



.....  
where love meets desserts

## **Business Plan**

December 1, 2015

Lansing, MI

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## Executive Summary

*Sweet Encounter Bakery Cafe* is a boutique style gourmet bakery/café specializing in scrumptious, made from scratch gluten free and vegan desserts and cuisine. In 2016, *Sweet Encounter* will open its first storefront in the Greater Lansing area and largely cater to families impacted by food allergies. The company currently sells its products online and wholesale and has plans to franchise and further grow its national reach and impact.

One in 13 children have food allergies, an increase of 50% since 1997. Moms, who typically serve as primary caregiver, struggle to feed their children safe and convenient food because of the limited safe and delicious options in their local grocery stores and area restaurants. As a mom whose kids have seven different food allergies, owner Nikki Thompson Frazier, is committed to making delicious and safe products moms can feel good about feeding their families.

Unlike current competition, *Sweet Encounter* provides 100% gluten free desserts and cuisine. The bakery café also provides foods free of 5 of the 8 major allergens: wheat, peanuts, soy, dairy and egg. *Sweet Encounter* will further distinguish itself from competitors by offering on-site event planning and catering services. *Sweet Encounter* will quickly become the premiere bakery/café of choice. Few, if any, bakery cafes places an expressed emphasis on delicious, allergy free food nor provides onsite event planning and services. This will create an immediate niche for *Sweet Encounter* coupled with growing its online and wholesale revenue and presence.

The retail bakery industry in the U.S. has recently experienced rapid growth. Specifically, there has been an uptick in demand for gluten-free baked goods. According to IBISWorld Industry Report: Bakery Cafes in the US (April 2015), the industry is expected to continue on a growth trajectory over the next five years. The bakery/café industry has been one of the best-performing industries within the food sector for the past five years. As a result, the industry revenue is expected to grow 7.4% per year on average from 2010 to 2015. In 2015 alone, revenue is forecast to rise by 3.4% to a total of \$8.1 billion.

The gluten free market is growing even faster. The sales of gluten-free products were expected to total \$10.5 billion in 2015, according to Mintel, a market research company, which estimates the category will produce more than \$15 billion in annual sales in 2016. Researchers believe the market will continue to grow and expand. According to visiongain.com, “the gluten-free foods market has seen dramatic growth over the past decade and its size is expected to double in the next 10 years.”

*Sweet Encounter* plans to build a strong market presence due to the mild to medium competitive climate. Our go-to marketing strategy is building the brand through strategically focused word of mouth and a heavy emphasis on the power of social media. Generation X and Y, comprised of our 25-49 age middle class target market, are social media lovers. They are influenced by what’s “trending” on social media so it makes sense for *Sweet Encounter* to use peer to peer influence (word of mouth and referral) via social media to grow our brand.

Ms. Frazier currently has \$30,000 to invest. However, the initial start-up estimate is \$160,000, a \$130,000 difference. Frazier is looking for additional capital. Investors will find the sales projections favorable. The company will make a modest profit after the first year and expects to breakeven, repaying its initial investment, by the end of year two.

## Company Overview

*Sweet Encounter* is a boutique style gourmet bakery/café located in Lansing, MI. We specialize in scrumptious, made from scratch gluten free and vegan desserts such as cakes, cupcakes, pies, dessert bars and cookies. We are famous of our Red Velvet cake with a buttery cream cheese icing; its rich and fluffy texture has customers smitten with love at first bite. Other customer favorites include our blueberry, apple pie bar topped with crumbly goodness and our addicting sugar “crack” cookies. Each item is lovingly handcrafted from scratch and packaged in the company’s signature box with a purple ribbon.

In 2016, *Sweet Encounter* will open its first storefront in the Greater Lansing area and largely cater to families impacted by food allergies and young working professionals who enjoy unique cuisine and great coffee/tea beverages. We will capture a strong share of this market by offering specialty desserts, coffee/tea and savory breakfast and lunch items (See Appendix A). The company currently sells its products online and wholesale and has plans to franchise with the expressed purpose of further growing its national reach and impact.

One in 13 children have food allergies, an increase of 50% since 1997. Moms, who typically serve as primary caregiver, struggle to feed their children safe and convenient food because of the limited safe and delicious options in their local grocery stores and area restaurants. Seventy percent of working women are mothers so it makes sense that moms need convenience food options given their busy lives. *Sweet Encounter* polled 80 area moms whose families are impacted by food allergies and found that on average their families eat one once a week compared to the national average of 4-5 times a week. Why? Most communities, like Greater Lansing, lack safe and convenient food options. These moms and children are hungry for a solution to their pressing problem.

As a mom whose kids have seven different food allergies, owner Nikki Thompson Frazier, understands the challenges these families face. Her company is committed to making delicious and safe products moms can feel good about feeding their families.

*Sweet Encounter* is about more than providing safe and convenient food. The company is commitment to providing each customer with a superior dining experience. As customers walk through the French doors, their senses will be pleasantly awakened by the rich aroma of cakes and pies fresh from the oven and their eyes drawn to the beautiful French chic décor with classy yet comfortable seating. The prompt, warm greeting from a staff member will further sweeten the deal creating an atmosphere where customers believe this is the perfect place to spend a portion of their day.

