



OPERATIONAL PLAN

7-Eleven

Store#: 34504

Location:

7451 S. Gartrell Rd,
Aurora, CO 80016



Prepared By: *Nisha K Kharbanda*

Introduction

The day to day operations of 7-Eleven Store #34504 & Gas station business includes a focus on providing the **best customer service**, **clean environment**, **best products** and more **healthy choices** for time-constrained customers. In addition to utilizing all tools, resources and support provided by 7-Eleven, my action plan for executing day to day operations for the store is as follow;

1. Store Management

Our management team will consist of me **Nisha Kumar Kharbanda** (Franchisee) (US Citizen) and my husband Pawan Kharbanda (Designee); I will be the primary owner and manager on the store. We both have total of over 40 years of experience in operation, accounting and administration of small business enterprise. I will play the day to day operational manager role in the store and planning to be in store during busy hours.

- **Personal History & Education:** I am married to Pawan Kharbanda for 15 years and have an 11 year old son, Krish Anand Kharbanda. I completed my Masters in Commerce (M Comm) in 1998 and Diploma from National Institute of Sales (NIS) in India.
- **Past Experiences & my plan to utilize them in running a successful franchise**

Management Area	Past Experience	Plan for the store
Sales & Marketing	<p>I have multiple years of Sales & Marketing experience working with businesses both big and small companies.</p> <p>I started my career in sales and marketing at Center for Development of Advance Computing (CDAC) after that I continued to work in other firms such as Sobti Constructions, Informatics and HCL technologies in IT Sales and Marketing departments.</p>	<p>My experience and educations helps me understand very well on what kind of products mix get sold in the store or customers regularly buy. This will help me with the optimal product selection on the store. In my opinion, hot food items, healthy food items, cigarettes and coffee are usually the top selling and most profitable products that can be sold in any convenience store.</p> <p>I can also look at previous year sales record, along with demographics knowledge of the store (which helped me make a good decision to opt for this store) to make the changes in operational strategy to reduce expenses and increase store sales.</p> <p>I plan to successfully execute already proven 7-Eleven strategies and in addition, I have my family & friends to consult who have similar rich experience in sales & marketing.</p>
Accounting	<p>After my move to United States in 2003, I joined Red Rocks Community (RRC) Bank in Highlands Ranch as a Teller.</p> <p>At RRC bank, I further expanded my experience to interact with customers on a daily basis. In my capacity as a Teller in the bank, I got a</p>	<p>This experience helped me understand the accounts provided by existing franchisee</p> <p>This experience will also help me in handling the front cash register; work with both walk-in consumers and regular clients. On a daily basis I will be able to balance my cash register and follow store closing procedures. At the end of each year, I will be able to determine the net sales, cash flow, net income/loss and expenses occurred in the store.</p>

	<p>chance to learn bank procedures for handling cash and cheques.</p>	<p>Also, by reducing the in-store theft and inventory control, I will be able to increase the overall profit for both myself and 7-Eleven. I plan to do that by hiring good employees, by keeping a watchful eye in the store and being present myself during the busy hours and days.</p>
Customer Service & Public Relation Skills	<p>Customer Service is the backbone of any business including banking. Customers at Red Rocks Credit Union have often complimented me on the service and attention that I brought to the service that I provided.</p> <p>I was recognized as a great team player, often participated in the office meetings, pot lucks and happy hours in the bank</p>	<p>Over the years I have focused on my communication skills as well as my public relations skills which are very critical for running a successful store. I would make an effort to greet and treat all my customers with the same respect and attention. I would go a mile to make sure they find the products that they need. I always work with great attitude and with a smile on my face that will bring the personalization for the customers. I will only hire employees who are friendly and can keep the store nice and clean.</p> <p>I am also very familiar & active on various social networks which will help keep a track on store reviews.</p> <p>I have a very strong network of friends and some of those are also store owners on whom I can rely for any advice as needed.</p>
Administration	<p>Since 2010 I am in the role of “HR & Accounts Manager” at Kritek, LLC a software technology company for State Transportation and Transit agencies.</p> <p>I am responsible for Office management, Payroll and account payables and receivables for Kritek.</p>	<p>These past 6+ years provided me strong leadership experience and a positive attitude that motivates others to higher levels of performance. I plan to utilize the same skill set to run the store to its maximum performance level.</p>
Resource Scheduling	<p>I currently manage schedule of 16 full-time Kritek employees including Software Engineers, Business Analysts, Testers, Sales and Marketing employees.</p>	<p>This experience will be very critical for running my store successfully as we need to have both permanent and temporary employees in running 7-Eleven stores. I understand I would need a Manager to help me run the store and some part time employees to fill in the hours where I am unavailable. I have already started interviewing some candidates to fill in those positions.</p>
Other Required Skills		<p>Disciplined and detail oriented: I firmly believe that to be a successful manager and a successful store owner, you not only need to be hardworking but also</p>

