

Business Plan – Healthy Brown Bags

Introduction

Mission Statement

To provide healthy, affordable, and convenient lunches to business professionals in the RiverPark Corporate Center.

Goals

- To promote healthier, more balanced eating to our customers
- To build lasting relationships and partnerships with other local businesses
- To contribute to the wellness and health of our customers and the community

Target Consumer

Our target consumer is the businessman or businesswoman that works in the RiverPark Corporate Center. There are 14 office buildings of varying size, along with 12 other buildings that could attract customers. We estimate that there are about 4,000 business professionals and other employees that work in the Park, and we are hoping to attract about 6.25% of those professionals which is 250 lunches per day. We know that our initial numbers will not be that high, but our goal is to be serving 250 lunches each day by the end of our first year of business, and hopefully we will continue to grow.

Competition

While there are many other restaurants that are located within the business park, ours is the only venue that provides healthy and affordable on-the-go lunches with both hot and cold entrée options.

Many business people do not make eating healthily a priority while they are at work because they do not have time to prepare meals or they are too busy during the workday to make conscientious choices. We make that choice easier by providing on-the-go lunches that can be picked up before the workday or during the lunch hour to ensure efficient access to healthy, affordable food.

There are several other restaurants that are located in the business park, including Barbacoa, Brick Oven, Dickey's BBQ, Gecko's Mexican Grill, Market Street Grill, Red Mango, and Tsunami. However, our biggest competitors are likely to be Subway and Café Zupas. Both Subway and Café Zupas provide fast, on-the-go lunches that are of good quality and relatively inexpensive. We do have an edge over the competition in that we offer hot meals in addition to sandwiches, salads, and soups.

Expenses

Building Lease

There are many small building spaces available for lease in the RiverPark Corporate Center of varying size. We estimate that we will need about 900 square feet of space for food preparation, production,

and packaging, as well as service, customer interaction, managerial office, and a restroom. We estimate that at about \$10/sq ft, we will be paying about \$9,000 per year to lease the space.

Equipment

Blast chiller	\$12,000.00
Tilting skillet	\$10,293.00
Steamer	\$8,500.00
Convection ovens (2)	\$7,400.00
Steam jacketed kettle	\$5,375.00
Large walk-in freezer	\$5,323.00
Large walk-in fridge	\$5,110.00
Dishwasher	\$4,395.00
Sandwich/salad cooler	\$3,605.00
Reach-in cooler	\$3,122.00
Stove (8 burners)	\$1,993.00
Grill	\$1,580.00
Food processor	\$1,325.00
Slicers (2)	\$1,220.00
Warming oven	\$877.00
Work tables (4)	\$876.00
3-compartment sink	\$658.00
Computer	\$509.00
Cash register	\$499.00
Exhaust hood	\$449.00
Storage room shelving units (2)	\$300.00
Hand washing sinks (2)	\$172.00
Racks for dishes	\$150.00
Microwave	\$109.00
Desk	\$88.00
Electric can opener	\$43.00
Total Equipment Expenses:	\$75,971.00

Food Products and Packaging

The cost of food and packaging per one lunch will be approximately \$1.80. This would consist of a hot or cold entrée, two sides, and a drink. If we serve 250 lunches per day, we estimate expenses to be about \$2250.00 per week and \$117,000.00 per year.

Staffing

Registered Dietitian (\$20/hour, 40 hours/week)	\$41,600.00
Cook I (\$13/hour, 37.5 hours/week)	\$25,350.00
Cook II (\$8.50/hour, 25 hours/week)	\$11,050.00
Night cleaner (\$9/hour, 4 hours/week)	\$1,872.00
Total Staffing Expenses	\$79,872.00

Other Expenses

We also estimate about \$5,000.00 for marketing and \$300.00 for business licenses.

Total Expenses

Our total expenses are based on our first year in business.

Building Lease	\$9,000.00
Equipment	\$75,971.00
Food Products and Packaging	\$117,000.00
Staffing	\$79,872.00
Other	\$5,300.00
Total Expenses	\$287,143.00

Profit Potential

In order to calculate our profit potential, we made several assumptions. First, we assumed that we would be charging about \$5.45 per meal. This accounts to about 33% food cost based on our assumption that our average meal costs about \$1.80. We also assumed that we would be serving about 250 customers per day 22 days per month. Lastly, we assumed that we would have about 50% debt (the other money is from equity), paying about a 7% interest rate and 30% tax rate.

The following chart is our estimated profit potential per month. We realize that our first couple of months in business are not going to look like this, but we would like to be making a profit within the first year of business.

COGS	
Cost of Goods Sold	\$ (9,900.00)
<u>Gross Profit</u>	\$ 20,100.00
Expenses	
Rent	\$ (750.00)
Wages	\$ (6,758.40)
Insurance info	\$ (1,000.00)
Business license	\$ (2.08)
Other expenses	\$ (1,276.57)
Depreciation	\$ (5,843.92)
Interest	\$ (2,844.49)
Earnings before Taxes	\$ 1,624.54
Income Taxes	\$ (487.36)
Net Income	\$ 1,137.18

Financing

We have investigated two sources of financing, both debt and equity.

Debt

In regard to debt loans, we could receive financing from either an institution such as a bank or from individuals or companies who are willing to buy bonds. Because this is a new, small company, our relative risk is higher; therefore, our bank statements would need to be audited and we would have to keep certain ratios, such as our debt to equity ratio, above certain limits, or else the bank could take over the company.