*Sweet Encounter* will quickly become the go to bakery/café because unlike local competitors, it is a sophisticated space where customers can enjoy a warm cup of hot chocolate topped with fresh whipped cream and a warm double chocolate chip cookie right out the oven. It’s also the perfect place for families, co-workers and/or friends to gather and eat a delicious meal and enjoy a dessert.

In addition to serving delicious food, beverages and desserts, *Sweet Encounter* will further distinguish itself from competitors by offering on-site event planning and catering services. From inception to completion, our staff will oversee every detail of our customer’s special event. This is critical for allergen families. For example, kids with food allergies can’t have birthday parties at Chuckie Cheese because they can’t eat the food there. Providing this service to families given their children options and allows these children to experience the fun and joy of having a party without the fear of being exposed to foods that could literally make them sick or worse kill them.

With operating hours from 6:30am – 3pm, Monday – Saturday, the bakery/café is closed in the late afternoon/evenings, making it the perfect space for small scale events such as children’s parties, bridal showers, baby showers, and other quaint events. *Sweet Encounter* will provide event planning support from inception to completion, overseeing planning, food, decorations and every detail in between. *Sweet Encounter* firmly believes that love and success are in the details.

*Sweet Encounter* will host events, some paid and some free, on a monthly basis. For example, we will host an annual subscription event, *Mommy and Me Tea Party*, every Mother’s Day. The event will be open to mothers, daughters, sons and even Dads can come too. Each month, parents can sign their child(ren) up for a free baking lesson on Saturday afternoons. Every Thursday night, ladies can enjoy Ladies Night Out; an evening filled with drink, food and dessert specials.

The primary goal of *Sweet Encounter* is to provide customers with a deliciously safe and sweet experience that elevates their taste buds. Our bakery/café is the place where people come for the great food, unparalleled personalized customer service and unique experience. Our heightened attention to detail in every aspect of a customer’s dining experience will ensure they return again and again.

## Market/Industry Analysis

### Bakery/Cafe Industry

The retail bakery industry in the U.S. has recently experienced rapid growth. Specifically, there has been an uptick in demand for cupcake stores and gluten-free baked goods. According to [anythingresearch.com](http://anythingresearch.com), the retail bakery industry is expanding its customer base while other food service sectors continue to suffer. Consumers are now willing to spend moderately and demand high quality for their dollar; an equation for which retail bakeries are a solution.

The outlook for the bakery/café industry is even brighter (Figure 1). According to IBISWorld Industry Report: Bakery Cafes in the US (April 2015), the industry is expected to continue on a growth trajectory over the next five years. The bakery/café industry has been one of the best-performing industries within the food sector for the past five years. As a result, the industry revenue is expected to grow 7.4% per year on average from 2010 to 2015. In 2015 alone, revenue is forecast to rise by 3.4% to a total of \$8.1 billion (see Figure 2).

From 2015-20, the industry should expect annual growth of 2.4%. This is a slightly slower rate than the previous five years, but much stronger than GDP growth over the same period. By 2020, IBISWorld expects the industry to earn \$9.1 billion in revenue and account for a greater share of the broader food service sector.

A new study in 2014 by Technomic finds consumers are visiting bakery-cafes in larger numbers and are becoming frequent customers once they do visit. Seventy-one percent of consumers have now visited a bakery/cafe, up from 43% in 2008, and about 33% of those consumers say they visit at least once a week. The largest group of consumers visiting weekly were between 18 to 34 years old.

IBISWorld predicts that consumer spending and disposable income will perform strongly between 2015-20, creating an even more favorable operating environment for bakery/cafes (April 2015).

IBISWorld also notes that bakery/cafes that sell a diverse range of baked goods and adapt to consumer preferences, such as gluten free, are more likely to succeed.

**Figure 1: Industry Structure (Bakery/Cafes)**

|                     |        |                        |        |
|---------------------|--------|------------------------|--------|
| Life Cycle Stage    | Growth | Regulation Level       | Light  |
| Revenue Volatility  | Low    | Technology Change      | Low    |
| Capital Intensity   | Low    | Barriers to Entry      | Medium |
| Industry Assistance | Low    | Industry Globalization | Low    |
| Concentration Level | Medium | Competition Level      | High   |

SOURCE:WWW.IBISWORLD.COM

**Figure 2: Key Statistics/Snapshot of Bakery/Café**

|                |          |                                |      |
|----------------|----------|--------------------------------|------|
| <b>Revenue</b> | \$8.1 bn | <b>Annual Growth (2010-15)</b> | 7.4% |
| <b>Profit</b>  | \$446.9m | <b>Annual Growth (2015-20)</b> | 2.4% |

SOURCE:WWW.IBISWORLD.COM

## Gluten Free Market

Although the national industry is heavily dominated by large chains such as Panera Bread, Einstein Bros. Bagels and Au Bon Pain, the opportunity for *Sweet Encounter* to enter the industry and succeed by serving niche markets still remains ([www.IBISWORLD.com](http://www.IBISWORLD.com)). *Sweet Encounter* has a higher probability of success by focusing on its niche markets: allergen free food and personalized on/off site event planning services.

