

Snacktivist Foods

BUSINESS PLAN

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ABSTRACT

Our Mission is to make healthy cooking easy. Here's how we plan to do it!



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Snacktivist Foods Business Plan

1.0 *Executive Summary*

Our mission is to make healthy cooking easy. Something happened to the American dinner table over the past 5 decades. The changes in our dietary habits have caused an epidemic of diet-related diseases. Our diets have shifted toward foods with low-nutrient density ¹. To further complicate things, the rates of food allergies and intolerances have skyrocketed with an 18% increase in prevalence in reported food allergy in children under the age of 18 between the years of 1997-2007. Diet-related diseases such as type 2 Diabetes, high blood pressure, digestive disturbances and chronic inflammation are no longer hiding back-stage; they have thrust themselves into the limelight of the 21st century.

Snacktivist Foods is a manifestation of my personal philosophy about cooking, health, family and the food system. I am a mother, an RN, a healthy cooking enthusiast and a Snacktivist: a “snack activist”. I have a passion for gluten, egg and dairy free cooking. No one in my family has Celiac disease. However, In addition to myself having multiple food allergies and sensitivities, I found that my children do too. While none of these are life threatening, we have found that the consequences of frequently eating these foods are simply not worth it, despite the increased cost and decreased convenience. It has been an eye-opener to the struggles of feeding a family with severe food intolerance and allergy.

After years of working in the health field and as a diabetic educator, I realized that ultimately, convenience is the most dominate driving force behind most American families food choices when food allergy is not an issue. We are experiencing changes in our social-cultural landscape as well; most American Families now have both parents working, children have increasing activities after school and there has been an overall decline in general cooking skills and habits in the US since the 1960's ². We as a culture are literally in the middle of a dietary crisis and our reliance on convenience foods is at a high.

At Snacktivist Foods, we are intentionally addressing these problems by providing the best multigrain, gluten, egg and dairy free dry-mixes available.

I truly understand how hard it is to balance family, work, activities, health and peace of mind. If my products can reduce one stressor for one customer everyday, I will feel like we have succeeded.

I envision a world where food integrity and availability are valued and where children see healthy foods as “normal” and desirable. I envision a world where environmental and social consciousness is valued and integrated into business decisions. Snacktivist foods will strive to always put our values first.

¹ Reedy J, Krebs-Smith S. Dietary Sources of Energy, Solid Fat, and Added Sugars among Children and Adolescents in the United States. J Am Diet Assoc. 2010;110:1477-1484.

² Smith L, Wen Ng S, Popkin B. Trends in US home food preparation and consumption: analysis of national nutrition surveys and time use studies from 1965-1966 to 2007-2008. Nutr J. 2013; 12:45.

Snacktivist Foods believes that economic, social and environmental responsibility should be part of the same equation. We are committed to starting a philanthropic project from the very beginning. I see business as an opportunity to make the world a better place and believe that by harnessing the power of the free market, we have a chance at doing more good as a company than any one person could accomplish on their own.

Snacktivist Foods will have a right hand, which is manufacturing and distribution of a food product line. The left hand will be The Village Snacktivist Foundation, which will serve to help serve vulnerable populations and promote education. Snacktivist Foods believes that there can truly be a little bit of activism in every meal.

I dream of Snacktivist Foods growing into a pantry staple for health conscious families, growing beyond just those with food-allergy and vegans. I would like Snacktivist Food products to be a staple for anyone striving to eat healthier. We are now making dry-mixes but would love to expand in time to provide a more comprehensive line of healthy food items all dedicated to making healthy cooking and healthy eating easy!

Snacktivist Foods plans to implement a strategy of direct consumer engagement after the launch of our initial product line. People are longing for community and people around the world are brought together by food. Let's bring people together through delicious, healthy foods that make them feel good. I don't want to be another label on the shelf. Snacktivist Foods will stand for something greater than just a full belly.

We are embracing a creative, multi-channel approach to the market to ensure identification and capture of lucrative revenue channels. By diversifying our channels, we can create stability and cash flow to finance the growth of our business.

Snacktivist Foods believes that winning the InnovateHER grant would allow us to catapult into the market with a cash advantage enabling us to buy supplies at a bulk discount and launching our foundation; The Village Snacktivist. This one advantage would be a turning point for our business, our customers and the families we intend to serve.

2.0 *Company Summary*

2.1 Statement of Purpose

Our Mission is to make healthy cooking easy. We believe that convenience is a primary barrier preventing American families from eating healthy and Snacktivist Foods has come up with a solution by launching a line of dry-mixes that are delicious, simple to use and wholesome. They are also gluten, egg and dairy-free which is of significant importance if you have food intolerances, allergy or avoid animal products.

We believe in this so much that we are establishing our own foundation called The Village Snacktivist. The Village Snacktivist will be focused on identifying at risk children and providing their families with reduced cost or free gluten-free foods. We will start by identifying gluten intolerant and children with celiac disease who are in the foster care system in the Inland Northwest.

The Village Snacktivist would also like to create a web based and mobile cooking demonstration project that works closely with community gardens and food banks in the

Pacific and Inland Northwest to increase healthy cooking knowledge, skills and creativity. Our web-based education series will be called “Snacktivist University” and will cover many basic cooking skills videos, nutrition education segments and recipe ideas. Our customers can experience pride in their own domestic mastery by quickly producing gourmet, healthy, fresh foods in a matter of minutes with minimal measuring, minimal time and minimal fuss. Moms like me, will feel empowered by our products and the support that our company provides.