We also have the option to sell bonds publicly or privately. An example of selling private bonds would be to involve venture capitalists who are either rich individuals or organizations looking to invest their cash. Essentially, they would be our creditors. With venture capitalists, we would determine our own interest rate we are willing to pay them. Again, it is usually fairly high because a start-up is a risky investment to make. Either option (loaning from a bank or selling bonds) would require us to pay interest on our loans. One advantage of this debt financing option is that the interest is tax deductible, meaning that we can subtract out our interest from our taxable income.

Equity

A second financing option is equity, meaning that we would be getting people to invest in our business and essentially gain some ownership. The most common form of this is selling stock to the public, but we would not plan to do this because of our small size. However, we could sell ownership to venture capitalists. Not only can venture capitalists provide loans. They also buy ownership in companies. They would then receive a certain percentage of company profits. Once we are more established, they would also expect dividends.

We have determined that we would like to receive financing from both debt and equity option. We would begin with equity because if we had a high percentage of debt to a bank already, the venture capitalists would probably require either a higher stake in the company or a lower payment because if we were to go bankrupt, the creditor would get their money first.

We have investigated a few options for those willing to invest in our company. We would approach the business owners in the Corporate Center because we would both have an interest in our company doing well. We could also attend a venture capitalist conference, in which we register to attend and present our company to potential investors in Utah such as Signal Ventures, Kickstart Seed Fund, Pelion Venture Partners, or EPIC Ventures. If we required more financing, we would then approach a bank in order to get a traditional loan.

Licenses and Permits

The two major licenses we would require would be a Health Food Establishment Permit and a Commercial Business License.

Health Food Establishment Permit

In order to receive this permit, we would need to fill out an application with the Salt Lake County health department. Before being awarded the permit, the department would inspect the establishment, and it would be recertified at least every six months thereafter. It will cost about \$150.00-\$495.00 for the original permit, depending upon the risk level of our establishment as determined by our application. We must hang the permit in an obvious area for consumers to view.

Commercial Business License

We would also need to fill out an application with Salt Lake County for our business license. We would be able to fill out the form online, but it takes about four-six weeks to process. It would also need to be renewed each year.

Other Certifications

In addition to the state licenses, we would need to ensure that both the manager and head cook were ServSafe Certified, and each employee would need to have a food handler's permit from Salt Lake County.

Management and Personnel Needs

Management

Our business would have one full-time manager, who will work from 8:00 am – 5:00 pm Monday through Friday with an hour lunch break. S/He would be a registered dietitian, and his/her responsibilities would include ordering, forecasting, marketing, etc. They would also assist the other employees by being a cashier during the hours of 11:00 am – 2:00 pm.

Supporting Personnel

Our business would require one full-time cook, who will work from 7:00 am – 3:30 pm Monday through Friday with a one-hour lunch. They will be responsible for preparing the food and cleaning up the kitchen after their shift. They will prepare the food one day in advance of service.

There will be one part time employee, who will work from 5:00 am – 10:00 am Monday through Friday. They will be responsible for assembling all of the lunches, keeping the front of the store stocked with drinks and some side options, taking inventory, etc. They will work as a cashier during morning hours from 7:00 am – 9:00 am.

There will be one part time night cleaner, who will work from 5:00 pm – 7:00 pm on Tuesday and Friday. They will be responsible for deep cleaning the equipment, cleaning the bathroom, and cleaning the floors. An outside cleaning service may be used, especially if there is someone associated with the business park.

Insurance

We would need a few types of insurance. We looked into buying business owners' insurance from Nationwide. This coverage includes:

- Property insurance, which protects your building, equipment, and inventory.
- Business income insurance, which covers lost income if your operations are suspended because of a covered loss.
- Equipment breakdown insurance, which protects you if your equipment is damaged from power surges, mechanical breakdown, burnout, or operator error.
- Personal and advertising injury coverage, which covers copyright infringement, libel, and slander.
- Bodily injury and property damage liability, which covers those instances when your employees, products, or services cause harm to other people or their property.
- Medical payments coverage, which covers medical expenses resulting from injury to others on property you own or rent.
- Rented vehicle coverage, which provides liability coverage for autos that you lease, hire, or borrow.

Marketing

One of the ways that we would like to establish ourselves as a viable option for the businessmen and women at the Center is to partner with wellness programs of the local companies. We had the idea to provide incentives to business people who work for the company with whom we partner, such as reduced prices on the meals or points toward their wellness program, if such a program exists. That way our customers are not only receiving healthy, balanced meals, but they are also being materially rewarded for their healthy choices.

We would also advertise throughout the RiverPark Corporate Center by posting flyers about whom we are, what we do, and how we can help people live a more balanced life.

We would definitely advertise through social media as well. This would allow us to familiarize ourselves with potential customers, and those who live within the same zip code would also see our advertisements on their social media pages.

Initially, we would also like to possibly provide lunches to the local businesses in the Center at a reduced price in order for our name and our products to become more visible to the businesses.

SWOT Analysis

Strengths

- Close
- Inexpensive
- Healthy
- Unique
- Fast, hot meals

Weaknesses

- Start-up company
- High initial costs
- No strong customer base
- Cycle menu offers limited choice

Opportunities

- Unique
- Customers looking for healthy food
- Partner with other businesses' wellness plans

Threats

- Other restaurants