### A Breakdown of the Market

- 1 in 5 people follow a gluten free diet ([www.gallop.com](http://www.gallop.com))
- An estimated 30 percent of the public would like to cut back on their gluten intake due to health concerns ([www.nytimes.com](http://www.nytimes.com))
- Being gluten-free has become an increasingly popular diet option ([www.cbsnews.com](http://www.cbsnews.com))

Gluten-free is more than a craze. In dollars and cents, sales of gluten-free products were expected to total \$10.5 billion last year, according to Mintel, a market research company, which estimates the category will produce more than \$15 billion in annual sales in 2016. Researchers believe the market will continue to grow and expand. According to [visiongain.com](http://visiongain.com), “the gluten-free foods market has seen dramatic growth over the past decade and its size is expected to double in the next 10 years. Visiongain predicts that growth in this market will gradually slow down but remain lucrative throughout the forecast period.”

Increasingly more Americans want gluten-free desserts! Gluten-free bakery and confectionery products represent 46% of the total gluten-free products volume share, followed by gluten-free snacks at 20% ([marketsandmarkets.com](http://marketsandmarkets.com)). The market is ripe. This is the perfect opportunity for *Sweet Encounter* to seize a growing share of this market in the Greater Lansing, MI area as more and more people desire gluten-free bakery items.

## Beverages Industry

Beverages account for 20.4% of the bakery/café industry sales in 2015. Coffee is a staple of many consumers' daily routines. Consequently, bakery/cafes such as *Sweet Encounter* will offer high-quality coffee to attract consumers with the hope of selling other products (i.e. desserts) alongside the coffee. In the five years to 2015, the share of beverages as a fraction of total products sold is expected to remain relatively stable and the most notable trend in this product segment is an increased emphasis on high-quality coffee.

### Breaking down the Market

- According to the Specialty Coffee Association of America, about 40% of 18 to 24 year olds and about 54% of 25 to 39 year olds drink coffee daily.
- Sixty three percent of these individuals went to a specific bakery/café because they sold their preferred coffee.
- Upscale beverages will strengthen loyalty which *Sweet Encounter* will leverage to market and attract these key targets.

## The Local Market

In 2014, the Lansing-East Lansing, MI metro area consisted of about 467,401 people and 185,235 households. The average household income is \$66, 549 with a median household income of \$51,036 which is lower than the national average, \$75, 020 and \$52,352 respectively. Figure 3 gives a breakdown of household income in the area.

**Figure 3:** Breakdown of 2014 Household income for Lansing-East Lansing, MI metro area

| Household Income:     | Percentage |
|-----------------------|------------|
| \$ 0 - \$9,999        | 9.2%       |
| \$ 10,000 - \$19,999  | 10.6%      |
| \$ 20,000 - \$29,999  | 10.6%      |
| \$ 30,000 - \$39,999  | 9.7%       |
| \$ 40,000 - \$49,999  | 8.8%       |
| \$ 50,000 - \$59,999  | 8.2%       |
| \$ 60,000 - \$74,999  | 11.3%      |
| \$ 75,000 - \$99,999  | 13.3%      |
| \$100,000 - \$124,999 | 8.0%       |
| \$125,000 - \$149,999 | 4.0%       |
| \$150,000 +           | 5.7%       |

SOURCE: Demographics Now Database

In 2014, Lansing area residents spent on average \$2,123.36 eating food away from home, totaling over \$438.9 million dollars. The second and third largest portion of those dollars were spent on lunch, \$506.26, followed by breakfast, \$172.11 (Figure 4). This means area residents are spending approximately \$142.1 million a year on breakfast and lunch meals away from home and \$26.9 million dollars a year on baked goods, which include store brought food (Figure 5). Between breakfast, lunch

and dessert, area consumers spent over \$169 million dollars in 2014. The potential is there for *Sweet Encounter* to capture a portion of this income.

**Figure 4:** Money Spent on Food Away from Home, Lansing-East Lansing, MI metro area

| Items                              | Spent per HH (\$) | Total Spent in Area (\$M) |
|------------------------------------|-------------------|---------------------------|
| Food or Board at School            | \$121.37          | \$22.5                    |
| Breakfast And Brunch               | \$198.53          | \$36.8                    |
| Catered Affairs                    | \$89.09           | \$16.5                    |
| Dinner                             | \$935.07          | \$173.2                   |
| Food on Out-Of-Town Trips          | \$306.25          | \$56.7                    |
| Lunch                              | \$568.96          | \$105.4                   |
| Snacks And Non-Alcoholic Beverages | \$150.09          | \$27.8                    |
| <b>TOTAL</b>                       | <b>\$2,369.36</b> | <b>\$438.9</b>            |