2.2 Ownership and Organization

Snacktivist Foods is currently an LLC owned and operated by founder Joni Kindwall-Moore.

2.3 Location and Facility

Our manufacturing, fulfillment and storage area is located at 130 North Stone St. Spokane, WA. My business office is located in my home in Coeur d’Alene, ID which is 35 miles from Spokane. Our facility is in a preexisting gluten-free bakery space that is located in the back of Spokane Spice Company. We are renting the space hourly. Our goal is for the space to be used primarily for research and development and production of small batches used in proof of concept. Once a recipe moves beyond, development it will be professionally co-packed.

3.0 *Products and Services*

3.1 Description

Products:

All of our dry-mix products come in a compact, plastic, stand-up pouches. The mixes are easy to make, wholegrain, gluten-free, egg-free and dairy-free.

Our Flagship products include:

Multigrain Pizza	Pancake and Waffle mix
Rosemary, Garlic Focaccia	Almond, Flax, Chia Muffin

Part of the selection process of the 4-flagship products was based on the availability of diversified revenue channels per item such as food service and other niche sectors. For example, the pizza crust mix has tremendous potential in restaurants, health food store bakeries and delis and cafeterias. The pancake mix will be heavily marketed to outdoor enthusiasts and camping supply channels because it can be made with only the addition of water.

Future potential products:

Falafel Waffle Mix	Cookie Mixes (Variety)
Southwest Chipotle Waffle	Almond-Oat Fruit Bar Mix
Multigrain Tortilla Mix	Baked Doughnuts
Biscuit and Scone Mix	Spice Muffin-Coffee Cake Mix
Sandwich Bread Mix	Decadent Coconut Crepe

Our products are unique because:

- Made from gluten-free, nutritious, wholegrain, ancient grain flour blends including (Sorghum, Millet, Ivory Teff, Quinoa and Amaranth).
- Easy to assemble; average prep time is under 5 minutes.

- Considered to be in “free-from” category.
- Do not require egg, egg-substitute or dairy products.
- They have low or no Xanthan gum (A bacteria-derived binder found in gluten-free foods that acts as a substitute for gluten. It causes gastrointestinal discomfort in many individuals when consumed in high doses.).
- Low in added sugars.
- High in fiber.
- Contain “super-foods” such as chia, flax and hemp seeds.
- Very low or no rice flour content.
- Substitute for classic American staples as well as innovative products.
- Non-GMO
- Contain a special blend of “magic ingredients” which allow for a moist, non-crumblly, “bread-like” texture and consistency to our baked goods.
- We will make products that utilize drought resistant grains, minimally processed sugars and non-GMO crops.
- We will prioritize organically grown and sustainably grown grains from family owned and operated farms.

3.2 Business description

Snacktivist Foods is a start-up LLC currently with a sole proprietor tax structure. It officially began conducting business on Aug. 8, 2015 at a local farmers market and has been doing proof-of-concept sales since then which has aided us in identification of more lucrative sales channel. We also wanted to identify three products that fulfilled a need for the customer that were not already fulfilled by our competitors.

We plan to launch our website today, Dec. 2, to take advantage of the Christmas shopping season. We intend to heavily focus on food-service sales especially for the pizza dough mix. We hypothesize that our food-service channel may provide essential, stable revenue while we grow our retail and ecommerce customer base. We currently have 3 retail customers and our products have been selling with great feedback. We are in dialogue with multiple other local retailers. In Washington alone, we have identified over 50 potential retail locations and over 60 restaurants.

We plan to focus our business activities on marketing and identification and engagement of customer segments. That is why our business model will rely of outsourcing of key, capital intensive activities such as manufacturing, distribution and fulfillment.

We are in dialogue with two potential co-packers who specialize in allergy-free foods. Our goal is to begin working with a co-packer for our largest selling items once our sales exceed 750 lbs. per week. We will keep our commercial, gluten free kitchen for product development and small runs of proof-of-concept batches. We would eventually like to have 2 employees in our development kitchen and an administrative support person.

A significant goal of Snacktivist Foods is to create a monthly subscription service starting in fall of 2016. We feel that initially only offering a limited selection of our staple mixes via retail is smart because it limits the amount of retail shelf space purchased.

With our independent subscription service, we can generate reliable revenue and trial different products on a loyal customer base (focused target market) to find out what products have potential to invest in for retail space.

Financially, the subscription business model is irresistible because your customer base is paying in advance for a predictable amount of product that is repurchased every month. It will provide much needed cash to grow infrastructure that is not usually captured for 30-60 days with wholesale channels. This subscription service model will be managed by the CrateJoy platforms.

Subscription service allows for greater creative advantage if our primary focus is via our independent sales channel and subscription service. This would allow the customer to receive seasonal offerings in addition to our pantry staples. It would also provide a wonderful gift idea and donation channel as member of our community could send care packages and opt to donate our mixes to families in need.

