus, we expect our **four main competitors** to be stores and restaurants offering robust in-store dining options and similar product type. Of the stores, Earl of Sandwich is projected to be the biggest competitor due to its very similar product type. Though this poses a threat, our distinguished product quality and unique restaurant environment allow **Cheba Hut** to compete with these competitors.

RESTAURANT NAME	VARIETY IN SELECTION	CONTROLLED QUALITY PRODUCTS	UNIQUE ENVIRONMENT	LOW PRICING
CHEBA HUT	✓	✓	✓	✓
EARL OF SANDWICH	✓	✗	✗	✓
MAGGIANO'S LITTLE ITALY	✓	✓	✗	✗
HAPPY CAMPER PIZZA	✓	✓	✓	✗
JOHNNY ROCKETS	✓	✓	✓	✗

Marketing Strategies

Establish a strong presence in local communities: Cheba Cares

- A movement to support local organizations and communities
- Hold regular events to share the **Cheba** experience with local customers
- Actively get involved in local communities by being part of and/or sponsoring community events

Increase social media presence: Cheba Connect

- Utilize social media as a free advertising material to increase the brand exposure
- Optimize social media usage by following trends and actively advertising
- Start a local store social media account to emphasize the unique local store experience and attract local customers

Partner with local companies & hotels: Work with Cheba

- To maximize customer quantity, partner with nearby hotels and businesses to offer a dedicated catering service at a lower price.

Business Objectives

The business scope of this **Cheba Hut** franchise is to provide high-quality products and unique restaurant experiences to all customers.

Short-Term (12 months)

- **Acquire capital** for the start-up costs and **legal compliance** by January 2027.
- Meet the Nevada Health Department **standards** and **customer expectations** for the products.
- **Build a strong presence** in the community by leveraging a range of strategies, including social media.
- **Recruit** qualified and reliable staff members who would meet the store's expectations.
- Utilize customer data and financial data to **analyze weaknesses** in both monetary and general aspects of the store.

Long-Term (2-5 years)

- **Scale up** the business by opening additional shops across the Las Vegas valley (part of the **3-pack franchise plan**).
- Strengthen the business's **positive community presence** and make it a **community pillar**.
- **Drive brand dominance** by expanding presence and advertisements.
- **Maximize margins** to boost profit and optimize growth.
- Implement **automated systems** to achieve operational autonomy.

Financial Data

Located in the high-traffic Fashion Show Mall on the Las Vegas Strip, our **Cheba Hut** franchise expects **Year 1 revenue of \$2,526,225.60**—easily exceeding the **\$2,307,476.66 systemwide AUV** (Average Unit Volume). Year 2 revenue is projected to **grow by over \$100k** to **\$2,653,792.78**. Although high initial fixed costs will drive a Year 1 **loss of \$736,669.73**, profitability will quickly recover as costs normalize, reaching a Year 2 **net profit of \$173,526.24** (a healthy 10.70% margin).

While the two-year **ROI is -9.80%**, our **\$1.77 million initial investment** (including an \$800k loan at 8% interest, 7-year amortization) fully covers startup expenses and early losses. We project a complete recovery from these initial losses within 4-5 years as long-term costs decline. The remaining investment capital will fund our second and third locations under the **3-pack franchise agreement**. The two-year operational statement below details our projected revenue streams, expense structure, and profitability.

Cheba Hut											
Two-Year Cash Flow Projection (With Initial Startup Cost)											
	Year 1 Quarterly Overview				Year 2 Quarterly Overview				Yearly Totals		
	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)	Year 1	Year 2	
Revenue:											
In-Store Sales (65%):	\$409,986.86	\$404,962.90	\$407,989.85	\$419,107.02	\$426,476.66	\$420,423.89	\$424,070.71	\$437,464.46	\$1,642,046.63	\$1,708,435.72	
Digital Sales (Delivery, Catering, etc.) (35%)	\$220,762.16	\$218,056.93	\$219,686.87	\$225,673.01	\$235,998.79	\$232,739.63	\$234,703.32	\$241,915.32	\$884,178.97	\$945,357.06	
TOTAL REVENUE	\$630,749.02	\$623,019.83	\$627,676.72	\$644,780.03	\$662,475.45	\$653,163.52	\$658,774.03	\$679,379.78	\$2,526,225.60	\$2,653,792.78	
Franchisee Investment	\$970,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$970,000.00	\$0.00	
Loan	\$800,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$800,000.00	\$0.00	
TOTAL CASH INFLOW	\$2,400,749.02	\$623,019.83	\$627,676.72	\$644,780.03	\$662,475.45	\$653,163.52	\$658,774.03	\$679,379.78	\$4,296,225.60	\$2,653,792.78	
Expenses:											
Leasehold Improvements (One-time)	\$500,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$500,000.00	\$0.00	
Initial Franchise Fee (One-time)	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00	\$0.00	
Employee Training (Pre-opening)	\$15,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,000.00	\$0.00	
Licensing, Permits, and Fees (One-time)	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	
Equipment and Supplies (One-time)	\$300,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300,000.00	\$0.00	
Alcohol License (Form PL231, Full Alcohol (On-Premise) license)	\$6,200.00	\$0.00	\$1,200.00	\$0.00	\$1,200.00	\$0.00	\$1,200.00	\$0.00	\$7,400.00	\$2,400.00	
Employee Wages (Gross)	\$151,750.00	\$151,750.00	\$151,750.00	\$151,750.00	\$159,337.50	\$159,337.50	\$159,337.50	\$159,337.50	\$607,000.00	\$637,350.00	
Employer Payroll Taxes (7.65% FICA + 0.6% FUTA + 1.17% MBT)	\$14,294.85	\$14,294.85	\$14,294.85	\$14,294.85	\$15,009.59	\$15,009.59	\$15,009.59	\$15,009.59	\$57,179.40	\$60,038.36	
Loan Payments and Interest (\$800k @ 8%, 7yr amort.)	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$149,627.64	\$149,627.64	
Rent & CAM cost (\$300k Annual @3% increase annually)	\$75,000.00	\$75,000.00	\$75,000.00	\$75,000.00	\$77,250.00	\$77,250.00	\$77,250.00	\$77,250.00	\$300,000.00	\$309,000.00	
Insurance (Annualized @ annual 3% increase)	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,317.50	\$2,317.50	\$2,317.50	\$2,317.50	\$9,000.00	\$9,270.00	
Maintenance (Annualized @annual 3% increase)	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,090.00	\$3,090.00	\$3,090.00	\$3,090.00	\$12,000.00	\$12,360.00	
Utilities (Annualized@ annual 5% increase)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$24,000.00	\$25,200.00	
***COGS (Cost of Goods Sold @ 30% of Revenue)	\$189,224.71	\$186,905.95	\$188,303.02	\$193,434.01	\$198,742.63	\$195,949.06	\$197,632.21	\$203,813.93	\$757,867.69	\$796,137.83	
Royalty Fees @ 5% of revenue	\$31,537.45	\$31,150.99	\$31,383.84	\$32,239.00	\$33,123.77	\$32,658.18	\$32,938.70	\$33,968.99	\$126,311.28	\$132,689.64	
Brand Fund Contribution @ 2% of revenue	\$12,614.98	\$12,460.40	\$12,553.53	\$12,895.60	\$13,249.51	\$13,063.27	\$13,175.48	\$13,587.60	\$50,524.51	\$53,075.86	
Online & Local Marketing/Misc. @ 6% of revenue	\$37,844.94	\$37,381.19	\$37,660.60	\$38,686.80	\$39,748.53	\$39,189.81	\$39,526.44	\$40,762.79	\$151,573.53	\$159,227.57	
Other Expenses (Credit Card Fees, Supplies, etc., @ 5% of Revenue)	\$31,537.45	\$31,150.99	\$31,383.84	\$32,239.00	\$33,123.77	\$32,658.18	\$32,938.70	\$33,968.99	\$126,311.28	\$132,689.64	
Tech Setup / Maintenance Fee	\$8,200.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$9,100.00	\$1,200.00	
TOTAL EXPENSES	\$1,481,861.29	\$589,051.28	\$592,486.59	\$599,496.17	\$620,199.71	\$614,530.00	\$618,423.03	\$627,113.80	\$3,262,895.33	\$2,480,266.54	
Total Cash Flow	\$918,887.73	\$33,968.55	\$35,190.13	\$45,283.86	\$42,275.74	\$38,633.52	\$40,351.00	\$52,265.98	\$1,033,330.27	\$173,526.24	

(Referenced the FDD (Franchise Disclosure Document) and scaled with expected/existing demographics and market size of the location, using Nevada AADT (Annual Average Daily Traffic) + provided financial data for the area & franchise)

***Food supply is contracted under a contract following Economic Price Adjustment (FP-EPA), which adjusts to market prices 4 times a year. The supplier is connected by HQ. The supply is restocked on a rolling basis, with payments to the supplier made in the same manner, based on the product market price (to prevent over-supply losses).