SOURCE: Demographics Now Database

**Figure 5:** Amount of Money Spent on Baked Goods in Lansing-East Lansing, MI metro area

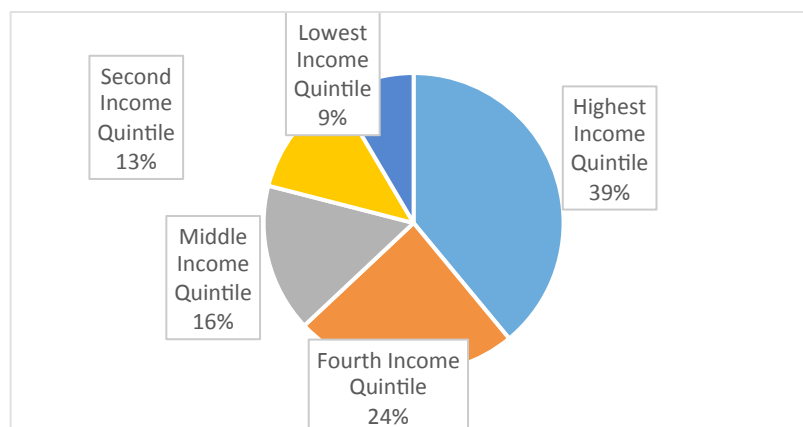
| Product                  | Per Household Annually (\$) | Total Spent in Area (\$M) |
|--------------------------|-----------------------------|---------------------------|
| Biscuits, Rolls, Muffins | \$46.20                     | \$8.5                     |
| Cookies                  | \$44.56                     | \$8.2                     |
| Cakes/Cupcakes           | \$43.64                     | \$8.1                     |
| Fresh Pies               | \$11.15                     | \$2.1                     |
| <b>Total</b>             | <b>\$45.55</b>              | <b>\$26.9</b>             |

SOURCE: Demographics Now Database

### Highest Demand Based on Income

An estimated 39% of the bakery/café industry demand comes from consumers in the nation's highest income quintile (Figure 6). Based on the income data for Lansing-East Lansing, MI metro area (Figure 4), 5.7% of households represents this segment. The middle three quintiles represent more than 50% of industry demand, showing how important the middle-class is to *Sweet Encounter's* overall success. (IBISWorld, April 2015)

**Figure 6:** Major Market Segmentation for Bakery/Cafes (2015)



SOURCE: WWW.IBISWORLD.COM



## Target Market

*Sweet Encounter* expects to attract the interest of a regular loyal customer base with its gluten-free and vegan menu. *Sweet Encounter* plans to build a strong market presence in the Greater Lansing area, due to the mild to medium competitive climate in the area. We will offer our products at a competitive price to meet the demand of the middle-to higher-income local area residents and downtown workers.

Based on the data presented in this plan, *Sweet Encounter's* primary target markets consist of

- Families and Individuals with Allergens – specifically wheat, milk and eggs
- Young/middle age professionals, ages 25 to 49, working downtown who drink coffee
- Area downtown businesses and government workers
- Middle Class Households making \$50K or higher
- Women ages 30 – 50

Our secondary market is twofold. One, *Sweet Encounter* will attract corporate accounts, marketing to businesses such as lobbyist firms and event centers that hold small, medium and large scale private events (i.e. corporate meetings, conferences, weddings, parties, etc) and need specialty desserts. Two, *Sweet Encounter* will sell desserts to area restaurants looking to provide their customers with gluten free and vegan options.

## Marketing Strategy

*Sweet Encounters* go-to marketing strategy is building the brand through strategically focused word of mouth, a strong referral system and a heavy focus on the power of social media. Generation X and Y included in the 25-49 target age group are social media lovers. They pride themselves on being fashionable, socially conscience and knowledgeable about all the newest, hip products, services and happenings. They enjoy sharing great “finds” with friends and respect the opinion of their peers. They are influenced by what’s “trending” on social media, so it makes sense for *Sweet Encounter* to use peer to peer influence (word of mouth and referral) via social media to grow our brand. (See Appendix B, the tactical marketing plan for *Sweet Encounter*.)

## Competition

Unlike the competition, *Sweet Encounter* will focus on gluten free and vegan desserts. We purposefully chose to specialize in not only food but on-site event planning and services. This will allow *Sweet Encounter* to quickly become the premiere bakery/café of choice. No other bakery/café in the area places an expressed emphasis on allergen free food nor provides onsite event planning and services. This will create an immediate niche for *Sweet Encounter*. (See Appendix C)

Another area where *Sweet Encounter* will differentiate is shipping. The long term goal of Sweet Encounter is to franchise. Shipping opens the door to gaining a global presence. Owner, Nikki Thompson Frazier, has lived and sold her desserts in seven different states (i.e. Indiana, Maryland, New York, Iowa, Texas, Alabama and Michigan). She plans to use her contacts in these states and throughout the country to market and sell her desserts; thus, shipping is essential to the overall growth.

Lastly, Sweet Encounter will develop a line of wholesale products targeting area restaurants and grocery stores who are looking to offer more gluten free and vegan options. This will further position *Sweet Encounter* to become the first gluten-free, vegan bakery/café franchise in the country.

## Management Team

Currently, *Sweet Encounter* is a sole proprietorship owned and operated by Nikki Thompson Frazier. After the first year of successfully running her first storefront, Ms. Frazier plans to offer franchise opportunities. Franchising shortly after inception paid off for Gigi Butler, founder of Gigi's Cupcakes, the largest cupcake franchise in the world who grossed an estimated \$33 billion in sales last year. By franchising the *Sweet Encounter* brand, early investors can capitalize on this growing market.

Ms. Frazier has extensive experience in sales, marketing, and management. In the past, she worked for Eli Lilly, a fortune 500 company, in the areas of Corporate Communications, Marketing and Sales. Most recently, she served as Executive Director of a 65 year old nonprofit in Huntsville, AL. Most importantly, Ms. Frazier has been baking and preparing culinary masterpieces in her home for over 30 years and she has a popular food blog, [www.flirtatiouslyfunfood.com](http://www.flirtatiouslyfunfood.com).