Our industry is a specialty niche of the food-manufacturing sector. At this point, gluten-free foods, "free-from" foods and gourmet-multigrain foods are all considered existing markets. We have reliable market data showing increasing consumer demand in the next 5 years. According to Marketresearch.com, the gluten-free target market alone is 44 million strong. According to the whole Grains council, 1 in 5 consumers bought ancient or sprouted grain food products in the last month.

Kick-Start Plan Goals and Timeline:

Phase I (Winter 2015): Begin selling our 4 flagship mixes via our e-commerce website, local retail outlets and to food service. Build relationships with our vendors to get our raw materials at more competitive prices through larger order contracts, which will allow us to increase profit margin and/or lower our price point. We will also hire 1-2 employees in 2016 to assist in bagging and sealing mixes. I will also need an administrative assistant 10-20 hours/week starting in February.

At this point, we will be doing all of our in-town distribution. Out of town accounts: UPS, USPS or FedEx shipping.

Sales goals: Contract with 10 area pizza restaurants and 10 local retail locations.

Phase II (Early 2016): Add falafel waffle and cookie mix. Solidify relationship with co-packer. We will continue to build our customer base through social media campaigns, selling at farmers markets and establishing relationships with food-banks for our nearing expiration date items (The Village Snacktivist).

We will also plan to attend two major trade shows West of the Rockies in 2016, one for retail and one for food service. Commit to a Spokane area farmers market for summer 2016.

Phase III (Early Summer 2016): Focusing on brand building and presence. We will continue to establish a presence at regional farmers markets and begin attracting customers to our online community and future subscription business. Add products to our line of mixes.

Expand food service and retail presence to greater Washington. Shop for distributor

Sales goals: Contract with additional 15 food service accounts over the summer. Add 10 retail locations..

Phase IV (Fall 2016): Launch The Snacktivist Pantry, our subscription service. Continue to grow the Village Snacktivist Foundation.

Sales goal: Contract with additional 10-15 food service establishments including University campus cafeteria.

Phase V (Winter 2016): Reach out to partners who are already in the subscription food sector such as Plated, Blue Apron, Bountiful Baskets and Full Circle Farms. Focus on branding, community development and subscription service. Join a large on-line marketplace like Amazon, VitaCost and Thrive.

Phase VI (2017): Expand retail to include larger retail outlets and chains where we directly compete against private labels in a larger marketplace. Explore options for taking our mixes to the next level as a precooked pizza shell or already made cookies

3.2 Vendors and Strategic Partners

We are currently getting 80% of our raw materials from Bob's Red Mill in Oregon. We have wholesale accounts with UNIFI and Azure Standard as well for bulk materials. We directly purchase our Teff flour from a small family farm in Caldwell, ID.

We are establishing relationships with larger suppliers such as Ingredion, who can deliver larger quantities at greatly reduced cost and shipping rates. We will prioritize getting certain ingredients from targeted suppliers and tie it strategically into our consumer relation campaign. This will help us and our small-scale farmers in addition to making our customers feel like they have a farm-to-table connection.

Our bags are purchased from Sav-on bags in Los Angeles, CA. We have requested quotes with custom printed products as well.

Our front labels are custom printed by Rose City Printers, Portland, OR. The back labels are printed using a DYMO thermal label printer but will be printed by Rose City Printers when our run numbers become larger than 1000 units/month.

Old-fashioned dialogue and familiarity will be valued in our relations with our strategic partners and part of the culture of our company. Snacktivist Foods is dedicated to doing as much business with family farms, small-scale distributors and brick and mortar businesses as possible.

4.0 *Market Analysis*

4.1 Target Market Segments

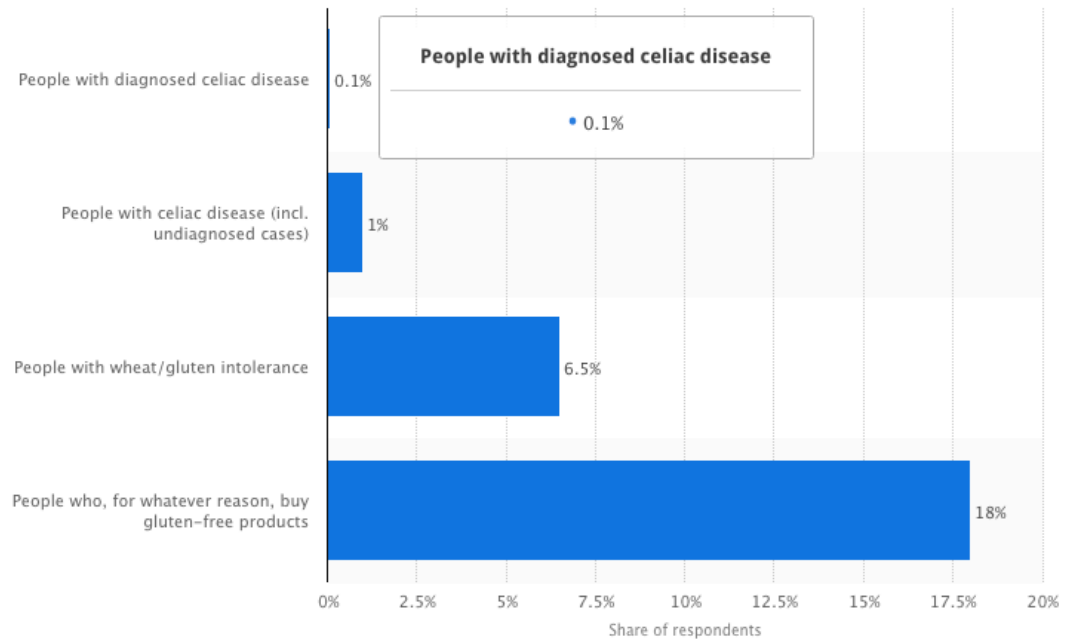
Snacktivist Foods finds itself in several industry niches.