II. Business History, Background and Objectives

A. Company Description

Founded in **1998** near Arizona State University by **Scott Jennings**, **Cheba Hut** is a cannabis-themed quick-service (QSR) franchise dedicated to serving high-quality, **“dank” food** to counterculture communities in a welcoming atmosphere. Despite the marijuana decor and puns, the food contains **zero cannabinoids**. Now headquartered in Fort Collins, Colorado, the company operates **84 locations** across the U.S.



The menu features **over 30 signature toasted subs** served on freshly baked Parisian bread, each named after cannabis strains like the famous “White Widow.” Customers can choose from **three sizes**: Nugs (4-inch), Pinners (8-inch), and Blunts (12-inch). Beyond sandwiches, the shops offer **“Munchies”** (sides) and **“Cottonmouth Cures”** (soft drinks and full-service bars featuring local craft beers). **Avoiding a cookie-cutter** feel, each store reflects its local community with unique layouts, hand-painted murals, and an off-menu **“secret stash”** featuring 80+ additional options for stores to adopt.

B. Short-Term and Long-Term Objectives

Short-Term (0-12 months)

Long-Term (2-5 years)

C

Capital acquisition & compliance: Secure **\$1.77 million** in startup funding (SBA loans and private investment) to cover Q1 expenses. Finalize the **Cheba Hut franchise agreement** to ensure full legal compliance ahead of the early January 2027 launch.

Capitalize on multiple locations: Execute the **Cheba Hut “3-pack plan”** to two more locations across the Las Vegas valley, establishing market dominance and generating a massive profit boost.

H

Health & hospitality excellence: Maintain strict **Nevada Health Department standards** to consistently meet customer expectations with **“five-star”** service, a relaxed environment, and quality toasted subs.

Heighten the brand’s positive community presence: Partnering with **local nonprofit** organizations will show the brand as a dedicated **community supporter**, even with a counterculture vibe.

E

Engage with communities: Drive traffic from tourists and locals near the Strip through **sampling** and **SEO optimization**, building a solid online presence backed by high-quality service and strong reviews.

Expand presence and prompt further advertisements: Reinvest **2%** of total revenue into marketing by sponsoring **local events**, partnering with **influencers**, and utilizing **advertisement materials**.

B

Build a reliable workforce: Recruit a crew of **15–20 staff** members and implement regular **training sessions** to ensure top-tier service and strict alignment with the brand’s culture.

Boost profit and ramp up growth: Optimize profit margins across multiple locations through **economies of scale**, leveraging mass ordering to negotiate **better rates** with suppliers and accelerate growth.

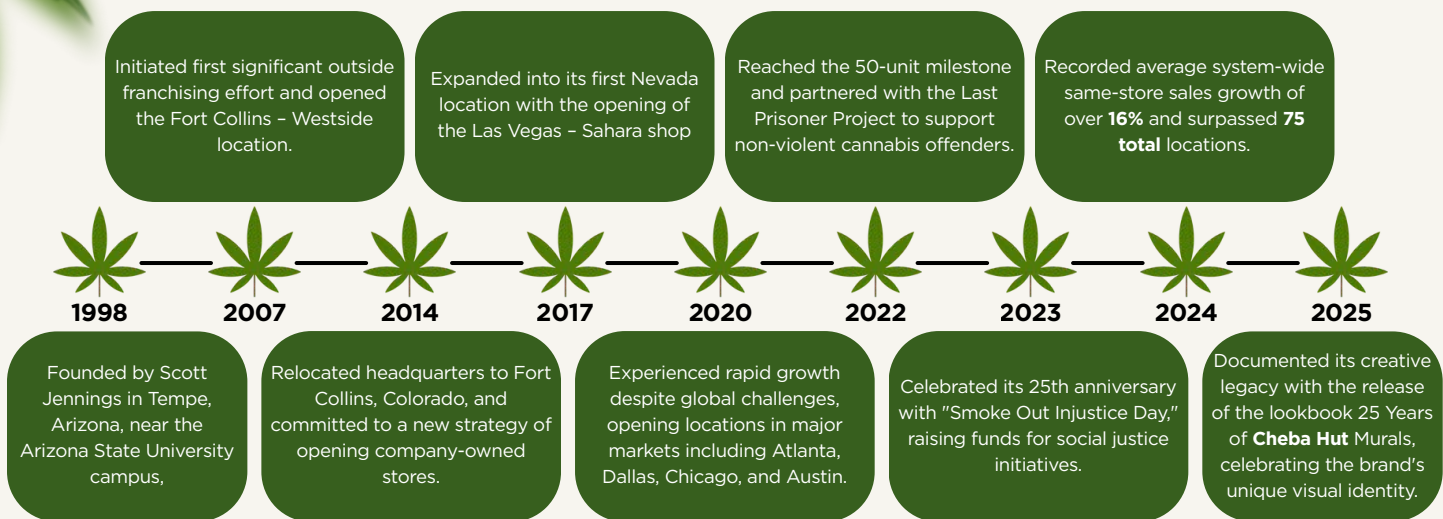
A

Analyze weaknesses and customer feedback: Assess financial performance to **optimize capital usage**, and use customer feedback to continually **improve service** speed and product quality.

Achieve operational autonomy: Implement **automated systems** that allow the business to run efficiently across multiple locations **without the need for daily, detailed management** by the owners.

C. Major Successes and Accomplishments

Cheba Hut has achieved significant success by building a strong customer base drawn to its product quality and unique experience. It is distinguished by its strong unit economics and customer loyalty. Unlike traditional franchises, the company found success by **rejecting cookie-cutter** store designs, instead allowing each location to feature its own unique art, custom murals, and the “Secret Stash” menu unique to the area. By the 2025 fiscal year, the brand reached **over \$150 million** in total sales and expanded its presence to **over 80 locations** across the United States.



D. Challenges and Obstacles

Fighting with cultural barriers: When it was founded in 1998, marijuana was not decriminalized in Arizona (the opening location). Launching a shop with a deep cannabis theme was a significant risk, putting the store under **negative customer perceptions and early judgments**. Early on, police would frequently enter the shops to "check it out" because of the counterculture theme. The franchise also struggled with the perception that the brand is just a "gimmick" or an "exclusive club for stoners." They consistently proved to landlords and skeptical customers that they are "stoner professionals" who prioritize food quality over the theme.

Legal issues: Despite their efforts to overcome the challenges posed by their counterculture theme, they faced several legal issues. The franchise was **denied a beer-and-wine license** for the Greeley, Colorado location: the licensing authority explicitly cited the brand's "counterculture theme" as the reason for the denial. Furthermore, during an undercover investigation by police at their Colfax Avenue location in Denver during a 4/20 party, the officers cited several patrons for public marijuana consumption on the restaurant's patio. Because **Cheba Hut** holds a liquor license, these citations exposed the business to legal consequences, including a \$1,000 fine and 12 hours of community service for the owner, for "permitting" illegal activity on the premises.

E. Requirements to Franchise

To franchise **Cheba Hut**, there are several requirements that the owner must fulfill:

- Inquiry form:** The person intending to purchase a franchise must first complete the Franchise Application.
- Franchise Questionnaire:** Once contacted, the intended franchisee must complete a detailed questionnaire regarding their financial standing and professional experience to assess their ability to meet the capital requirements (shown on the right).
- Initial Call:** A call is scheduled to discuss business goals, determine whether the buyer aligns with **Cheba Hut's** unique culture, and get acquainted.
- FDD Review:** The buyer will receive and review the Franchise Disclosure Document (FDD), which contains critical data: investment levels, rules, and the financial performance of existing Huts.
- Validation:** The buyer is required to speak with the 3 existing **Cheba Hut** franchisees in various markets, with the opportunity to ask questions and receive feedback.
- Executive Interview:** A final interview is conducted with the Chief Development Officer to address remaining questions and finalize the candidacy.
- Disco Daze:** An in-person interview is held at **Cheba Hut** HQ in Fort Collins, where prospective franchisees complete shop tours and are introduced to all HQ departments.
- Franchise Awarded:** The franchising right will be awarded if both parties agree and sign the Franchise Agreement.