With the goal of opening a storefront by May 2016, staffing is critical to *Sweet Encounter's* success. The chart below details the company's staffing needs.

| Position      | Job Duties  | Weekly Hours | Wages/Cost                     |
|---------------|---|--------------|--------------------------------|
| Owner/Manager | <ul style="list-style-type: none"><li>Oversee staffing, marketing, inventory, social media/website/blog</li><li>Baking and food preparation</li><li>Handle on/off site special events</li></ul>     | 50+ hours    | \$0 – no salary the first year |
| Baker - 2     | <ul style="list-style-type: none"><li>Assist with baking/decorating desserts</li><li>Ensure desserts displayed properly</li></ul>   | 25 hours     | \$10/hr.                       |
| Chef/Cook - 1 | <ul style="list-style-type: none"><li>Prepare all food items</li></ul>  | 25 hours     | \$15/hr.                       |
| Barista- 3    | <ul style="list-style-type: none"><li>Prepare all drinks</li><li>Assist with cashier and greeting guests</li><li>Assist with delivering food to tables</li><li>Wipe tables/clean bathroom</li></ul> | 20-25 hours  | \$8.15/hr.                     |
| Cashier – 3   | <ul style="list-style-type: none"><li>Greet guests</li><li>Take orders</li><li>Encourage guest to enroll in loyalty program</li><li>Wipe tables/bathrooms</li></ul>                                 | 20-25 hours  | \$8.15/hr.                     |
| Assistant - 1 | <ul style="list-style-type: none"><li>Assist with cleaning tables and washing dishes</li></ul>  | 20+ hours    | \$8.15/hr.                     |

## Financials

Ms. Frazier currently has \$30,000 to invest. However, the initial start-up estimate is approximately \$160,000, a \$130,000 difference. Frazier is looking for a silent partner, private loans and/or investment capital to help launch the business. In the interim, Frazier is operating a home based bakery/café with the focus on saving all profit and growing the brand.

| <b>Land and Building</b>                        | <b>Cost</b>      |
|---|------------------|
| Security Deposit                                | \$4,000          |
| Utility Deposits                                | \$1,000          |
| Remodeling/build out                            | \$50,000         |
| <b>Subtotal</b>                                 | <b>\$55,000</b>  |
| <b>Equipment</b>                                |                  |
| Furniture/Decor                                 | \$10,000         |
| Fixtures  | \$5,000          |
| Production machinery/equipment                  | \$30,000         |
| Cash Registers/POS System                       | \$1,000          |
| Signs   | \$5,000          |
| Installation                                    | \$10,000         |
| <b>Subtotal</b>                                 | <b>\$61,000</b>  |
| <b>Materials &amp; Supplies</b>                 |                  |
| Starting Inventory                              | \$5,000          |
| Production Materials/Packaging                  | \$5,000          |
| Promotional Items/activities                    | \$5,000          |
| <b>Subtotal</b>                                 | <b>\$15,000</b>  |
| <b>Operating Fees &amp; Expenses</b>            |                  |
| Professional fees<br>(accountant, lawyer, etc.) | \$1,000          |
| Insurance<br>(Liability, Fire, Worker's Comp)   | \$6,000          |
| Licenses and permits                            | \$2,500          |
| <b>Subtotal</b>                                 | <b>\$6,500</b>   |
| <b>Cash Reserve/Contingency/Working Capital</b> | <b>Cost</b>      |
| Opening Expenses                                | \$5,000          |
| Wages/Salaries (4 people full/time)             | \$7,000          |
| Overage/Buffer                                  | \$10,000         |
| <b>Subtotal</b>                                 | <b>\$21,750</b>  |
| <b>Grand Total</b>                              | <b>\$159,250</b> |

| Monthly Expenses     | Cost            |
|----------------------|-----------------|
| Rent                 | \$2,500         |
| Utilities            | \$2,000         |
| Staffing             | \$7,000         |
| Insurance            | \$500           |
| Marketing            | \$396           |
| Misc/Unexpected      | \$260           |
| Loan Repayment       | \$3,800         |
| <b>Total Monthly</b> | <b>\$16,456</b> |

## Sales Projections

Based on the sales projections detailed below, *Sweet Encounter* expects to breakeven, repaying its initial investment, by the end of year two; thus, the company anticipates it will turn a profit at the start of year three. Each year, the company plans to increase sales by at least 10 percent. As the company grows, we will need to hire more staff which will affect our annual budget. We anticipate a 10% budget increase in years two, three and four with the budget neutralizing in year five.