Our target market segments are customers seeking:

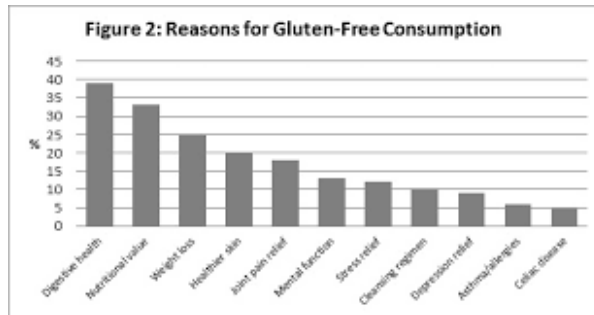
- Convenience food
- Wholegrain-ancient grains food
- "Free-from" food, specifically gluten-free.
- Lifestyle (healthy foods)

Our market is striving to eat healthier and perceives gluten free foods as providing superior quality than non-gluten containing foods. There is of course the population who medically must avoid gluten (Celiac disease), but we are finding that they are a small percentage of the market force.

Share of different gluten-free target groups in the United States in 2012



The market is showing tremendous growth in populations who are buying gluten free foods for reasons other than celiac disease. The leading reasons are a perceived, higher nutritional quality and increased and increased digestibility. This market group tends to be concerned with food quality, educated and professionals.



4.2 Demographics and Customer Estimates

Our target market audience was estimated to be approximately 44 million people in 2013 according to The Gluten Free Agency. A Gallup survey published in July of 2015 found that one in five Americans includes gluten-free foods in their diets. Gallup did not find a large difference between men and women but found that white American younger than 50 years old were more likely to avoid gluten. As mentioned before, Millennials are more likely to purchase ancient-grains products and are also a large customer segment for gluten-free products.

The Archetype:

Snacktivist Foods stereotypical customer will be a 29-year-old woman, with children. She will likely have at least a Bachelors degree and have a profession. According to Pew³, Millennial women are twice as likely to be in the work force than the Silent generation was. This has put increased pressure on women to continue to perform household duties such as shopping and cooking and has fueled the healthy, convenience-food sector boom. My consumer will be ecologically conscientious and feel inclined to purchase from brands that stand for a cause.

4.3 Market Trends and Growth

The gluten-free food industry alone is expected to grow by 19.2% annually through 2019, reaching \$23.9 billion according to Statista database. The current US market was estimated to be at \$1.77 billion and \$3.42 billion globally.

The emergence of the “free-from” food niche has grown, creating an environment of opportunity for up-and-coming businesses. Experts predict that gluten-free products that utilize environmentally sustainable, natural ingredients, ancient grains and wholegrain kid-friendly themes will come out at the top of this sale boom based on predictions from the 20 leading food trends in the US in 2015.

Consumers of “free-from” foods are now finding foods in both conventional supermarkets \$5,523 million and natural supermarkets \$1,065.9 million. Last year (2014), the gluten-free product market hit \$973 million. ⁴One of the driving forces behind these figures is the presence of consumers who are buying gluten-free because of perceived “superior healthiness”. As outlined in last year’s Consumer Reports ⁵, the largest threat to the gluten-free trend is the false notion that gluten-free products that are made from white rice flour and sugar are healthier than their wheat counterparts. We do not advocate for refined foods ever being considered as healthy. Snacktivist Foods aims to not only to avoid this “food system failure” but also to educate about food integrity. The use of high-quality, whole-grains is as important to our mission as is the fact that we are gluten-free.

Looking at food trends for 2015, Snacktivist Foods products fall into several favorable categories all placing in the top 7% of Food trends for 2015. The categories listed out of a total of 198 are (with respective their placement): environmental sustainability (#3), healthful kids’ meals (#4), natural ingredients (#5), ancient grains (#13), whole grain kids meals (#14), nutrition (#17), vegetarian (#22), non-wheat flours (#26). Snacktivist Foods products hit on 8 of the top food trends for 2015, which gives us a more stable foot in the marketplace.

Focusing on our wholegrain integrity gives us an advantage in many ways. After providing samples of our products to the certified nutritionist at Pilgrims market in Coeur d’Alene, ID, she immediately requested that they be stocked and endorsed with her personal nutritionist’s seal of approval. I believe that this is a perfect example of what Snacktivist Foods is all about.

³ Fry R. How Millinials today compare with their grandparents 50 years ago. Pew Research Center 2015.

⁴ William Reed Business media, Foodnavagator-USA, 2015

⁵ Consumer Reports, November, 2014.

Ancient grains and whole grains are quickly becoming the norm rather than the exception especially by the millennial generation. According to Packagedfacts.com⁶, consumers aged 18-39 consistently purchase products with ancient grains at higher rates than customers ages 50 and above. According to the Whole Grains Council and SPINSScan, amaranth sales increased by 123% and teff sales went up by 58% between 2013 and 2014.⁷ Because we are focused on the future, Snacktivist Foods wants to know that our product quality is valued by Millennials.