TYPE OF INITIAL EXPENDITURE	ESTIMATE
INITIAL FRANCHISE FEE	\$50,000.00
LEASEHOLD IMPROVEMENTS	\$500,000.00
INITIAL EMPLOYEE TRAINING	\$15,000.00
LICENSING, PERMITS, & ONE-TIME FEES	\$10,000.00
EQUIPMENT & INITIAL INVENTORY	\$300,000.00
RENT	\$25,000.00
INSURANCE	\$750.00
MARKETING FUND	\$12,614.98
ALCOHOL LICENSING	\$6,200.00
TOTAL ESTIMATED STARTUP COST	\$919,564.98

III. Business Environment

Las Vegas Fashion Show Mall, where our franchise is located, offers a range of advantages and a high-volume business environment. It serves as the largest retail and dining destination on the Las Vegas Strip, spanning nearly **2 million square feet**. The Strip attracts over **40 million** tourists while remaining a staple for a local metro area population of over **3 million**, resulting in occupancy rates near **94%**. This presents many growth opportunities for our franchise.

POLITICAL

- Nevada has no corporate, persona, or franchise income tax, increasing franchisee profitability
- LLC (Limited Liability Company) ownership is not public disclosed, offering additional privacy
- Cannabis legalization and cultural acceptance in Nevada reduce political risk for **Cheba Hut's** branding

ECONOMIC

- Las Vegas generates **~79.3B** in visitor spending, accounting for over **10%** of U.S. tourism GDP
- Median household income is **~\$76,364**, supporting strong local purchasing power
- **41.7M** visitors in 2024 spent **\$55.1B**, with significant spending on food and dining

SOCIAL

- **Cheba Hut's** counterculture brand aligns with Las Vegas's entertainment-driven, experience-focused culture
- Consumers increasingly prefer unique dining experiences over traditional fast food
- Growing population (median age **38.5**) supports a strong adult target market

TECHNOLOGICAL

- **Cheba Hut** utilizes online ordering, mobile apps, and digital platforms for customer reach
- Integration with Uber Eats and DoorDash expands accessibility and sales
- Technology-integrated advertisements in Las Vegas provides strong local and tourist exposure

ENVIRONMENTAL

- NV Energy rebates (up to **90%**) support cost-efficient sustainable upgrades
- Sustainable design elements enhance brand image and appeal to environmentally conscious consumers

LEGAL

- Must comply with Southern Nevada Health District (SNHD) health and safety regulations
- Liquor licensing requires a **30-175** day approval process and background checks
- Nevada's favorable state cannabis laws reduce the tension associated with the brand's cannabis theme
- Minors are restricted from handling alcohol, with limited role exceptions

IV. Products and Services

A. Products and Services Offered

Cheba Hut features a unique “toasted” menu and a customer-centered service model that delivers a high-energy, accessible dining experience. The brand focuses on recipes and digital convenience to satisfy its “Munchie Mob” community.

Products Offered

Cheba Hut’s menu is built on a diverse platform of **over 30** signature “Toasted” subs, categorized into chicken & turkey, meat, and veggie options.

- **Proprietary Ingredients:** **Cheba Hut** is anchored by its Parisian bread, available in white, whole wheat, or signature garlic herb. Each sub is finished with “Shake” (a parmesan with a proprietary spice and herb blend known as “Cheba Spice”) and “House” (a signature dressing).
- **Core Standard Menu:** The brand produced a variety of iconic flavors. Ranging from the classic White Widow (chicken, bacon, and ranch) to the intricate 5-O, which features five different types of pork (smoked ham, genoa salami, prosciutto, pepperoni, and bacon), the brand provides various “toasted subs” for customers to choose from.
- **Innovative “Munchies” and Treats:** Beyond sandwiches, the menu includes unique snacks like Goo Balls (rice krispies, peanut butter, cocoa, honey, and marshmallows) and Pretzel Nugs tossed in garlic butter. For those seeking classic treats, they offer a variety of cereal-based Krispy Bars and their award-winning Chocolate Chip cookies.
- **The “Secret Stash”:** To escape the cookie-cutter stores, **Cheba Hut** offers a “Secret Stash” menu alongside its unique store designs. This includes over 80 off-menu items, like the Brown Bomber with chicken and barbecue sauce, that offer unique flavors for the community and tourists to enjoy exclusively at the local location. Each store can create or select a few of the Secret Stash menu.

Services Offered

To ensure the best experience, **Cheba Hut** offers multiple service channels designed for convenience and large-scale events.

- **The Cheba App and Loyalty:** The **Cheba Hut** mobile app makes ordering more convenient, allowing for quick ordering and payment via Apple Pay or Google Pay. It features the Munchie Mob Rewards program, where customers can earn **10 “Coins”** for **every \$1** spent, redeemable for free food and exclusive offers.
- **Delivery and Pickup Options:** As one of the most favored delivery destinations, a robust delivery service is available through various platforms (including the app and third-party partners like GrubHub and DoorDash) for customers who cannot visit a store. The brand also offers efficient pickup, and curbside service is available at select locations.
- **Hot-Box Catering:** **Cheba Hut** offers specialized catering for events. Their “Hot Boxes” are available in wild, mild, or mindful varieties. It can serve **up to 12 people** with individual packaging for orders, while “Fat Sacks” provides a boxed lunch option for mobile groups.
- **The “Hut Bar”:** Most huts feature a full liquor bar that distinguishes **Cheba Hut** from other traditional fast-casual brands. Local craft beers are available in rotating selections, and “Cottonmouth Cures”, like signature Kool-Aid, create a social environment that complements the dining experience.

Popular Menu Items



La Canna



White Widow



Bomb



Chronic



Kali Mist



Sticky Icky



Garlic Cheese Bread



Krispy Bar

Fashion Show Mall Secret Stash Menu

Honey Hash

Cream cheese, honey mustard, honey, shrooms, pineapple, provolone, spring mix, tomato, onion, pickle, cucumber, shrooms, black olive, green bell pepper, Shake & House dressing

Skywalker

Genoa salami, pepperoni, hot sauce, cream cheese, jalapeño, pineapple, provolone & Shake

V. Present Market

A. Present Market

The current market for our **Cheba Hut** franchise includes customers ranging from tourists to locals visiting the Las Vegas Fashion Show Mall, which spans nearly 2 million square feet. The mall attracts **over 42 million visitors** annually and serves as the largest shopping destination on the Las Vegas Strip. The area primarily targets young adults to middle-aged adults aged **18 to 44**. However, the mall is widely used by a wider age group. According to Las Vegas demographic data, the working-age population (**18-64**) accounts for **61.66%** of the city, with a significant concentration in the **25-44** age range. This aligns perfectly with **Cheba Hut's** skewed demographics towards young adults (18-34), college students, and adults in cannabis-friendly cultures. Millennials alone accounted for **46%** of Las Vegas visitors in 2024, followed by Gen X at **38%**. The location at the Las Vegas Fashion Mall also provides a unique opportunity to reach approximately 306,400 leisure and hospitality workers in the Las Vegas-Paradise MSA who serve the millions of tourists visiting the Strip.



The visitors to Las Vegas have shown steady growth over the years. With Las Vegas averaging around **115,000 daily visitors**, **Cheba Hut** is well-positioned to flourish in the market. **Cheba Hut's** marketing strategy targets customers who value counterculture branding and a vibe that sets it apart from traditional cookie-cutter stores. The use of social media, with over **53,000 followers** and a reputation for "street cred," appeals to millennial and Gen Z tourists who spend an average of **\$1,322 per trip**, with much of that allocated to food and beverage.

Cheba Hut Customer

Cheba Hut uses **Kalibrate** exclusively as its primary site-selection and market-analysis platform. Through this system, the brand conducts deep-dive assessments of potential markets by mapping specific **Experian Mosaic groups** against geographic data.

Cheba Hut has identified key Mosaic segments, based on characteristics like spending power, age, and brand affinity, and consolidated them into **four proprietary categories**: Cheba Addicts, Cheba Curious, Cheba Noobs, and Narcs. By identifying the core customers who respond to the **Cheba Hut** brand and product, we can choose Real Estate and execute our growth strategy. Once open and operating, franchisee marketing funds should target Cheba Addicts who haven't yet discovered the Hut, as well as the customer groups within the Cheba Curious grouping, as part of a new market-penetration execution.