		<p>be disciplined, detail oriented and attentive in your work which are my core strengths.</p> <p>Punctuality: I plan to run 7-Eleven franchise by being there all 7 days a week in the morning from 5-10 am and 4-7 pm everyday as that is the busiest time in the store.</p> <p>Cleanliness: I am a clean freak, and like all my things in order and perfect conditions. I will bring in the same attitude in my new store, I will be putting an emphasis that both inside of the store & restroom is cleaned at all times. Since 7-Eleven sells coffee, soda, fresh food and perishable food, I will make sure the areas surrounding them are cleaned on regular interval. For me, I will pay equal attention and effort in making sure the store is cleaned from outside too.</p>
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- **Gartrell Store selection decision**

My decision to buy Gartrell store was due to many factors. One of the key factor that got into the selection of the store was the location of the store, its only 20 minutes (16.1 miles) away from my home, its 9.4 miles away from our existing office in Tech Center on Arapahoe Road and Dayton Street. Gartrell store is conveniently located few hundred feet's from Gartrell Exit on E-470 and is located in one of the fastest growing neighborhood in the state of Colorado (see Appendix 1 for demographic details). E-470 express lane highway in 2016 has recorded 7.2 percent growth in the toll transactions (see report <https://tollroadsnews.com/mailbag/e-470-reports-seventh-straight-year-traffic-growth-increase-revenue/>) which in itself is a testament of the growth in the area. Traffic volume all along E-470 is growing rapidly, with double-digit percentage growth each year in 2013, 2014 and 2015. Also, this particular 7-Eleven franchise is a fairly new store with upswing net sales as seen through 7-Eleven 48(a) financial statements. Neighborhood is surrounded by many apartments, condominiums and single family homes, which provides a huge potential for future growth. I also compared the sales of this store with 2 other stores in Highlands Ranch/Lone Tree area, and I found this store to have more upside than those two other stores. All these above facts helped me make a decision to pursue this particular store.

I understand that the Gartrell Store is only open from 6:00 am to 11:00 pm (18 hours) due to concerns raised by local communities. I plan to work with local communities to see if I can address those concerns by discussing how it can be more advantageous that the store can be opened 24 hours, some of the discussion points may include providing job opportunities for students and part time worker from local community in our store, highlight benefits for commuters who work late at night or go early to work in the morning, provide incentives by offering meals or products for local charities and schools. All this can be discussed in more detail with the local community.

I will plan to use first 6 months to make sure the store is transferred to me from existing owner with no loss in revenue and I plan to hit the ground running as soon as I own the store. I am planning to hire new employees, or retain some of the existing staff. This is my first 7-Eleven franchise, initially I will spend enough time and effort to learn the new process and make sure transition is smooth and effective.

I have personally attended opening of a new 7-Eleven store on Federal Blvd and met few Field Managers and exchanged thoughts on opening my own store and what their expectations on what they expect from a

franchisee. I have also shadowed one of my friends in his 7-Eleven store on I-225 & Iliff Ave. for few days to get a good feel of what it takes to own a franchise from day to day perspective.

Overall, I firmly believe that with my past experiences and strong willingness to open a well-established franchise like 7-Eleven; I can successfully manage a 7-Eleven Store and execute all the strategies laid out by the company.

2. Employee Staffing & Management

Store operation will require a solid plan on staffing to meet the demand of critical busy hours and days in order to run a successful franchisee. This is essential to not only maximize the revenue from the store but also to increase the efficiency.

With my experience in both Kritek and Red Rocks Credit Union, I have learned on how to manage the staff. I have experience hiring both skilled and non-skilled employees at Kritek. I have myself been involved in providing the training to new hires. I will bring that experience into 7-Eleven, I think initial 6-8 weeks of 7-Eleven training will also help me prepare.