As the company grows, Frazier plans to franchise and open at least two new stores by the end of year two. With the success of these stores and the franchise growth plan, Frazier expects to generate revenue not captured in the three year sales projection. Moreover, *Sweet Encounter* plans to establish a dessert product line, placing its top selling desserts on supermarket shelves national wide. Opening the bakery/café in Lansing, MI is only the first step in the company's long term strategic plan.

|                              | Seating<br>Capacity | Average Meal<br>Ticket | Turns<br>Sales/Day | Sales/Month     | Total     |
|------------------------------|---------------------|------------------------|--------------------|-----------------|-----------|
| 5 Months of<br>Low Sales     | 40                  | x \$9 = \$360          | x 2 = \$720        | x 30 = \$21,600 | \$108,000 |
| 5 Months of<br>Average Sales | 40                  | x \$9 = \$360          | x 4 = \$1,440      | x 30 = \$43,200 | \$216,000 |
| 2 Months of<br>High Sales    | 40                  | x \$9 = \$360          | x 6 = \$2,160      | x 30 = \$64,800 | \$129,600 |

|                           | <u>2016</u>      | <u>2017</u>      | <u>2018</u>      |
|---------------------------|------------------|------------------|------------------|
| <b>Revenues</b>           |                  |                  |                  |
| In Store                  | \$453, 600       | \$498,960        | \$548,856        |
| Online                    | \$ 43,560        | \$ 47,916        | \$ 52,707        |
| Wholesale/Retail          | \$ 39,000        | \$ 42,900        | \$ 58,500        |
| Event Planning            | \$ 9,600         | \$19,200         | \$ 38,400        |
| <b>Cost of Sales</b>      |                  |                  |                  |
| In Store                  | \$170,040        | \$187,044        | \$205,748        |
| Online                    | \$ 21,780        | \$ 23,958        | \$ 26,354        |
| Wholesale/Retail          | \$ 31,200        | \$ 34,320        | \$ 37,752        |
| Event Planning            | \$ 2,880         | \$ 5,760         | \$ 11,520        |
| <b>Gross Profit</b>       | \$319,860        | \$357,894        | \$417,089        |
| <b>Operating Expenses</b> | \$197,472        | \$217,219        | \$260,660        |
| <b>Net Income (loss)</b>  | <b>\$122,388</b> | <b>\$140,675</b> | <b>\$156,429</b> |
| <b>Before Taxes</b>       |                  |                  |                  |

## Appendix A: Menu

### Cakes/Cupcakes

Our cakes are made from scratch with the finest ingredients. Below are our most popular. Don't see the flavor you love, simply call us. We will make it especially for you. Please note GF = Gluten Free; SF = Soy Free; NF= Nut Free; V = Vegan.

EIGHT INCH CAKES \$45.00 SERVES 18-20

NINE INCH CAKES \$55.00 SERVES 20-24

CUPCAKES BY THE DOZEN \$33/DOZEN

#### **Nikki's Famous Red Velvet Cake** (GF, SF)

The best you've never tasted, traditional red cocoa cake with lick your lips delicious homemade cream cheese icing. Pecan nuts over the icing is optional.

#### **Marry Me Cake** (GF, SF, NF)

Traditional white wedding cake. Light and fluffy with a rich vanilla taste. Topped with our famous buttercream icing.

#### **Carrot Cake** (GF, SF)

Moist and fluffy carrot cake layered with homemade cream cheese icing. Contains nuts (pecans).

#### **Dark Chocolate Goodness Cake** (GF, SF, NF, V)

Made with rich dark chocolate and topped with dark chocolate cream cheese icing.

#### **German Chocolate Cake** (GF, SF)

Traditional German chocolate layered with a gooey coconut pecan icing, topped with a bit of chocolate buttercream icing.

#### **Lemon Curd Cake** (GF, SF)

Layers of lemon cake filled with lemon curd and finished with lemon buttercream icing.

#### **Salted Caramel Cake** (GF, SF, NF)

Layers of vanilla cake topped with salty, sweet homemade caramel icing.

### Dessert Bars & Brownies - \$18 - \$24/dozen

Our dessert bars and brownies are packed with layers of rich flavor. The average size bar is 3x3.

#### **Blueberry Apple Pie Bar** (GF, SF, NF)

The blueberries take this apple pie bar to a whole new level. Sweet fruit filling with a flaky crust.

#### **Caramel Apple Cream Cheese Bar** (GF, SF, NF,)

Caramel apple meet cream cake. This bar is the perfect blend of two tasty desserts.

#### **Lemon Bars (optional: fruit glaze)** (GF, SF, NF)

Lemony goodness on top of a butter shortbread crust and drizzled with your favorite fruit glaze.

**Pecan Bar** (GF, SF)

You haven't had a pecan bar until you tried this one. Its rich, butter shortbread crust will melt in your mouth. Topped with a pecan pie type filling. Perfection!

**Brownies** (GF, SF, NF, V)

Rich chocolate brownies. These are pure chocolaty goodness.

## Pies & Tarts

 - all pies and tarts feed 6-8 people**Apple Crumb Pie (also available in other fruit flavors)** - \$20 (GF, SF, NF)

Fresh sliced apples tossed in cinnamon, sugar and lemon and placed into our signature all butter pie crust. Topped with a buttery cinnamon crumble.

**Cheesecakes (plain, fruit, redvelvet, cookies and cream, apple pie and chocolate)** - starting at \$36 (GF, SF, NF)

Our homemade cheesecake is made with cream cheese, sugar & eggs. Baked in our signature cookie crust.

**Chocolate Praline Tart** - \$24 (GF, SF)

The perfect marriage of chocolate and pecans. This rich, chocolatey tart filled with pralines will melt in your mouth.

**Sweet Potato** - \$14 (GF, SF)

This age old made from scratch pie is a family and customer favorite. Nothing like a homemade sweet potato pie.