Cheba Addicts

Age: 18-36
\$ or \$\$ income
Rent their home
Tech Journeyman
Satellite highly dense areas



Made up of Experian Mosaic customer groups:

- Singles and Starters
- Promising Families
- Young City Solos
- Bourgeois Melting Pot
- Significant Singles

Cheba Curious

Made up of Experian Mosaic customer groups:

- Power Elite
- Booming Confidence
- Flourishing Families
- Cultural Connections
- Blue Sky Boomers



Age: 40-55
\$\$\$\$ income
Own their home
Tech Journeyman
Suburban

Cheba Noobs

Age: 25-60
\$\$ income
Mix of Rent and Own
Tech Savvy
Suburban



Made up of Experian Mosaic customer groups:

- Family Union
- Golden Year Guardians
- Suburban Style
- Thriving Boomers
- Aspirational Fusion
- Thrifty Habits

Narcs

Made up of Experian Mosaic customer groups:

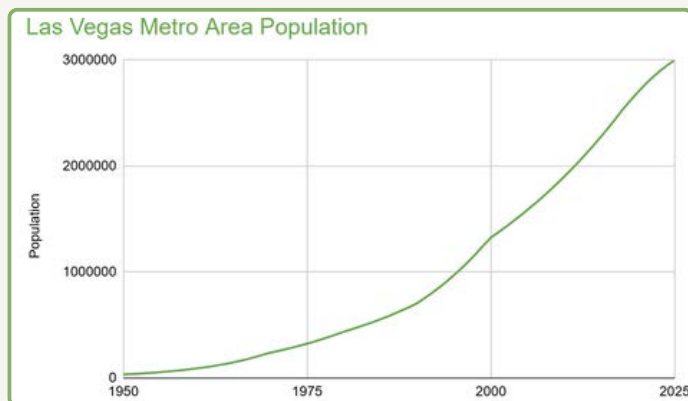
- Autumn Years
- Pastoral Pride
- Families in Motion



Age: 55+
\$ income
Own
Rural
Low tech use

B. Growth Potential

The growth potential for our **Cheba Hut** location at the Las Vegas Fashion Show Mall is anchored by its location in the middle of high-volume international tourism and a densely populated area of Las Vegas. Las Vegas is projected to see growth in its annual visitor count as the years pass, with the Strip attracting an increasingly diverse demographic. Fashion Show Mall, a premier retail hub with over **250 retailers**, attracts significant traffic from locals and tourists, catalyzing the growth of our franchise. **Cheba Hut's** "toasted" sub concept and full-bar integration set the franchise apart from competitors, attracting people seeking unique experiences and environments, or just high-quality subs.



Beyond the tourists, the store benefits from a massive population of Strip employees and local residents. The surrounding metro area has grown to **3.0 million residents**, with a median age of **39.2 ± 0.8**, which is **Cheba Hut's** strongest performing consumer age range. With the mall attracting many local residents, the store has significant growth potential. By leveraging its established branding and local loyalty, this location can balance high-margin bar sales from evening tourists and locals with consistent, high-volume delivery and takeout sales for thousands of workers and residents operating and living along the North Strip corridor.

C. Current Pricing Policy

The price of **Cheba Hut** products varies by location, item type, and size, with subs generally running **\$6 to \$12**, which is less expensive than some competitors. A signature "Nug" (**4-inch sub**) typically starts around **\$6.99**, while the most popular size, the "Pinner" (**8-inch sub**), usually ranges from **\$9.99 to \$11.99**, and the biggest, "Blunt" (**12-inch sub**), costs around **\$13.99 to \$14.99**. Compared to other premium options in other franchises that offer a level of quality similar to regular subs at **Cheba Hut**, **Cheba Hut** offers a very competitive price. For example, the Turkey Cali Club from Subway costs around **\$15.50** as a footlong, which is more than most of the "Blunt" subs at **Cheba Hut**. Customers seek the brand's commitment to high-quality proteins, fresh produce, and a proprietary bread recipe toasted to order, giving **Cheba Hut** an advantage over other franchises on the premium side of the fast-casual sandwich market.

Other additions are priced differently, store-by-store as well. Unlike many competitors, **Cheba Hut** features a full-service bar known as "Cottonmouth Cures". Non-alcoholic beverages, as well as signature cocktails and local craft beers, are priced competitively with local bars, often ranging from **\$2.99 to \$11.99** per drink. Sides like Munchies and salads are available as well, all **under \$8** depending on the menu. Below are our menu prices:

Menu Pricing



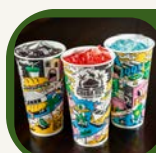
4-inch sub (\$6.99)



8-inch sub (\$9.99-\$11.99)



12-inch sub (\$13.99-\$14.99)



Drinks
\$2.99 -
\$11.99



Sides
~ \$8

D. Seasonal Adjustments

Though **Cheba Hut** offers varying local beers and cocktails by season, **Cheba Hut** locations do not offer special menu items for sandwiches or sides by season. However, our store will showcase new menu items every season, potentially making them regular items if customers demand them. **Cheba Hut** encourages local store distinguishability, leaving no barriers for our location to do so.

VI. Competition

A. Primary Competitors

STRENGTHS

WEAKNESSES



- Achieved premium brand identity with quality ingredients
- Niche but very loyal customer base, especially in high-traffic tourist hubs
- Simplified menu allows for an efficient kitchen during peak hours

- Fewer locations compared to competitors, which leads to lower brand presence
- It lacks a unique identity within the menu, overlapping with other competitors



- High check per table profits with family-style dining option and wine lists
- The brand possesses a safe, familiar Italian food concept.
- Strong presence among family dining seekers

- High prices compared to other franchises like **Cheba Hut**
- Slower table turnover rates due to being a full-service restaurant
- Lack of brand loyalty that other unique brands generate



- Emphasis on high-margin beverages results in high profit
- Unique social media usage showcasing its Instagrammable aesthetics
- Acts as a lively nightlife destination, capturing crowd looking to socialize

- A strong and unique concept can create a limited customer base
- Slower service speed as a dine-in pizza bar
- Higher prices compared to other restaurants in the area



- Unique nostalgia factor with the 1950s diner aesthetics
- Strong global presence with the American retro theme
- Crowd favorite shakes and traditional burgers

- Slower, less efficient service with a strong sit-down theme
- Higher price point compared to its competitors
- Inconsistent product quality, resulting in lower online ratings



B. Competitive Advantage

Below are the advantages Cheba Hut has over its primary competitors:

Earl of Sandwich

- Higher global presence
- More locations
- Distinct local menu & store interior
- Full-service bar
- Larger social media presence

Maggiano's Little Italy

- Unique environment
- Distinct local menu & store interior
- Food customization
- Lower prices
- Strong brand loyalty and number of repeated customers

Happy Camper Pizza

- Food customization
- Distinct local menu & store interior
- Lower prices
- Faster and more efficient service

Johnny Rockets

- More efficient & faster service
- Distinct local menu & store interior
- Product quality consistency
- Distinct local menu & store interior

The strongest competitive advantages that **Cheba Hut** holds, as seen in the list above, are **unique environment** and **local store distinguishability**. **Cheba Hut** demonstrates stronger product quality control, resulting in higher overall ratings across various online platforms and building a stronger, **loyal customer base**. **Cheba Hut's** cannabis-themed franchise is unique, setting it apart from competitors. The unique theme, combined with **high-quality subs** and **local store characteristics**, makes **Cheba Hut** an ideal place for locals and tourists alike to relax and enjoy its high-quality "toasted" subs. **Cheba Hut**, as a franchise, is growing rapidly, expanding nationwide, and increasing its market presence. Additionally, **Cheba Hut** has its own app and website dedicated to making the service more efficient and customer-friendly, also allowing the customers to rack up points (coins) and receive rewards called "The Munchie Mob".

C. Competitive Disadvantage

While the cannabis-themed branding of **Cheba Hut** opens new doors for those involved, it creates a **barrier** for other customers who are not: it **lacks the universal demographic appeal** of its more conservative competitors. Families with young children, or corporate clients who may find the stoner aesthetic unprofessional, may choose not to be part of the customer base. While the unique vibe builds intense loyalty among casual customers, competitors like Earl of Sandwich or Johnny

Rockets can capture a much broader, safer pool of customers across all age groups and social backgrounds.

Another weakness **Cheba Hut** faces is its **limited physical footprint**. With only **84 locations** compared to the thousands of Popeyes or Dunkin', **Cheba Hut** lacks the exposure and brand awareness required to compete in a larger, global market. A potential customer looking for a quick lunch is far more likely to find a Popeyes store on their commute than a rather unfamiliar **Cheba Hut**. This lack of an absolute number puts **Cheba Hut** at a disadvantage in the convenience and fast-casual markets.

Finally, similar to the disadvantage above, **Cheba Hut's higher initial investment and operational requirements** pose a challenge for rapid scaling. While other franchises like Dunkin' can operate in a tiny kiosk or a drive-thru-only store, a **Cheba Hut** requires a larger, specialized store that demands a greater financial and time investment. The unique features, such as a full-service bar and locally themed murals, are advantages in the long term but also barriers to entry. This limits its ability to pop up in a wider range of areas easily.