Here are some of the other planned activities that will help me hire, train and retain good employees when I get a chance to operate a new franchise:

- **Hiring**
 - Re-evaluate all the existing staff at the Gartrell Store when I own the franchisee and if possible keep the most recommended employees by the existing owner.
 - For a convenience store, Students can be a source of quality part-time employees. Also, we can hire a firm to help us find good employees. In the past I have been successful in hiring employees through a local community outreach, word of mouth and advertisements.
 - As far as compensation goes, I ran some numbers on how much each employee should be compensated, including the company shares of taxes and benefits and feel comfortable that I can offer competitive salaries to retain best employees
- **Training**
 - I will be training all the new employees. First most, I look for potential employee's ability to learn and then past experience working in a store.
 - I myself plan to be in the store during the busy time and days, I will perform the role of Supervisor / Manager - assisting, guiding, motivating and training the employees as needed.

I would be directly managing resource scheduling and also the sensitive & critical duties of Banking, Cash Management, Inventory Control and Replenishment, Advertising and Promotions, Hiring of employees etc.

3. Community Involvement & Service

In my own personal life, I have gone through an ordeal, which made me a very strong and humble person. When I was diagnosed with **Breast Cancer** in **2010** at an age of 33, it broke all my confidence and strength. After going through it and surviving, I totally understand what it means to a person and to its family who goes through this experience. Over the years I have associated myself to “**Susan G Komen**” support for the breast cancer research.

Once I have the opportunity to own the 7-Eleven store, I will use my partnership with 7-Eleven for building the store brand. My plan includes;

- To give support to the people especially Children and Family who suffer from this dreaded epidemic.
- On the regular intervals offer meals, coffee, hot foods etc. to the Children's hospital and other cancer care centers around the Saddle Rock neighborhood.
- Share my experience with the people who are in need of support and more importantly be able to share my experiences and treatment that was given to me by some wonderful care providers.
- Support organizations like "Make A Wish" or do a volunteer in local old age homes.

Also, with help from 7-Eleven, I plan to get involved in the **local schools** in the neighborhood. If I can, I will go and promote 7-Eleven products in school and sports tournaments, this will be a great way to expand community outreach and 7-Eleven can be an effective partner in the local community. I would like to promote 7-Eleven Gartrell store by offering coupons and discounts to various schools (**Grandview High School, Creekside elementary school** etc.) where teachers and students can raise money for themselves.

4. Growth Potential & Market Share

Gartrell store has lot of potential based on my research and I plan to have a focused attention towards its growth. The testimony of that is when the store received the 2nd position for RI in Colorado during 2016 7-Eleven conference in Las Vegas. My attitude will be to bring it to 1st position next year. For me these are some of the few things that I will focus on in next few years:

- **Grow revenue and control expenses :**
 - The sales of the store is on **upswing**, according to 48(a) records that were shared by the existing franchisee, the sales of the store has constantly increased in last few years. With last year sales reaching approximately 1.8 Million. I plan to organically grow on same path and control the expenses or inventory loss.
- **Monitor and increase store traffic:** I have personally visited the store few times and have monitored the foot traffic coming into the store.
 - There are **no other gas stations** within **5 miles** of 7-Eleven store giving this a huge advantage at this location and thus attracts a fair amount of customers
 - Store is already on a relatively **busy street** and right on the corner of traffic signal (giving it a decent visibility), helping increase the traffic to the store especially in mornings and evenings. In addition there is a new storage facility that's opening in the North West corner of 7-Eleven that will also increase the foot traffic into the store.
 - Store is close to big residential locality (behind the store) in Saddle Rock and based on my research there are 2-3 new Apartment complexes that have just opened in the Saddle Rock in last few years, thus confirming that the community is increasing and the demographics study (see Appendix I) shows that median income in the neighborhood is on the rise too.
 - Store is also very **close to E-470** a tolled highway with a major exit on Gartrell Road. There is an 80 million dollar E-470 tolled road expansion project currently going around that will increase the traffic in the neighborhood and it will help with the development of the whole area.
 - Store is opposite to a growing shopping plaza '**Saddle Rock Village**'; there are already various major retail stores like Target, Anytime Fitness, JoAnn Fabrics, Starbucks, PetSmart, etc. in

the immediate vicinity of the store. The employees and customers of these businesses will provide a good stream of potential customers for convenience items.