Snacktivist Foods is also aware that parents are a driving force in the economy. Food and beverage products targeting the child demographic is projected to grow to almost \$30 billion by 2018 according to Packaged Facts⁸ with an emphasis on nutrition, whole grains and convenience. Most importantly, because children themselves do not make the end decision for most consumer purchases, it is important to appeal to parents and we know that claims such as “all natural, organic, gluten-free, and no preservatives/additives” are major selling points.

The added cost of gluten-free foods can be a burden for many consumers. They are on average 242% more expensive than regular products⁹. This however allows start-ups in this industry to get a food hold in a population of customers who are already accustomed to paying a higher price.

Snacktivist Foods products serve an underserved niche in the food industry. There is no shortage of gluten-free products, but for someone like me who is allergic to eggs, it is nearly impossible to find baked goods including sandwich bread, that do not have eggs and dairy. When discussing my products with managers of health food stores and with holistic health care practitioners, I am met with enthusiasm because of the relative lack of abundance in this area. I also hear from customers that most products that are gluten, egg and dairy free are not palatable.

Snacktivist Foods exclusively uses non-GMO grains and starches. We prefer using crops that have not been genetically altered or extensively hybridized. Nutraceuticals World estimates that in 2017 the sales of non-GMO foods and beverages will reach \$725 billion. In 2014, sales of non-GMO products made up 11% of the global market¹⁰. We aim to leverage a marketplace advantage by advertising our non-GMO status.

Growth opportunities

Convenience foods are an ever-growing market. Not only is convenience food the norm in North America, this trend has spread on the tails of industrialism throughout the globe. However, recent data has shown that the average American Family is less inclined to eat in a

⁶ Packaged Facts: Ancient Grains are not all about Quinoa. October 19, 2015.

⁷ SPINSScan Natural and Specialty Gourmet. July, 2014

⁸ Packaged Facts: Reaching the Next Generation of Food Shoppers Through Kid-Friendly Products. Nov 05, 2015.

⁹ Stevens L, Rashid M. Gluten-free and regular foods: a cost comparison. Can J Diet Pract Res. 2008 Fall;69(3):147-50.

¹⁰ Sprinkle D, The non-GMO Market: Waiting for the Dust to Settle. Nutraceuticals 2014

restaurant on weeknights than they were in the 1990's.¹¹ Modern families want to eat meals together at home which has spurred the explosion of the very successful meal delivery industry like Blue Apron, Chef'd and Plated. The marketplace has seen a huge expansion into health focused: gluten, egg and dairy free foods over the past decade. Americans, especially the Millennial generation are willing to pay for healthier food options that make their life easier.

4.5 Competitive Analysis

Existing Industry leaders:

Gluten-free foods are now found in most supermarkets in America. This is especially true in the Pacific Northwest. A survey conducted in a healthy food store in Coeur d'Alene, ID showed a stunning

a.) "The Titons", established Brands that have switched from wheat-based products to gluten-free.

Examples include: King Arthur Flour, Bisquick, Betty Crocker, and Pillsbury.

b.) New or "niche" businesses that founded the gluten-free market or entered early gluten free market early.

Examples: Pamela's, Namaste, Hip Foods, Udi's, Gluten free pantry, Simple Mills, Authentic Foods, Kinnikinnick (Canada).

c.) Health food focused, medium-sized businesses who have offered whole grain and gluten free options for years. Examples: Bob's Red Mill, Ancient Harvest, Arrowhead Mills, Immaculate Bakery.

d.) Private labels that offer organic, gluten-free or all natural alternatives like: Safeway's "Open Nature" Target's "Simply Balanced" or Fred Meyer's "Naturally Preferred". These competitors present the largest market threat especially during recessions when traditionally private label sales increase. They call their healthy private labels "pillars in the lifestyle strategy".

Price point:

Gluten free products average over double the price of their gluten-containing counterparts. For basic gluten free flour blends the average cost is \$.30/oz. For already prepared mixes, depending on quality of ingredients (rice flour/potato starch based blends are cheapest) this increases to from \$.35/oz-\$.50/oz.

5.0 *Market Strategy*

5.1 Advertising, Promotion, Cost and Timing

A key component to our marketing strategy is focused on our branding. The branding of Snackivist Foods has intentionally been crafted to imply a "call to action". We decided to make a point to craft both the name and the logo to appeal to both men and women. According to Preparedfoods.com, millennial men now share grocery-shopping responsibilities with their female counterparts. It was important to me to select branding that

¹¹ Smith L, Ng Shy, Popkin B. Trends in US home food preparation and consumption; analysis of national nutritional surveys and time use studies from 1965-1966 to 2007-2008. Nutr J 2013, 12:45

speaks to people not specifically men or women specifically. While men have assumed a bigger role in grocery shopping duties, women still dominate the shopping landscape and women tend to be more selective about what they buy, make lists and use coupons. Men shop more for convenience, impulse and flavor; women shop more for economy and nutrition¹².

This will be central to the Snacktivist Foods philosophy, we believe in our company and feel that our brand will carry that sentiment into the marketplace.