VII. Marketing Plan

A. Existing Marketing

Social Media

Cheba Hut has a decentralized social media presence and gives control to their franchisees. Thus, the main page has a weaker social media presence compared to other brands:

- **TikTok** - 53k followers
- **Instagram** - 49.4k followers
- **Facebook** - 62k followers
- **Twitter** - 2.8k followers

However, each franchisee uses several accounts and platforms to promote their location's uniqueness and build customer loyalty. Decentralizing keeps **Cheba Hut's** locations local, and gives their followers unique experiences of following "their" Hut, not just every Hut they don't care about. By highlighting the brand's identity and unique atmosphere through short-form videos and visual content, social media can turn online engagement into store visits from locals and tourists who want to experience the Las Vegas Fashion Show Mall and **Cheba Hut** beyond a standard QSR.

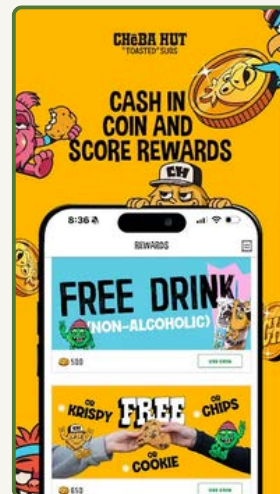
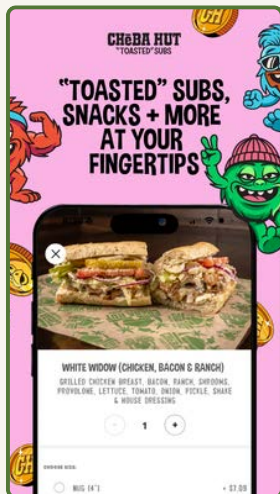
Our **Cheba Hut** store will build a strong social media presence across the platforms above to connect directly with our student audience and increase brand recognition. By consistently posting engaging content, such as sandwich-making videos, customer reactions, behind-the-scenes clips, and weekly featured menu items, we will keep our store constantly appearing on customers' feeds and stay relevant in trending online culture. This strategy helps us connect with customers in-store, build a connected community, and turn our store into a shareable experience rather than just a place to feed the hungry.



Cheba Hut App (CheBA Hut “Toasted” Subs)

With a 4.9/5 rating on the App Store and Google Play and **over 13,000 ratings**, **Cheba Hut** is strongly favored by customers, surpassing the majority of its competitors' apps (ex. 3.4/5 for Earl of Sandwich). This app allows users to earn rewards and offers (Munchie Mob Rewards), place mobile orders, earn dank rewards (coins), and quickly reorder favorites. The **Cheba** app is not only an accessible and efficient way for customers to order, but also acts as a connection between the franchise and customers.

The app is frequently maintained and updated, with updates at least twice a month. This ensures reliability, introduces feature improvements, and enables rapid integration of the latest trends. By combining loyalty, personalization, and communication into a single platform, the **Cheba Hut** app creates a competitive advantage over other franchises that lack it, enabling stronger customer relationships and increased visits.



Major Annual Events



Cheba Hut's local events are the main marketing strategy. Anchored by its annual **Nugsgiving** celebration, the events serve as high-impact strategies to build intense brand loyalty and attract foot traffic. By offering a free 4-inch “Nug” sub or Pretzel Nugs with no requirements, the brand shows gratitude to the community and builds a strong bond with it. These events serve as a powerful tool for customer acquisition. In 2024, the Nugsgiving boosted **Cheba Hut's** sales by **15%** year over year. This resulted in the highest traffic during November and December of all time. Beyond the free food, the franchisee parties and concerts further solidify the stores' role as community hubs. This further helps sub shops transition from casual QSRs into community hangouts that build true relationships with customers, not their money.

On top of Nugsgiving, there is also **4/20**, the biggest sales day for the **Cheba Hut** brand as a whole. On that date every year, all stores offer free frisbees and Nugget-sized sandwiches sold at \$4.20, marking it as one of the most crucial days of the year for the franchise. The **Cheba Hut** franchise mandates that every location hosts at least two major annual events. These often take the form of live concerts or parking lot parties featuring local bands and DJs to establish the shop as a neighborhood cultural hub. With our location at the Las Vegas Fashion Show Mall, we can utilize the public facilities and open spaces, making it easier to scale up our community event. Partnering with neighboring businesses can further amplify this marketing strategy's impact, attracting a wider range of customers to the shop. These initiatives are designed to avoid the traditional cookie-cutter advertising and to promote the unique, genuine culture the franchise aims for.



B. Future Marketing

Deepen the relationship with the community: Cheba Cares

The **Cheba** Cares initiative is designed to move the brand beyond just being a restaurant by transforming the store into a community supporter. This strategy focuses on building a community presence through active involvement in local organizations and the sponsorship of neighborhood events. It goes beyond a simple transaction to become a supportive partner for neighborhood organizations and cultural movements.

- **Charitable Partnerships:** The initiative will involve building long-term relationships with local non-profits. By participating in their service programs and consistently supporting their cause, the store demonstrates care for the community.
- **Cultural Sponsorships:** The store will sponsor neighborhood events such as local music festivals and art shows. These sponsorships involve helping set up booths to participate in the event, which helps stores stay in step with local scenes.
- **In-Store Community Hubs:** In addition to the existing annual events, our **Cheba Hut** store will host regular community gatherings. This way, the brand creates a genuine emotional connection. It ensures that our Fashion Show Mall location is perceived as a community hub where customers feel a sense of belonging.



The **Cheba** Cares initiative allows the brand to contribute directly to Las Vegas's well-being and culture. When customers see the store supporting their community activities, it builds trust and loyalty. These strategies, which are closer to customers than traditional advertising, cannot be replicated. It ensures that the store is not just another fast-food restaurant, but an essential part of the local community's culture.

We put a lot of focus on local marketing, not only because of the brand's nature, but also because **Cheba Hut** is a kind of secret gem. We really lean into being the place locals go, even if that's not actually true. Tourists love visiting genuine, locally loved places when they travel. That is what we are aiming for as franchisees.

Story & Exposure: Cheba Connects



Our marketing will be built around **storytelling**, meaning the brand doesn't just advertise products; it shows the journey behind the business. The key message of shaping the culture with toasted subs and a space designed to connect will be the focus of our marketing. **Cheba Hut** shares behind-the-scenes content like store build-out updates, training clips, first-day preparation, menu testing, and "opening week" moments, which makes customers feel like they are following the franchise in real time. This type of storytelling creates excitement before the store even opens, then keeps people engaged after opening by showing what's new, what's popular, and how the shop is evolving.

By making customers feel involved in the process, **Cheba Hut** turns the brand into more than a sandwich stop; it becomes an experience that customers want to be part of. A major focus of **Cheba Hut's** growth will be **user-generated content** (UGC). Many customers naturally promote the brand by posting TikToks, Instagram Reels, and Stories featuring first-try reactions, "rating the menu" videos, and aesthetic drink photos.

Business Partnerships & Catering: Work With Cheba



The Work with **Cheba** program is a targeted **B2B** (business-to-business) strategy aimed at maximizing customer volume through securing a regular customer base through business contracts. As the heart of global hospitality and tourism, Las Vegas has many businesses related to it. The shop can offer specialized catering services and tiered pricing models that appeal to large groups and professional teams. This strategy not only secures reliable, recurring revenue from the surrounding business district but also establishes the brand as the preferred catering provider for the area's high density of workers and tourists. Furthermore, workers exposed to our product through the deals may later become our customers outside of the contract.

VIII. Management and Organization

A. Management Team

The **Cheba Hut** franchise was opened by founder Scott Jennings. Our location will be operated under the joint leadership of co-owners Jake Lee and Isela Suarez. Each co-owner will hold an **equal 50% stake** in the company and invest an equal amount in the store (**\$485k per**). Under the partnership agreement, all operational net gains are distributed equally, ensuring a balance between the store's ongoing management and strategic development.

The executive leadership will be divided into two roles: Internal and External

Jake Lee | Director of Internal Operations

Utilizing his analytics and management skills, **Jake Lee** oversees the store, ensuring it maintains the high operational standards expected at a competitive location. His focus is on maximizing efficiency, quality control, and internal profitability.

Operational Management: Overseeing daily kitchen workflows, inventory management, and supply chain logistics to maximize efficiency

Human Resources: Managing the workforce recruitment, training, and building a team to ensure the best possible working conditions and efficiency

Financial Oversight: Monitoring sales and expenses, labor costs, and food cost percentages to ensure that the capital investments are optimized for a strong ROI

Compliance: Ensuring the facility meets all health, safety, and quality standards

Weaknesses: Not outgoing, does not network and reach out enough. Lacks creativity when thinking outside the box.