## Specialty Desserts

**Cake Pops** - any flavor (\$18/dozen) (GF, SF, NF)**Cupcakes in a Jar** - any flavor (\$4 - 4oz; \$8 - 8oz) (GF, SF & Vegan Option)

## Cookies

 - \$10/dozen**Sugar** (GF, SF, NF)**Chocolate Chip** (GF, SF)**Double Chocolate Chip** (GF, SF, NF, V)**Oatmeal Chocolate Chip** (GF, SF, NF, V)

## Muffins/Scones

 - \$20/dozen**Blueberry** (GF, SF, NF)**Strawberry Lemon** (GF, SF, NF)**Double Chocolate Chip** (GF, SF, NF, V)**Morning Glory Muffins (contains nuts)** (GF, SF, V)

## Breads

**Sandwich Bread 5x7 loaf - \$8** (GF, SF, NF, V)

**Focaccia 7" loaf - \$7** (GF, SF, NF, V)

**Bagels 6-pack - \$10** (GF, SF, NF, V)

## Breakfast

**Quiches** (GF, SF, NF)

**French Toast Casserole** (GF, SF, NF)

**Raspberry Peach Oatmeal** (GF, SF, NF, V)

## Lunch

### Grilled Panini/Sandwiches

Tuscan Chicken .....\$10 (GF, SF, NF)

Goat cheese, sun-dried tomatos, pesto mayo, fresh spinach and bacon

Spicy Honey BBQ Pulled Chicken.....\$10 (GF, SF, NF)

With provolone, Carolina-style barbeque sauce and onion straws

Balsamic Chicken.....\$10 (GF, SF, NF)

With goat cheese, apricot chutney and balsamic glaze

Blacken Salmon Sliders (2) .....\$10 (GF, SF, NF)

Bacon, fresh spinach, tomato and pesto mayo

### Salads

Mixed Greens w/ Grilled Chicken.....\$8 (GF, SF, NF)

Goat cheese, dried cranberries, apples, bacon with honey balsamic vinaigrette

Salmon .....\$8 (GF, SF, NF)

Goat cheese, mandrins, dried cranberries, red onions with a honey mustard vinaigrette

Southwestern Veggie Salad .....\$8 (GF, SF, NF, V)

Grilled green and red peppers, black beans, corn, salsa and southwest dressing

### Soups

Creamy Wild Mushroom Soup.....\$3 cup; \$4.50 bowl (GF, SF, NF)

Corn Chowder.....\$3 cup; \$4.50 bowl (GF, SF, NF)



## Appendix B: Tactical Marketing Plan

Below is a comparative analysis of *Sweet Encounter's* top local competitors.

| Marketing Category     | Tactics                     | Details  | Goal/Measure  | *Cost   |
|------------------------|-----------------------------|--|---|---|
| Word of Mouth          | Networking events/meetings  | Attend at least 1 professional event weekly<br>Attend at least 1 per month: Gluten Free and Vegan community groups/gathers   | Follow up with at least 10 people I met<br>Generate at least 5 new clients a month  | \$0   |
|                        | Trade Shows                 | Attend at least 1 trade show/local event quarterly. Give free samples and coupons to those who sign up on mailing list. Email mailing list website link and 10% if they like on FB or follow or Tweet about S.E. | At least 200 people sign up on mailing list.<br>At least 50 people like FB or Tweet.<br>At least 50 people use coupon.  | Varies \$250-\$500 each time (Total budget \$2,000) |
|                        | Cold Calling                | Deliver free samples/menu to area businesses (based on size and company profit)<br>Make contact with gatekeeper or key contact   | Visit at least 20 businesses a month.<br>Follow up within one week of initial contact with flyer/thank you card.<br>Generate at least 5 new clients a month.  | \$1,200/annually                                    |
|                        | Friends/Circle of Influence | Contact at least 10 people each week and encourage them to tell someone else about S.E. via social media or direct contact. Provide them with electronic marketing materials.                                    | Generate at least 10 new clients a month  | \$0   |
|                        | Daily Interaction           | Always have samples/marketing materials wherever I go. Find ways to tell people about S.E.   | Tell at least 3 people each day about S.E.<br>Generate at least 1 sell a week   | \$0   |
|                        | Referrals                   | Encourage clients, especially corporate to referred business; ask to be their preferred vendor (on the list)   | Become preferred vendor for at least 1 new business a month<br>Upon at least 5 referrals a month  | \$0   |
| Electronic Advertising | Website                     | Develop appealing site<br>Showcase desserts and menu items<br>Offer weekly deals on site<br>Direct social media followers to site<br>Offer shipping and web ordering   | Traffic count – at least 50 views a day after the first three months of launch<br>Track traffic count with the goal of increasing by 10% monthly<br>Grow web ordering and shipping by 10% each month. | \$350   |