Advertising will be entirely web-based in the first few months of business. We are budgeting \$300-400 to purchasing sponsored ads on Facebook, Twitter, Pinterest and Google AdWords.

Snacktivist Foods has identified branding as being a key feature of our product and necessary to help establish the community feeling that it is trying to achieve. Brand development will be a focus of our target-market audience focused on social media campaigns. Snacktivist foods have created a blog called The Village Snacktivist that focuses on healthy recipes and gluten-free eating. Establishing a “click-through” customer base is central to our model.

Initial advertising will be almost entirely focused on social media campaign, search engine optimization and brand exposure built through long hours of trade-shows, farmers markets and tables at health food stores. Snacktivist also intends to send out samples to many food bloggers with hopes of favorable reviews. We will aggressively seek out opportunities to gain exposure through readership in magazines and brand preference by media personalities.

Marketing Plan and Research

5.2

Our industry is a specialty niche of the food-manufacturing sector. At this point, gluten-free foods, “free-from” foods and gourmet-multigrain foods are all considered existing markets. We have reliable market data showing increasing consumer demand in the next 5 years. According to Marketresearch.com, the gluten-free target market alone is 44 million strong. According to the whole Grains council, 1 in 5 consumers bought ancient or sprouted grain food products in the last month.

Market advantages:

1. Convenience: a trusted brand that is available via retail, online or via subscriptions service. Mixes are easy to prepare and require minimal ingredients.
2. Nutrition: our mixes will always put nutrition on the top of our priority list. Unlike many “free-from” foods, Snacktivist Foods will always have a robust ingredients list including whole grains.
3. Flavor and texture: Snacktivist mixes are delicious enough for all to enjoy regardless of dietary dogma or medical necessity. Our products do not have a gritty texture or a dense, gummy consistency.
4. Integrity: Customers will know that when they purchase Snacktivist Food products that they are also contributing to a cause and contributing to the feeding of their community.
5. Engagement: We will make a point to directly engage our customers so that they feel like they are part of a community that is dedicated to the same values as they are.
6. Innovation: at Snacktivist Foods we never shy away from an opportunity to put creativity, science and gourmet kitchen skills to work to solve our customer’s problems. Innovative

¹² PLMA Consumer Research Study, Private Label Manufacturers Association, 2013.

ways to create delicious food without gluten egg or dairy is just the beginning. Modern families are yearning for convenient foods that are rich in fiber, protein and bold flavors. We want to taste the world in a healthy and easy way.

Geography:

Snacktivist Foods plans to start gaining traction in our home region (Coeur d'Alene, Spokane and the greater Inland Northwest) first. From there we will focus on Seattle and Portland metropolitan areas. From the Inland and Pacific Northwest we plan to expand into California and then east to the rest of the country.

Snacktivist Foods is rooted in the Northwest and will always have a Northwestern flair. Our home region is generally very supportive of locally owned enterprises, healthy products and innovative foods. We feel that it is a great region to start building our business in.

Pricing:

Snacktivist mixes are currently in a boutique niche and the price point is higher than 80% of products currently on the market. The key brand that has similar features and is widely available is Enjoy life brand mixes. Theirs are similarly priced and are also egg, dairy and gluten free and utilizing ancient grains. Our goal is to be pricing our products to ensure a gross margin of approximately 50%.

Our SRP for a 12 oz mix is currently \$6.99-7.49 with wholesale at \$4.00-4.49. We are currently operating at a 49% margin on retail goods. Our bulk pricing is \$3.00/lb for 25-pound bags. Labor and packaging costs are dramatically different for wholesale and the raw materials cost of flours will impacts this profit margin considerably, which is 46% currently.

Management Summary

6.1 Ownership and experience

Snacktivist Foods is currently a sole proprietorship owned and operated by founder Joni Kindwall-Moore. I come from a diverse background of education, work and life experience. My career began in the farms of rural Oregon, beginning picking berries on my uncle's farm at a young age. Throughout high school and college I worked in restaurants where my cooking skills and palate were challenged to grow beyond my rural farm girl upbringing. I was heavily involved with leadership in high school and in college. I was involved in many civic roles, founded a recycling initiative and served as student body president. This gave me many hours of practice at public speaking and leadership training.

Later on in college, a friend and I founded Women in Science and Engineering group at the University of Montana. I immersed myself in the study of Ethnobotany, Pharmacology and Herbal medicine and worked as a lab tech at an herbal medicine manufacturing business. While in college, I also founded and ran a small craft cookie business based in Missoula, MT called Kineticcookies. They were a healthy cookie, marketed to college kids and outdoor enthusiast. My 2 sisters assisted me in the running of the business. Although the small company was a success, we all decided that we were committed to our academic obligations and career pursuits. We decided to close in 1998 but took with us an amazing recipe and some business knowledge.

I graduated with a Bachelors degree in Biology-Botany and a research background in medicinal chemistry. I spent time in the Amazon studying Amazonian medicinal plants, spent

hours in the lab isolating compounds from various natural substances. I became completely submersed in the chemical nature of all plant-based. But in all my scientific pursuits, I always wanted it to have an impact on actual humans, not just theoretical models and published papers.

I entered a BSN-RN program just before my 30th birthday and decided that my life would be well spent in the medical field. After a very successful decade-long nursing career including: Diabetic Education, ICU, Emergency, Vascular Access and Cardiology, I again was inspired to do something more. I felt that “I” still was not completing the mission that “we” are here to do.