Isela Suarez | Director of External Relations & Marketing

Isela Suarez leads the face of our store, utilizing her strength in networking and communication. She focuses on brand growth, customer acquisition, and community integration. Her role is to ensure the store is a destination with high traffic within the Fashion Show Mall.

Strategic Marketing: Executing the **Cheba Connect** and **Cheba Cares**, including digital advertising with social media management, and community event organization, to capture potential customers online

Community Engagement: Leading the **Cheba Cares** movement by building relationships with local Las Vegas organizations and launching sponsorship opportunities

B2B Partnerships: Managing outreach to neighboring businesses to secure catering contracts and professional partnerships for high regular customer volume (Work with **Cheba**)

Weaknesses: Prioritizes relationships over rules, misses out on details by focusing too much on the big picture



Shared Responsibilities

While their primary focus differs, both partners collaborate on the following:

- Setting annual revenue targets and expansion goals
- Deciding on major reinvestments or facility upgrades
- Acting as a team of ambassadors for the store's unique, counterculture identity

B. Plan to Further Enhance the Management Team

Per FDD, Jake and Isela will participate in the **required, immersive training program conducted by an HQ (Franchisor)** owned and operated Hut called "**Master Grower**" at the **Cheba Hut** HQ. The program is designed to span over 4 weeks where franchisees (and all General Managers or higher positioned operational employees) learn every aspect of the business: recipes, using the technology for scheduling, running payroll, ordering; managing labor, COGS, and customer service issues; and learning each position offered within the store, from running the register, the bar, and the Expo station. Additionally, an NSO (New Store Opening) Team will provide on-site support at the Fashion Show Mall location to facilitate the opening of the store (and later help with the employees and crew as well). The support includes regular Field Support Visits and access to the brand's Confidential Operations Manual.

Beyond the basic training provided by **Cheba Hut**, we will implement a few initiatives to develop our management skills:

- **Feedback system:** Bi-monthly employee surveys will be conducted to identify and address operational blind spots in working conditions, optimizing the efficiency of our workforce.
- **Monthly meetings:** Collaborative group meetings to review business success, customer feedback, and efficiency improvements.
- **Management focused on the following principle:** The team will ensure management is committed to **Cheba Hut's** philosophy and core values: The Hustle, Show Respect, Own It, Pay it Forward, and Keep it Real.

C. Succession Plan

In the event of a franchisee's continued absence or incapacity, our **Cheba Hut** franchise has established a succession plan to ensure seamless operations at our Fashion Show Mall location. If either director is unavailable, the role will be filled by the next employee in the hierarchy. **The assistant directors will step in to cover the absent director.** They have completed the comprehensive training program and have the experience to fill the gap left by the directors' absences. We have a training program that equips shift leads to temporarily assume management responsibilities. This ensures that service standards and culture remain intact. If a permanent replacement is required, we will use recruitment and/or promotions to find candidates who meet the brand's technical requirements and culture. With this strategy, even during unexpected transitions, our store's productivity and customer experience remain entirely uninterrupted.

D. Additional Personnel

At the launch of our franchise, the joint leadership of our two external/internal directors, along with a specialized operations team, will provide a strong foundation for our Fashion Show Mall location. Given our position in a premier Las Vegas tourist hub, we intend to recruit a **diverse mix of seasonal staff and long-term crew members** to manage high customer traffic. We will specifically target local hospitality and tourism students and graduates from UNLV (which offers the Harrah College of Hospitality program, consistently ranked among the top hospitality and tourism programs globally), who can fill short-term roles during the peak tourist season. For our long-term kitchen and management roles, we will prioritize candidates with strong QSR experience to help us meet our standards with technical precision. As our store grows in the Vegas market, including new franchise locations, we'll give employees who show a strong work ethic and perform well the **chance to take on bigger roles.**

IX. Business Resources

A. Major Equipment

Operating our **Cheba Hut** store at the Fashion Show Mall requires specialized equipment to support the production of our subs, sides, drinks, and full-service bar. The kitchen is anchored by conveyor ovens that ensure consistent heat and texture across all subs, regardless of size. Given the high volume expected on the Las Vegas Strip, we need sufficient equipment and refrigeration to quickly prepare and preserve fresh ingredients and liquors. The equipment must be among the best in the industry for better quality, which leads to greater longevity and efficiency.

Industrial Conveyor Ovens & Ventilation



\$90,000.00

Refrigerated Prep Tables



\$12,000.00

Meat Slicers



\$3,400.00

Cooler & Freezer



\$36,000.00

Multi-Tap Draft System



\$2,400.00

Frozen Beverage Machines



\$8,000.00

Back Bar Refrigeration



\$18,000.00

Commercial Ice Machine



\$12,000.00

Stainless Steel Prep Tables



\$7,500.00

Commercial Warewashing



\$11,000.00

Food Processor



\$3,600.00

Condiment Dispenser



\$1,200.00

Cooking Tools and Utensils



\$10,000.00

Other Necessities



\$80,000.00

The total comes down to **\$295,100.00**, with **\$4,900.00** to spare for any miscellaneous expenses during the purchase process or extras needed, meeting our budget of **\$300,000.00.**

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The product quality control procedures will be based on the **direction of Cheba Hut HQ**. The less food waste you have, the more money you make (since it's sold rather than wasted). **Cheba Hut** uses a product called the **DateCode Genie**, which is programmed with our specific shelf life requirements for every item we make or have in-house. So when orders come in, and food is prepped (say, ham is sliced and stored in the walk-in), it receives a label with the date and time it was prepped, which shows how long it can be stored before it gets thrown away. Our training and evaluation requirements include processes for managing the temperatures of hot and cold items on the line, which must align with any local health department requirements. Jake and the managers will keep **inspections** up to date to ensure a safer customer experience. We'll introduce a customer feedback system so customers can share their thoughts on our service and help us identify and address aspects of the store that need improvement.



There is a high availability of skilled labor at our Fashion Show Mall location, primarily as we are located near the **University of Nevada, Las Vegas (UNLV)**. With **over 33,000 students** at UNLV, there is a variety of local talent looking for part-time and full-time opportunities to gain experience and earn extra income. For roles requiring greater expertise, such as management and bar operations, Las Vegas offers many opportunities to recruit these experts, as it is the heart of hospitality and tourism worldwide. Our goal is to cultivate a team that stays with our organization for years and aligns with our vision. We will market these roles to students and/or professionals as a pathway to higher-level service skills and a career in the booming Vegas market. Furthermore, because **Cheba Hut** offers competitive benefits, we expect high recruitment interest. Full-time employees receive access to medical, dental, vision, and life insurance, along with a 401 (k) with a company match. All employees benefit from flexible scheduling, free meals and drinks while on shift, open pay negotiation, access to free entertainment (concerts, shows, etc.), and branded swag, creating a healthy work environment that people genuinely want to join.

Our training reflects our core values and our commitment to delivering excellent hospitality and service to our customers. We live by “It’s all about the interaction, not the transaction,” which is embedded in our culture right down to the design of the Huts: the franchise has open kitchens, with the line right in front of the customer to put on “The Show.” The Show enhances the interaction, provides transparency and service to our customers, and is a vital part of the in-house eating experience.