- **Monitoring Competition:** we can have a competition from the following stores in the close proximity of 7-Eleven:
 - **Starbucks** (Coffee Shop across street): ‘Starbucks’ across the street from the 7-Eleven stores and one inside a Target store competes with 7-Eleven coffee business. Starbucks is famous for its coffee beverage business but is more expensive than the coffee sold in 7-Eleven.
 - **Domino’s Pizza** across E-470 highway and a Bar & Grill with in quarter mile of 7-Eleven, these restaurants draw a different kind of clientele for food and don’t compete directly with 7-Eleven for the food business.
 - **Subway** across E-470 Highway (0.25 mile) is another sandwich store, sells only sandwiches which is a relatively high priced outlet for sandwiches and has a different clientele (for sandwiches) than a 7-eleven store would have.
 - **Saddle Rock Wine & Spirits** is a liquor Store - across Street

As you can see in the Satellite view of the 7-Eleven store, there is not much competition for the day to day convenience products that store sells.



In my opinion, I do not perceive stores (marked in RED) offer a major competition to 7-Eleven business. The fast food outlets like Safeway and Dominos could be a credible competition to the fresh food products that are also sold at 7-Eleven, but to 7-Eleven advantage there is **no Gas Stations** close by which will be a great advantage to us as a new franchise owner.

5. Budget Consideration

I have put a lot of understanding into creating budgets estimation and projection for the Gartrell store. The current sales and payroll in the store is based on **18 hour schedule** that impacts the Gross Profit, Net Income and Net Sales. I used the numbers from FDD document and adjusted & applied it to 18 hour store schedule. As mentioned in page 4, if I am able to move store to a 24 hour operation, it will help increase the Gross Profit and Net Income for the store. It's truly possible that the sales might decline in first few months and I need to be both financially and mentally prepared for the situation. Though I am very confident that I will be able to sustain the same sales right away. Below I am trying to summarize my understanding of all the financials for franchising a Gartrell store including the worst case scenario.

I decided to buy the franchise for a total amount of \$345,000.00 with \$195,000.00 for franchisee fee and \$150,000.00 goodwill fee for the current owner. We expect to put another \$7500.00 for taxes and \$26,500.00 for Initial Capital investment. Total cost of franchising a Gartrell store will cost us approximately **\$400,000.00** to start off. After verifying past 48(a) statements, I am expecting to recover my initial investment in 8-10 years, with expectation of 3-5% ROI, which in my opinion is very significant. I am expecting to draw a salary of \$1,500.00 to \$2,500.00 per month that will give me an income of \$20,000.00 to \$30,000.00 annually, I also expect to draw \$1,000.00 to \$1,500.00 monthly that will average a total monthly draw including payroll between \$2,500 and \$4,000.00.

If the sales are dropped from the current level, it will give me a negative rate of return which will not be desired on my part and would require me to make changes in the operation of the store. I can always use line items identified under **G&A account** to **reduce my capital withdrawal** and **reduce expenses** for bonus, travel & Entertainment and miscellaneous G&A expenses to avoid financial fallout. I understand there are ways to manage the worst case scenario.

In Summary, if I maintained the current sales level:

- 1) **My Net Worth** will increase
- 2) **My Net income** will increase
- 3) **My Initial investment** will be recovered at a faster rate

If the Sales go **down** from current level:

- 1) **My Net Worth** will decrease
- 2) **My Net income** will decrease
- 3) **My Initial investment** will take longer to recover

The above analysis clearly shows that I have a good understanding on the financials for franchising the store and I am very cognizant of the impact due lower sales in the store. I have given it a very thoughtful consideration on all scenarios from financial perspective.

6. Understanding Store Operations

Following is my understanding related to Store Operations:

- a. **Delivery Operations:** Following is my understanding for stores delivery operations:

Types of Delivery: CDC (Fresh foods) and McLane (packaged items)

Delivery Vehicles: 18-wheeler and some smaller trucks

Hours of the Day: 11:00 pm

Frequency of Delivery: Every day

Truck Route: Information not available
Estimated unloading time: 30-45 minutes

I understand if I am successful in operating the store 24 hours there will be **no impact** to the delivery operations. All the details mentioned above will remain unchanged.