This is the fundamental leap of an entrepreneur: the leap from “me” to “we”. Individuals can do a lot, but teams can move mountains. I feel an overwhelming urge to form a “we”, a movement in which we summon the skills, talents, drive and inspiration of many qualified people and put it in a common direction. This is really the backbone of our cooperate culture at Snacktivist Foods.

Snacktivist Foods really is a columniation of my life’s experiences: cooking, nutrition, chemistry, nutritional counseling, public health, patient advocacy and years of leadership, team work and vision. All recipes used are of my own invention. It was this varied background that lead me to discover the unusual combination of ingredients that makes Snacktivist foods blends different.

Thousands of hours of trial and error, study, discussion, theorizing and necessity gave the answers allowing me to make foods more allergy-friendly while still being all natural. The mother in me found the problem, the nurse in me feels driven to find a solution and the scientist in me is able to figure it out.

6.2 Key management persons and advisory board

I have made a point to team with people who are very pragmatic and have a concrete understanding of the numbers that make a business profitable. Mary Frahm who just joined the team has decades of bookkeeping experience with extensive knowledge of the natural grocery industry. She ensures that the business is building itself on a firm economic foundation, paying immediate attention to profitability and planning for scale. She also understands inventory management, account reconciliation and budgeting. Christopher Wood is an engineer, Lean manufacturing consultant and business start-up expert. His extensive knowledge of the lean start-up methodology and common-sense manufacturing has helped to steer Snacktivist Foods to implement immediate learning-feedback dynamics to steer the business toward success. Christina Kindwall owns Vesper Entertainment, a media firm in Seattle that has been instrumental in developing marketing strategy, video and written material management and social media. Cheryl Kindwall is a buyer for Colombia Sportswear who worked for Kroger for years prior to her career at Columbia. She has a shrewd business approach and helps infuse the ideals with the realities of retail, broad marketplace strategy and profitability.

6.0 *Operation*

7.1 Plant, Retail, Service, Storage or fleet areas and timetables

Our fixed costs are currently low due to hourly contract for our manufacture space, in-home business office. Our strategy will be to outsource as many processes as possible to keep our fixed overhead cost as low as possible.

Components to be outsourced to independent companies and contractors include as soon as financially feasible:

- Manufacturing of mixes by co-packer
Terms are 15-30 days after shipping.
- Storage and fulfillment
- Bookkeeping and accounting
- Distribution
- Marketing

We are currently housing our inventory in the warehouse where our manufacturing is. They are also doing our fulfillment.

Distribution:

Snacktivist Foods has fulfillment provided by Spokane Spice Company. They are charging a flat handling fee and use USPS, UPS and FedEx. Their typical order turn-around is less than 24 hours during the business week.

For retail and food service, we will begin by personally delivering our products so that we can talk to our customers, provide samples and learn more about our market. We plan to constantly engage our customers to seek ways to best serve their needs. However, we will be looking to find a good partner for distribution and plan to utilize a third-party distributor once we have established a network of loyal customers.

CrateJoy will host our direct-to-consumer subscription service and fulfillment will also be provided by Spokane Spice Company. We have also shopped for larger fulfillment services like Amazon. These will eventually become key players but not until our Brand has been developed and a customer base established.

7.2 Hours, record keeping, support

Snacktivist Foods has recently found a bookkeeper with experience in natural products sales and manufacturing. She will be designing and organizing our QuickBooks, inventory management software and accounts receivable reconciliation. She is working as a contractor not as an employee.

We plan to hire an additional administrative assistant by the hour (\$12/hour, no benefits) by February. Goal: 20hours/week.

7.0 *Financial Summary*

8.1 Sources and Uses of Funds

Currently, the only source of funds has been from the private savings of the founder. To date, I have invested approximately \$10,000.

This money has gone toward building inventory, research and development, packaging, labels, trademark, legal fees, licenses and permits.

We plan to sell our available inventory: 8-(25 lb) bags of pizza crust mix and 280 12-oz bags of pizza and focaccia mix valued at: \$1957.2.

We can reorder supplies from Bob's Red Mill with quick delivery of 2 days.

Financing:

We have had two offers of financing from angel investors but have not agreed to anything at this time.

We are pursuing a loan from the Kindwall Family LLC that was established by my Father. This would allow access to financing without bringing on equity partners. We have other friends and family who are willing to invest when we are ready and we will be providing them with proposals in early 2016. We will also pursue micro financing from SBA.

Crowd funding will also be a pivotal part of our financing for launch especially for the subscription service. Due to the nature of the revolving subscription business, crowd funding would allow for a natural payback strategy for investors that are mutually beneficial. The investors would then become an important word-of-mouth publicity channel as well.

8.2 Financial Assumptions and worksheet

Financial Assumptions include the growth and development of two distinct revenue channels. All calculations are based on the assumption that we will be placing our dry mix selection into these categories:

- 1.) Pizza crust mix wholesale
- 2.) Pizza crust mix 12 oz.
- 3.) Focaccia mix 12 oz.
- 4.) Muffin mix 9 oz.
- 5.) Pancake and waffle mix 12 oz.

Our current flagship, dry-mix blends include: pizza crust mix, garlic rosemary focaccia, muffin mix and pancake-waffle mix.