Development Path (Training continued)

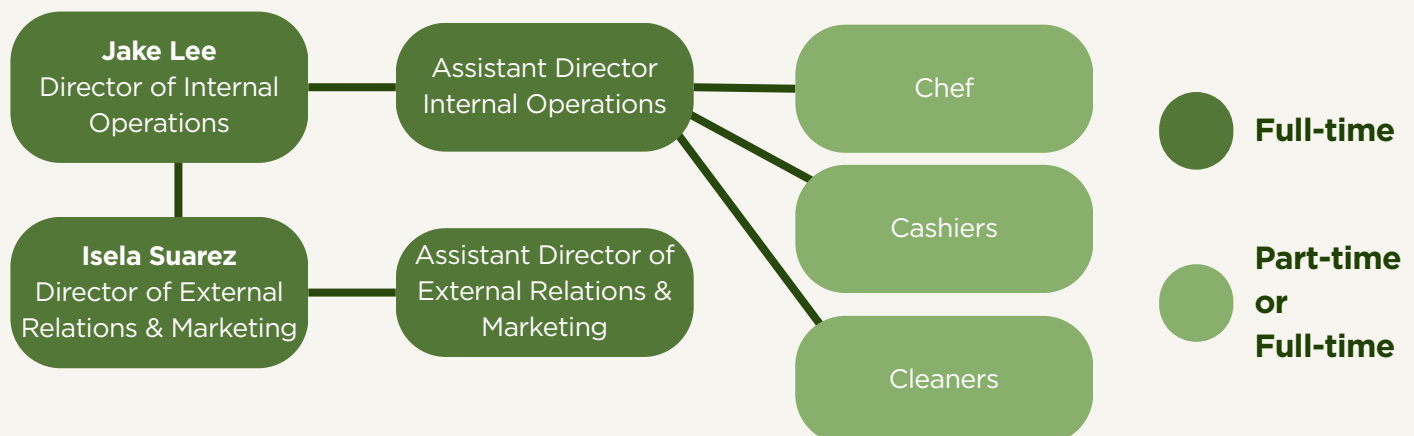
- **Cheba Hut Support:** As previously mentioned, **Cheba Hut** provides training support for new franchisees, the first step in the development process. This will lay the foundations for our crew, making the process smoother.
- **Cultural Immersion:** Beyond the basics, we will emphasize the store's vibe and the brand's counterculture roots. New employees are taught to be authentic rather than follow a rigid service manual. This allows customers to face genuine people, not service robots. It also fosters the soft skills needed to serve a diverse customer base, especially at the high-traffic Fashion Show Mall, which attracts global visitors.
- **Skill Training:** The production process is a craft. Employees move through stations, learning the equipment and bar operations (depending on their role). This ensures every team member can function during a rush, making the internal operation resilient.
- **Leadership Experience:** For assistant directors supporting the directors, the training shifts to focus on business acumen, P&L management, and the logistics of running a full-service bar alongside a busy kitchen, thereby maximizing their ability to support the directors and the store's operation.

G. Projected Full-Time and Part-Time Employees

At our location, we plan to have **15-20** employees working at the Fashion Show Mall, depending on their availability. We will look for full-time employees for major roles, such as assistant directors and the kitchen manager, while recruiting part-time employees to fill the remaining spots (chefs, cashiers, and cleaners). Therefore, we require at least **4 full-time employees** (including directors), and thus **16 flexible spots** will be available. As you can see below in our wages breakdown chart, we offer a competitive wage for the amount of work they do compared to other franchises in Las Vegas, because we want to ensure the demand for our jobs, the well-being of our employees, and the building of a sharing culture.

Position	Hourly Rate per Employee	# of Hours (monthly)	Total Monthly Payroll (all employees)	Total Annual Payroll (all employees)
2 Franchisees	N/A	All time	Depends on Store Income	Depends on Store Income
2 Assistant Directors	\$22.00	160	\$7,040.00	\$84,480.00
6-10 Chefs (at all times)	\$18.00	160 (with substitutions)	\$17,280.00-\$28,800.00	\$207,360.00-\$345,600.00
2-3 Cashiers (at all times)	\$17.50	160 (with substitutions)	\$5,600.00-\$8,400.00	\$67,200.00-\$100,800.00
2-3 Cleaners (at all times)	\$17.50	160 (with substitutions)	\$5,600.00-\$8,400.00	\$67,200.00-\$100,800.00

H. Organizational Chart



X. Financial Plan and Data

A. Company's Sales and Profit Trends

Cheba Hut franchise recorded total sales of **\$150 million** in 2024 (2025 data unavailable yet), a **23% year-over-year increase**. **Cheba Hut** has a very strong AUV (**over \$2.3 million**), higher than most of its QSR competitors. As one of the fastest-growing sandwich chains, **Cheba Hut** is expected to see increases in both volume and customer traffic over the coming years. With high traffic at the Las Vegas Fashion Show Mall, we need to capture visitors' attention to strengthen sales and profit trends. The highest-performing **Cheba Hut** location generated revenue of **\$3,620,146.42**. We expect our store to exceed this if we fully leverage the opportunities in our market. **Cheba Hut's** growth continued even during the pandemic, when most businesses struggled. We are making a conservative estimate of **\$2.52 million** in projected revenue for our first year. We will break even, including the initial investment, after **4-5 years**, due to the high upfront costs required by the heart of Las Vegas tourism, the Las Vegas Fashion Show Mall.

Year	Annual Payment	Interest Paid	Principal Paid	Ending Balance
1	\$149,627.66	\$60,789.49	\$88,838.17	\$711,161.83
2	\$149,627.66	\$53,415.97	\$96,211.69	\$614,950.14
3	\$149,627.66	\$45,430.44	\$104,197.21	\$510,752.93
4	\$149,627.66	\$36,782.13	\$112,845.53	\$397,907.39
5	\$149,627.66	\$27,416.00	\$122,211.66	\$275,695.74
6	\$149,627.66	\$17,272.50	\$132,355.16	\$143,340.58
7	\$149,627.66	\$6,287.08	\$143,340.58	\$0.00

B. Outline of Strategy and Timing for Obtaining Capital

To raise capital for our franchise, we will make an equal investment as franchisees (**\$485,000.00** per franchisee) and also ask for an SBA loan of **\$800,000.00** at an **8% interest rate** with a **7-year amortization**. On the left, the amortization table shows exactly how the loan is structured and will be repaid.

C. Two-Year Projected Operating Statement

We expect to make **\$ 2,526,225.60** and **\$2,653,792.78** in years 1 and 2, respectively. Online sales are a major differentiator for **Cheba Hut**, accounting for 35-40% of total sales. These strong online sales give us a competitive edge. Surpassing **Cheba Hut's** AUV of **\$2.3 million**, our store is projected to outperform most other **Cheba Hut** locations. This is because our franchise is in a superb location, attracting many tourists and local visitors (**over 42 million annually** at the Las Vegas Fashion Show Mall). Our combined net profit for the first two years is projected at **\$311,856.51**. ROI remains negative for the first few years until the business breaks even and covers all initial investments, but our forecasted rapid franchise growth is on track to do so.

An essential factor in our operational statement is that we do **not pay corporate taxes**. This is because Nevada has no corporate income tax, no state personal income tax, no franchise tax, and no tax on shares of a Nevada corporation. As a result, our franchise can fully benefit from the high revenue our store is expected to generate.

A steady growth is shown over the quarters. However, our **revenue is projected to decrease during quarter 2**. According to the Las Vegas tourism data and Nevada AADT, traffic decreases during these seasons and peaks in others because the other quarters align with the tourism season. Because Las Vegas and the Las Vegas Fashion Show Mall are primarily tourism-driven, our revenue is highly volatile with these kinds of trends.

Notice that many of our operational **expenses are projected to increase in year 2**. This is due to inflation and contractual reasons. Our employees' **wages will increase in year 2** as a result of our raise. This is our way of thanking those who have shown loyalty and professionalism during our operations.

Our two-year operational statement is shown on the next page. Note that initial investments are not included as those are not part of "Operational Expenses".