- b. **Trash pick-up and snow removal operations:** Trash pick-up from large bins is scheduled for every Friday. Trash pick-ups from outside bins happens before every shift (total 3 shifts). For snow removal I have a commercial company who does snow removing during winter storms.
- c. **Shift schedules and the number of employees per shift:** There will be 3 shifts for 24-hour operation. Shift will be from 6:00 am - 02:00 pm (morning), 2:00 pm - 10:00 pm (afternoon) and 10:00 pm to 6:00 am (night). Both morning and afternoon will have 2 employees from Monday to Saturday and 1 employee for night shift. On Sunday there will be 1 employee for all 3 shifts. We do adjustments from September to March (winter season) due to lower sales but they are very minor adjustments.
- d. **Parking operations for patrons and employees:** There are total 18 Parking spots in the store including 2 handicap spots. Patrons and employees park their vehicles in the north-east parking lot and will continue to do that.
- e. **Lighting operations:** Current lighting operations requires outside lights to be switched ON from dawn to dusk. All Interior lights are switched ON all day irrespective of reduced hours of operation.
- f. **Liquor sales operations:** Currently we sell beer with only 3.2% alcohol content. Beer door is our vault is locked from 12:00 am till 8:00 am everyday 365 days a year. All the alcohol sales require our employees to capture customers DOB and manual verification.
- g. **Security system:** Current security system is from a renowned ADP corporation. Currently the system is engaged every night at 12:30 am, there will be no need to engage that after 24-hour operation.

Mitigation Approach: After 24-hour operation is approved by the city, there will be no impact to the lighting of the premises. We don't anticipate an increased noise level. If there is going to be an issue, we will work together with our neighborhood residences and businesses to mitigate the issue.

7. Summary

I have done a lot of research (*See Appendix I*) and discussions with my friends & family (who are either current or former franchisee of 7-Eleven) and am confident that I made the correct choice of selecting 7-Eleven store.

I strongly believe that I have all the entrepreneurial skills required takes to run a franchise. With my vast experience in Sales, Marketing and Accounts, I will be able to handle the responsibilities of the Gartrell store.

Overall, this operational plan will help me grow overall metrics and store financial performance. I am confident that 7-Eleven will be very pleased to see my effort going into managing and running the store.

Appendix I

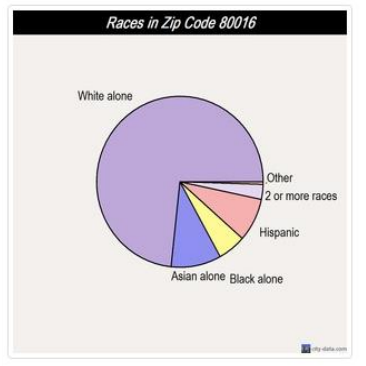
DEMOGRAPHIC PROFILE

I compared and analyzed the demographic information of the surrounding area of the store, which helped me with the decision on the selection of the store. Below detailed profile for 80016 (Aurora), where the store is located, helped me in my decision:

General Demographics

- **Estimated population in 2015:** 42,252
- **Population in 2010:** 41,219
- **Population in 2000:** 7,754
- **Male Population:** 20,625 (48.8%)
- **Female Population:** 21,627 (51.2%)
- **Houses & Condos:** 15,845
- **Renter-occupied Apartments:** 3,175
- **Renter Percentage:** 21%
- **State Percentage:** 35%
- **Land area:** 47.0 sq. mi.
- **Water area:** 1.2 sq. mi.
- **Population density:** 899 (low)
- **Mar. 2016 cost of living index:** 101.6
(Near average, U.S. average is 100)
- **Real estate property taxes paid for housing units in 2015:**
 - **80016:** 1.0% (\$3621)
 - **Colorado:** 0.6% (\$1,479)
- **Median real estate property taxes with mortgages in 2015:** \$3,597 (1.0%)
- **Median real estate property taxes with no mortgage in 2015:** \$3,807 (1.0%)