Our current products:

SKU	Cost per lb wholesale	COGS	Cost/item wholesale	Cost per case	MSRP 38-40% Mark-up
Pizza crust				NA	
25 lb. bulk	\$3.50	\$2.05/lb	\$87.50		
10 lb. bulk	\$4.00	\$2.05/lb	\$40.00		
Pizza crust 12 oz.		\$2.01/12oz	\$4.49	\$53.88	\$7.49
Focaccia 12 oz.		\$1.85/12oz	\$4.49	\$53.88	\$7.49
Muffin mix 9 oz.		\$1.80/9oz	\$4.00	\$48.00	\$6.99
Pancake/waffle 12 oz.		\$1.77/12oz	\$4.00	\$48.00	\$6.99

Sales Assumptions Goal: late 2016

- A. Wholesale channels will be a primary focus.
 1. 30 wholesale (25-lb) customers in the region by the end of 2015 each buying an average of 100lbs a month.

2. 3000 lbs./month=120 units/month
3. 36,000 lbs./year=1440 units/month
4. **\$126,000 sales \$73,800 COGS, \$52,200 annual gross profit**
5. 20 wholesale (10-lb) customers who are buying avg. 15lbs/month.
6. 300 lbs./mo., \$1200 net sales/mo., -\$615.00= \$585 monthly profit
7. **3600lbs/year, \$14,400 sales/yr.-\$7,380= \$7,020.00 Gross profit**

B. Online retail sales (subscription) will also be a secondary focus (via our own channels avoiding calculations based on wholesale estimates)

1. We will average 20 customers a day with average units/customer=3
 2. 60 units/day 50% at \$7.49 and 50% \$6.99
 3. 1830 units/month \$6853.35+\$6395.85=\$13,249.2/month
- Annual: \$158,990.40 sales/yr.-\$41,724 COGS= \$117,266.4 Gross profit**

C. Wholesale to retailers per case of 12

1. Retail presence in 30 independently-owned health food stores and gourmet food/cooking stores.
2. Estimate that each store will average sales of: 7.5 cases/mo.
 - 12 oz. pizza mix: 1 case/month: \$1616.4, COGS \$723.6
 - 12 oz. focaccia mix: 1 case/mo.: \$1616.4, COGS \$723.6
 - 12 oz. pancake/waffle mix: 1.5 case/mo.: \$2160, COGS \$955.8
 - 9 oz. muffin mix: 2 case/month: \$2880, COGS \$1296
 - 12 oz. other (cookies+): 2 case/month: \$3,228 COGS \$723
3. Net wholesale retail sales monthly\$11,500.8 COGS: \$4422
Annual sales: \$138,009.6 - COGS \$53,064= \$82,945 profit

D. Farmers markets, fairs and direct to customer sales channels.

1. Attending 1 farmers market per week, sales 50 individual units (sum of all varieties) per event/market.
 Pizza: 10 Focaccia: 10 Muffin: 10 Pancake and waffle: 10 Other mixes: 10
 Average sale price per unit: \$7.20
 Goal is to attend: 15 farmers markets per season.
2. \$359.5 sales/farmers market
 \$5,392.5 sales-\$1420 COGS=\$ 3,972.5 profit per season
3. Attending 6 other fairs or sales events during season 75 units/event
4. \$540 sales/event
 \$3,240.5 annually-\$855 COGS=\$2,385.5 profit
5. Combined income from markets and fairs:
 \$8,988-\$2400 COGS= \$6,588.00 profit

Total projected sales: \$446,388-180,568.6COGS=\$265,819.4 Gross Profit

	Year 1 (12/2016) Optimist	Year 1 (12/2016) Realistic	Year 2 (12/2017) Optimist	Year 2 (12/2017) Realistic
Sales	\$446,388	\$223,195	\$892,776	\$446,390

Snacktivist Foods Business Plan

Costs/Goods Sold	\$180,568	\$90,284	\$361,137	\$180,568
Gross Profit	\$265,820	\$132,911	\$501,639	\$265,822

Net Profit:

Annual is projected to be 30% of sales due to the outsourcing model of our company. Almost all investments are proportions of our sales projection due to minimal fixed overhead expenditure.

	<i>Sales</i>	<i>Annual Gross Profit</i>	<i>Expenses</i>	<i>Annual Net Profit</i>
2016	\$223,195	\$132,911	\$66,958	\$65,953
2017	\$446,388	\$265,820	\$133,916	\$131,904
2021	\$3,571,120	\$2,126,576	\$1,071,328	\$1,055,248

Final Thoughts:

Snacktivist Foods took a step in the right direction by partnering with a great bookkeeper as of Nov 2015. We will be revisiting all of our financial projections, profit and loss estimates, operating expense budgets, inventory, assets and liabilities over the next two weeks.

We are becoming increasingly involved and familiar with our local small business resources that have excellent educational programs for business success. The Women's Business Center, SBDA and SBA support services will continue to play a key advisory role as we continue to make realistic projections and strategies to fulfill our desired sales quotas. These resources will also aid in my personal transformation into a business leader.

Snacktivist Foods is dedicated to creating a business that can serve our community though high quality, convenient foods and a genuine spirit of service. We plan to become a major player in the changing face of America's Pantry.

Thank you for your time!