	Cheba Hut									
	Two-Year Operational Statement								Yearly Totals	
	Year 1 Quarterly Overview				Year 2 Quarterly Overview				Year 1	Year 2
	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)		
Revenue:										
In-Store Sales (65%):	\$409,986.86	\$404,962.90	\$407,989.85	\$419,107.02	\$426,476.66	\$420,423.89	\$424,070.71	\$437,464.46	\$1,642,046.63	\$1,708,435.72
Digital Sales (Delivery, Catering, etc.) (35%):	\$220,762.16	\$218,056.93	\$219,686.87	\$225,673.01	\$235,998.79	\$232,739.63	\$234,703.32	\$241,915.32	\$884,178.97	\$945,357.06
TOTAL REVENUE	\$630,749.02	\$623,019.83	\$627,676.72	\$644,780.03	\$662,475.45	\$653,163.52	\$658,774.03	\$679,379.78	\$2,526,225.60	\$2,653,792.78
Expenses:										
Alcohol License (Form PL231, Full Alcohol (On-Premise) license)	\$6,200.00	\$0.00	\$1,200.00	\$0.00	\$1,200.00	\$0.00	\$1,200.00	\$0.00	\$7,400.00	\$2,400.00
Employee Wages (Gross)	\$151,750.00	\$151,750.00	\$151,750.00	\$151,750.00	\$159,337.50	\$159,337.50	\$159,337.50	\$159,337.50	\$607,000.00	\$637,350.00
Employer Payroll Taxes (7.65% FICA + 0.6% FUTA + 1.17% MBT)	\$14,294.85	\$14,294.85	\$14,294.85	\$14,294.85	\$15,009.59	\$15,009.59	\$15,009.59	\$15,009.59	\$57,179.40	\$60,038.36
Loan Payments and Interest (\$800k @ 8%, 7yr amort.)	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$149,627.64	\$149,627.64
Rent & CAM cost (\$300k Annual @3% increase annually)	\$75,000.00	\$75,000.00	\$75,000.00	\$75,000.00	\$77,250.00	\$77,250.00	\$77,250.00	\$77,250.00	\$300,000.00	\$309,000.00
Insurance (Annualized @ annual 3% increase)	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,317.50	\$2,317.50	\$2,317.50	\$2,317.50	\$9,000.00	\$9,270.00
Maintenance (Annualized @ annual 3% increase)	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,090.00	\$3,090.00	\$3,090.00	\$3,090.00	\$12,000.00	\$12,360.00
Utilities (Annualized @ annual 5% increase)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$24,000.00	\$25,200.00
***COGS (Cost of Goods Sold @ 30% of Revenue)	\$189,224.71	\$186,905.95	\$188,303.02	\$193,434.01	\$198,742.63	\$195,949.06	\$197,632.21	\$203,813.93	\$757,867.69	\$796,137.83
Royalty Fees @ 5% of revenue	\$31,537.45	\$31,150.99	\$31,383.84	\$32,239.00	\$33,123.77	\$32,658.18	\$32,938.70	\$33,968.99	\$126,311.28	\$132,689.64
Brand Fund Contribution @ 2% of revenue	\$12,614.98	\$12,460.40	\$12,553.53	\$12,895.60	\$13,249.51	\$13,063.27	\$13,175.48	\$13,587.60	\$50,524.51	\$53,075.86
Online & Local Marketing/Misc. @ 6% of revenue	\$37,844.94	\$37,381.19	\$37,660.60	\$38,686.80	\$39,748.53	\$39,189.81	\$39,526.44	\$40,762.79	\$151,573.53	\$159,227.57
Other Expenses (Credit Card Fees, Supplies, etc., @ 5% of Revenue)	\$31,537.45	\$31,150.99	\$31,383.84	\$32,239.00	\$33,123.77	\$32,658.18	\$32,938.70	\$33,968.99	\$126,311.28	\$132,689.64
Tech Setup / Maintenance Fee	\$8,200.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$9,100.00	\$1,200.00
TOTAL EXPENSES	\$606,861.29	\$589,051.28	\$592,486.59	\$599,496.17	\$620,199.71	\$614,530.00	\$618,423.03	\$627,113.80	\$2,387,895.33	\$2,480,266.54
Net Profit	\$23,887.73	\$33,968.55	\$35,190.13	\$45,283.86	\$42,275.74	\$38,633.52	\$40,351.00	\$52,265.98	\$138,330.27	\$173,526.24

D. One-Year Projected Cash Flow Statement

In our first year in business, our inflows are expected to total **\$4,296,225.60**, including revenue, franchise investments, and loans. Our cash outflows will total **\$3,262,895.33** from expenses, leaving **\$1,033,330.27** in cash. Some of the money will be for franchisees, as wages do not pay them; instead, they take a share of the store's income. The rest will be used to prepare for upcoming years (by opening 2 more locations as part of the 3-pack franchise plan) and to cover miscellaneous expenses. Given the high initial inventory required for our **Cheba Hut** location, it is essential to maintain an adequate cash buffer to cover COGS, miscellaneous expenses, and other operational costs. While the initial investment from franchisees is high, **Cheba Hut** requires more capital than other franchises, which makes our investment reasonable.

	Cheba Hut				
	First-year Cash Flow Projection				Yearly Totals
	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)	
Revenue:					
In-Store Sales (65%):	\$409,986.86	\$404,962.90	\$407,989.85	\$419,107.02	\$1,642,046.63
Digital Sales (Delivery, Catering, etc.) (35%):	\$220,762.16	\$218,056.93	\$219,686.87	\$225,673.01	\$884,178.97
TOTAL REVENUE	\$630,749.02	\$623,019.83	\$627,676.72	\$644,780.03	\$2,526,225.60
Franchisee Investment	\$970,000.00	\$0.00	\$0.00	\$0.00	\$970,000.00
Loan	\$800,000.00	\$0.00	\$0.00	\$0.00	\$800,000.00
TOTAL CASH INFLOW	\$2,400,749.02	\$623,019.83	\$627,676.72	\$644,780.03	\$4,296,225.60
Expenses:					
Leasehold Improvements (One-time)	\$500,000.00	\$0.00	\$0.00	\$0.00	\$500,000.00
Initial Franchise Fee (One-time)	\$50,000.00	\$0.00	\$0.00	\$0.00	\$50,000.00
Employee Training (Pre-opening)	\$15,000.00	\$0.00	\$0.00	\$0.00	\$15,000.00
Licensing, Permits, and Fees (One-time)	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00
Equipment and Supplies (One-time)	\$300,000.00	\$0.00	\$0.00	\$0.00	\$300,000.00
Alcohol License (Form PL231, Full Alcohol (On-Premise) license)	\$6,200.00	\$0.00	\$1,200.00	\$0.00	\$7,400.00
Employee Wages (Gross)	\$151,750.00	\$151,750.00	\$151,750.00	\$151,750.00	\$607,000.00
Employer Payroll Taxes (7.65% FICA + 0.6% FUTA + 1.17% MBT)	\$14,294.85	\$14,294.85	\$14,294.85	\$14,294.85	\$57,179.40
Loan Payments and Interest (\$800k @ 8%, 7yr amort.)	\$37,406.91	\$37,406.91	\$37,406.91	\$37,406.91	\$149,627.64
Rent & CAM cost (\$300k Annual @3% increase annually)	\$75,000.00	\$75,000.00	\$75,000.00	\$75,000.00	\$300,000.00
Insurance (Annualized @ annual 3% increase)	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$9,000.00
Maintenance (Annualized @ annual 3% increase)	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$12,000.00
Utilities (Annualized @ annual 5% increase)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$24,000.00
***COGS (Cost of Goods Sold @ 30% of Revenue)	\$189,224.71	\$186,905.95	\$188,303.02	\$193,434.01	\$757,867.69
Royalty Fees @ 5% of revenue	\$31,537.45	\$31,150.99	\$31,383.84	\$32,239.00	\$126,311.28
Brand Fund Contribution @ 2% of revenue	\$12,614.98	\$12,460.40	\$12,553.53	\$12,895.60	\$50,524.51
Online & Local Marketing/Misc. @ 6% of revenue	\$37,844.94	\$37,381.19	\$37,660.60	\$38,686.80	\$151,573.53
Other Expenses (Credit Card Fees, Supplies, etc., @ 5% of Revenue)	\$31,537.45	\$31,150.99	\$31,383.84	\$32,239.00	\$126,311.28
Tech Setup / Maintenance Fee	\$8,200.00	\$300.00	\$300.00	\$300.00	\$9,100.00
TOTAL EXPENSES	\$1,481,861.29	\$589,051.28	\$592,486.59	\$599,496.17	\$3,262,895.33
Total Cash Flow	\$918,887.73	\$33,968.55	\$35,190.13	\$45,283.86	\$1,033,330.27

XI. Conclusion

As one of the **fastest-growing sandwich chains** in the US, **Cheba Hut** has incredible **franchise potential**, provided we fully leverage the opportunities available to us. Our SWOT and PESTEL analyses have identified a variety of **growth opportunities**, especially by leveraging customer traffic and tourism in Las Vegas and at the Las Vegas Fashion Show Mall. With the Las Vegas area targeting both tourists and locals, we have laid the groundwork to benefit from those customers. With a strong revenue outlook of **\$2.52** and **\$2.65** million for the first two years, our **Cheba Hut** at Las Vegas Fashion Show Mall is on track for success.

Cheba Hut's emphasis on its unique theme, store environment, genuine customer connection, high-quality "toasted" subs, and strong local customer base set it apart from its competitors. By **building community relationships** and positioning itself as the **community hub** beyond just sandwiches through its existing and new (Cheba Cares, Cheba Connect, and Work With Cheba) **marketing strategies**, the franchise stands out in the QSR industry.

In conclusion, **Cheba Hut** offers an **incredible franchising opportunity**, combining the unique franchise theme with a high-traffic market on the Las Vegas Strip. Our research shows that investing in the **Cheba Hut** franchise at the Las Vegas Fashion Show Mall will deliver **strong value** to investors.

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XIII. Appendix

After reaching out to Kathleen Merrill, Director of Customer Experience & HQ Operations at Cheba Hut Corporation, she connected us to Seth and Huston to discuss the essentials of franchising Cheba Hut. Our facts and details have been fact-checked by the franchise Chief Development Officer, Seth Larsen, and Director of Real Estate, Huston Hoffman. They shared insights and industry knowledge that we incorporated into our project.