Race

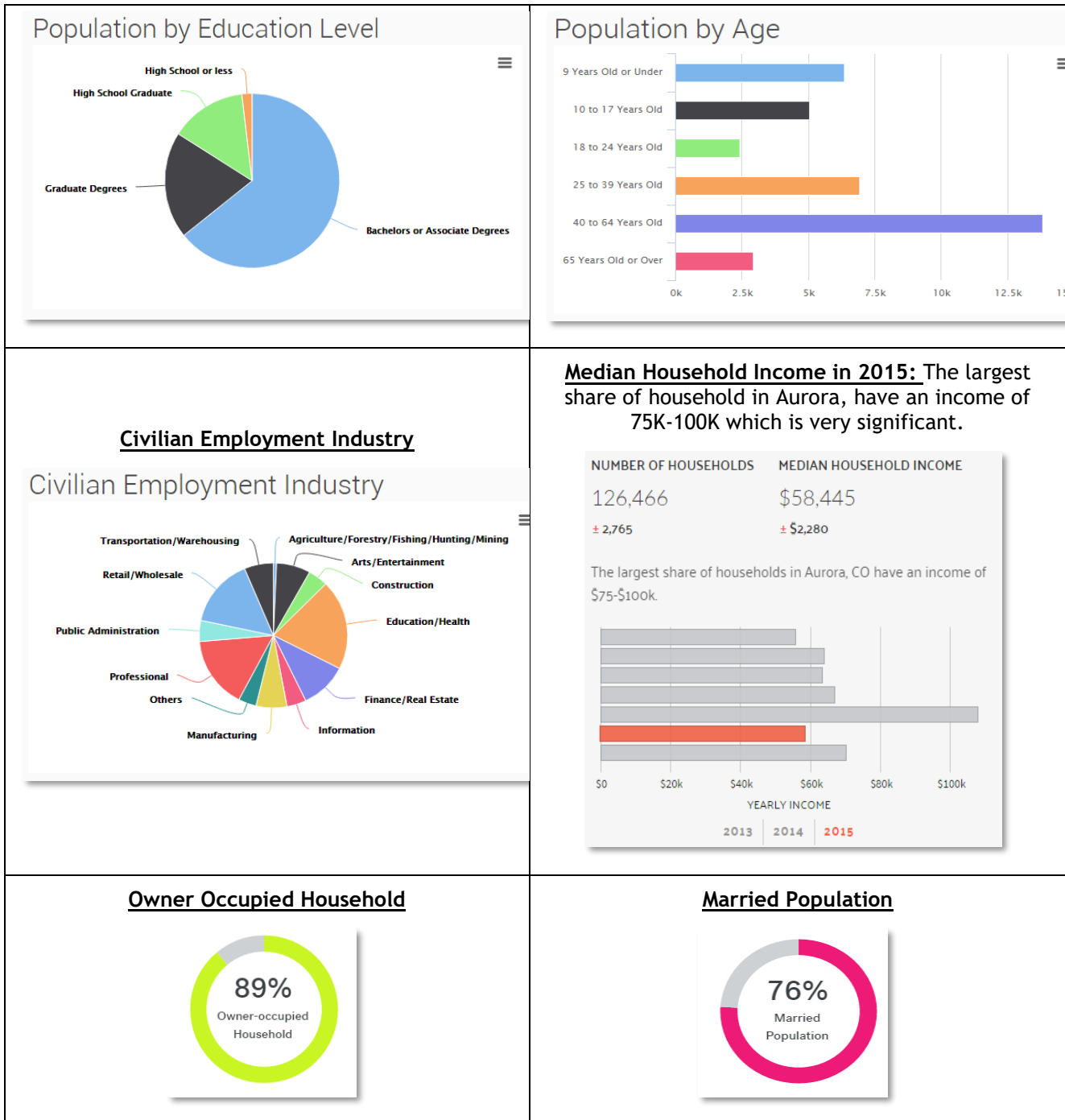


Ethnicity

White population	30,220
Black population	2,247
American Indian population	77
Asian population	4,060
Native Hawaiian and Other Pacific Islander population	47
Some other race population	78
Two or more races population	1,174
Hispanic or Latino population	3,376

Population by Education Level

Population by Age



The above demographics data indicates a reasonably good presence of younger, educated citizens, with decent disposable incomes. The Saddle Rock community has a kind of population that would want to use the service provided by a convenience store as compared to a standard grocery store. Being on a busy street with decent visibility, the store should be able to provide a decent opportunity to the franchise owner.