

# **Turkey Legs Restaurant EBITDA Growth Plan**

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## Case Background

We are opening a turkey leg concept in one market starting with 15 locations, each 600 square feet, that sell only turkey legs and beer. Each location has a product mix of 70% Turkey legs and operates 12 hours a day from 11am to 11pm. The locations have been able to operate with just 6 team members per location and 2 District Managers covering 8 and 7 restaurants respectively. The restaurant team members experienced 30% 90 day turnover last year with expectations that this will increase by 10% every year for the next 3 years. Last year the business generated \$30M in Revenue with 40% Gross Margins and 10% EBITDA Margins which the team thinks are conservative estimates for the business. You can assume that the COGS breakdown also follows the product mix breakdown. Our investors need this business to increase EBITDA by 5% year over year in order for this to be considered a viable concept to launch nationally.

### Key Question

Please evaluate the scenario and provide your recommended solution to grow EBITDA by 5% each year for the next 3 years. What would be your plan of action for tackling your recommended solution for the next 90 days?

# Turkey Legs Restaurant landscape diagnosis and the future state of the business

Rising turnover and margin pressure threatens the viability of the turkey leg QSR concept



## Current landscape

- # of locations 15 Locations
- Footprint 600 sqft (~4 tables, 8 seats)
- Revenue 30M
- Gross Margin 40%
- EBITDA Margin 10% (3M)
- Store members 6 team members / store
- 90-day turnover 30%, to ~60%+ over 3 years
- Product Mix 70% Turkey Leg / 30% Beer



## Assumptions & Estimates

- Labor
  - District manager salary 90k (G&A)
  - Store manager salary 70k
  - Store associate hourly wage \$20
  - **Current estimated labor costs 4.2M (9M OpEx & G&A)**
- Margin
  - Industry beer ~70%
  - Industry QSR/Sports Bar/Fast Casual 65%
  - **Estimated turkey leg 27%**



## Goals

- +5% YoY EBITDA Growth for 3 years
- Year 1 3.15M
  - Year 2 3.31M
  - Year 3 3.47M



## 2 ways to achieve the EBITDA goal

- Increase Gross Margin
- Create defensible employee turnover strategy

## 90 days action plan to enhance EBITDA

Deliver EBITDA uplift by expanding check size, improving margin mix, and stabilizing labor productivity—without increasing operational complexity.

### Day 30 Design

- Identify margin-accretive menu extensions (combos, sides, sauces, premium options)
- Redesign menu order flow to prioritize high-margin items (specialty menu) (Atchmnt & premium purchase +5% from baseline -> 0.3M EBITDA)

- Baseline food cost, waste, and inventory turns
- Identify portion control and sourcing opportunities (Turkey Legs margin to +3% -> 0.6M EBITDA)

- Establish baseline productivity (sales per labor hour, time to productivity to 2 wks)
- Map prep vs peak-hour labor utilization
- Implement varied pay by locations (\$20~\$26) (Maintain turnover rate & increase engagement score by 10 pts)

### Day 60 Pilot

- Pilot premium attachments (turkey + sides, sauces, beer/cocktail bundles)
- Test limited lunch offerings and earlier opening hours (select stores)

- Tighten inventory management and cross-utilize ingredients
- Initiate supplier pricing discussions / cost locks

- Pilot digital onboarding, set onboarding milestones and predictive scheduling
- Shift prep to off-peak hours
- Measure turnover rate and employee engagement score different with varied pay

### Day 90 Scale

- Roll out top-performing bundles systemwide
- Expand order-ahead and catering
- Plan seasonal high-margin items

- Standardize portioning, prep, and inventory playbooks
- Formalize supplier agreements

- Institutionalize training, scheduling, and prep standards
- Further measure turnover rate and implement the new pay systemwide by Year 1

**Thank you!**

# Appendix

## Assumptions and calculations

Labor assumptions	
District managers salary	90000
# of district managers	2
# of stores	15
Per store associates	5
# of store associates	75
Per store manager	1
# of store managers	15
Store Manager salary	70000
Est Employees hourly wage	\$20.00
Total # number of business hours	84
Estimated labor	\$4,170,000.00

Current Financial Statement		
	\$	%
Revenue	\$30.00	100%
Turkey Legs	\$21.00	70%
Beer	\$9.00	30%
COGS	\$(18.00)	-60%
Gross Profit	\$12.00	40%
Labor	\$(6.00)	-20%
Other OpEx	\$(2.30)	-8%
G&A	\$(0.70)	-2%
EBITDA	\$3.00	10%

	COGS	Profit margin %
COGS	\$(18.00)	40%
Turkey Legs	\$(15.30)	27%
Beer	\$(2.70)	70%