|                     |                      |  |   |                       |
|---------------------|----------------------|--|---|-----------------------|
|                     | Google Ad            | Pre-launch ad on google – free cookie to first 250 guests  | Ad reaches at least 20,000 -30,000 people   | \$500                 |
|                     | Email                | Email guest monthly about anything new and deals/discounts/coupons   | Email 2x a month<br>Increase repeat business by 50% by first year of business (measured by loyalty card)  | \$0                   |
|                     | Social Media         | Tweet daily<br>Post on FB at least 3x a week<br>Blog 2x a month about food and business  | Keep customers engaged and thinking about business; engage potential customers<br>Monthly traffic count will increase at least 10% during the first year. | \$0                   |
|                     | Loyalty Card         | Always ask guests if they have card; encourage them to sign up; offer free cookie with signup. Free cupcake on birthday.   | Register at least 50 new customers a week.  | \$500<br>(technology) |
|                     | Freebies             | General budget to cover all free food and discounts compared at events and via social media  | Traffic coupons and discounts used.<br>Increase new customer usage by 10% each month.   | \$1,000               |
|                     | Downtown websites    | Featured Articles about Grand Opening on Lansing Chamber of Commerce Site and <a href="http://www.downtownlansing.org">www.downtownlansing.org</a> ; Lansing Journal | Traffic count – at least 200 people click on link and read article  | \$0                   |
| Print Advertisement | Newspapers/Magazines | Articles about grand opening in Lansing Journal; Capital Area Women's Life Magazine  | Increase general knowledge of business.   | \$0                   |
| Mobile Advertising  | SMS Text Messaging   | Text Special Deals 2x a month  | At least 25 customers a week will cash in on deals  | \$200                 |
| <b>Total</b>        |                      |  |   | <b>\$4,750</b>        |

\*Cost is figured into annual budget

## Appendix C: Competitor Analysis

Below is a comparative analysis of *Sweet Encounter*'s top local competitors.

| Company             | Type of Business  | Location  | Pros  | Cons  | Annual Sales/<br>Market Share                            |
|---------------------|---|---|---|---|--|
| Glazed and Confused | <ul style="list-style-type: none"> <li>Urban Style bakery/cafe</li> <li>Primarily sells donuts and muffins</li> <li>Limited breakfast/lunch menu</li> </ul>         | Downtown  | <ul style="list-style-type: none"> <li>Trendy/hip</li> <li>Targets young professionals</li> <li>Only donut shop in area</li> <li>Wedding and Specialty Cakes</li> <li>New establishment</li> <li>Caters events</li> </ul> | <ul style="list-style-type: none"> <li>Cakes/cupcakes are special order</li> <li>No gluten free or vegan options on menu</li> <li>No shipping</li> <li>No on site planning</li> </ul> | Opened in August 2015; no data available                 |
| Grand Traverse Pie  | <ul style="list-style-type: none"> <li>Bakery/Café</li> <li>Statewide chain</li> <li>Primarily sells pies and pastries</li> <li>Breakfast and lunch menu</li> </ul> | 3 Locations:<br>Downtown<br>Lansing,<br>East Lansing<br>and<br>Okemos | <ul style="list-style-type: none"> <li>Name recognition</li> <li>Word of mouth</li> <li>Strong customer base</li> <li>Shipping</li> <li>Caters events</li> </ul>  | <ul style="list-style-type: none"> <li>Doesn't sell cakes</li> <li>No on site event planning</li> <li>Limited gluten free options</li> </ul>  | \$370,000  |
| Bake N Cakes        | <ul style="list-style-type: none"> <li>Traditional bakery with counter service</li> </ul>   | Lansing<br>(near East Lansing border)                                 | <ul style="list-style-type: none"> <li>Strong community following/customer base</li> <li>Assorted of desserts; primarily cakes and cupcakes</li> <li>Wedding and Specialty Cakes</li> <li>Caters Events</li> </ul>        | <ul style="list-style-type: none"> <li>No Dine in service (food)</li> <li>No Shipping</li> <li>No onsite event planning</li> <li>No gluten free or vegan options</li> </ul>           | \$780,000  |
| Panera Bread        | <ul style="list-style-type: none"> <li>Chain/Franchise</li> <li>Bakery/Café</li> <li>Breakfast/Lunch/Dinner menu</li> </ul>   | Lansing<br>(near East Lansing border)                                 | <ul style="list-style-type: none"> <li>National chain</li> <li>Strong buying and marketing power</li> <li>Large assortment of desserts/sweets</li> </ul>  | <ul style="list-style-type: none"> <li>No Shipping</li> <li>No onsite event planning</li> <li>No gluten free or vegan dessert items</li> </ul>  | 54.2% market share nationally; local data is unavailable |
| WOW                 | <ul style="list-style-type: none"> <li>Locally owned Pizza/Sub restaurant</li> </ul>  | Okemos  | <ul style="list-style-type: none"> <li>Only sells gluten free good</li> <li>Special order gluten free cakes/cupcakes</li> </ul>   | <ul style="list-style-type: none"> <li>No Shipping</li> <li>No onsite event planning</li> <li>Limited desserts (pre packaged homemade desserts)</li> </ul>                            | Data Unavailable   |
| Sweet Encounter     | <ul style="list-style-type: none"> <li>Upscale bakery/café</li> <li>Limited breakfast/lunch menu</li> </ul>   | Downtown  | <ul style="list-style-type: none"> <li>New establishment</li> <li>Caters on/off site events</li> <li>Shipping</li> <li>Gluten free/vegan options</li> <li>Assorted desserts</li> </ul>                                    | <ul style="list-style-type: none"> <li>Start up</li> </ul>  | n/a  |