

futurpreneur 

Sask-tastic Foods

Business plan

1.0 Executive Summary

Company Profile Summary

Parents and caregivers continue to be on the lookout for convenient healthy snacks that they can feel confident about giving their children. Sask-tastic Foods is a manufacturer of high quality and tasty snacks produced in Canada from locally grown Saskatchewan ingredients in four flavours. Sask-tastic Foods continues to focus on the Saskatchewan market near North Battleford.

Sask-tastic Foods is a corporation with two shareholders, Anna and Ivan Dembinski. Together they have been working part-time on the business for the last two years and have made the decision to focus full-time on expanding their products market share.

Market Research Summary

The food production and processing industry is the largest manufacturing industry in Canada and is seeing growth in small manufacturing facilities located in rural areas across the country. Although the sugar and confectionary segment of the industry is small, it represents a large growth opportunity as parents look for healthy snacks for their children, specifically those made with whole fruits and grains containing natural sugars. Agriculture and Agri-Foods Canada reports that parents are increasingly purchasing “Better-For-You” and naturally healthy food products for their children, in order to help them maintain a healthy lifestyle. In the same report from 2010, the global “Better-for-you” sales totalled US\$160.3 billion, with food sales growing 4.4% from 2009. This trend in healthy eating goes beyond the ingredients with consumers now interested in knowing how their food is processed. This shift aligns with the ‘buy local’ movement across the retail industry providing opportunities for businesses to create healthy, locally sourced and produced foods with a clearly defined map from farm to table.

Marketing Summary

Sask-tastic Foods’ key strategy is to directly target owners and purchasing managers at independent supermarkets, specialty food stores, and health food stores in southern Alberta, Saskatchewan, and Manitoba. This will be done by calling contacts in Anna Dembinski’s network and following up with in-person product presentations. A secondary strategy will be to create awareness for Sask-tastic Foods through tradeshow, expanding their network to new locations. The long-term goal is to be sold in a national supermarket chain. However, Sask-tastic Foods recognizes they need to build a strong case regionally before they are likely to succeed at achieving this goal.

Sask-tastic Foods will be located at 9808 Thatcher Avenue, S0M 0E0, North Battleford, SK. Due to the many regulatory requirements of the industry, Sask-tastic Foods has engaged a lawyer and the Saskatchewan Food Centre to help guide them through the regulations and help them streamline their production. To ensure fruit and grain bars are produced, Sask-tastic Foods has formed strategic partnerships with local farmers to procure ingredients needed.

Finance Summary

\$35,000 will be needed to start the business with \$14,000 being provided by the owner through sales over the last two years and the remaining funding coming from Futurpreneur Canada. In the first year of business, Sask-tastic Foods expects to earn \$78,000 in sales with expenses estimated at \$32,800. By the end of year two, Sask-tastic Foods expects sales to increase by 3% to just over \$80,000 with costs increasing to approximately to \$39,000.

2.0 Company Profile

Business Overview

Sask-tastic Foods is focused on producing healthy snacks for children that are made in Canada using local ingredients. Sask-tastic Foods was established on 02/06/2012.

Sask-tastic Foods is a food production and processing company. Sask-tastic Foods provides parents with a quality fruit and grain product that pairs the convenience of a long shelf life with locally sourced chemical-free ingredients.

Sask-tastic Foods is a product business. Sask-tastic Foods will manufacture a series of fruit and grain bars to be sold in boxes of 6. Bar flavours include:

- Homegrown Goody – Oat flakes, honey, and Saskatoon berry
- Triple Berry – cherry, blueberry, Saskatoon berry, honey, oat and wheat flakes
- Super Fruity – haskap, black walnut, quinoa and oat flakes
- Natural Sweetie – dark chocolate chips, cherry, honey, and wheat flakes

Company History

Anna and Ivan Dembinski have been working part-time on Sask-tastic Foods for the last two years. During this time, Anna and Ivan have experimented with their recipes while selling the bars at local farmer's markets in North Battleford, Lloydminster, and Saskatoon. Sask-tastic Foods has combined customer feedback along with flavour, ingredient availability, and shelf life testing to establish the four current bar recipes.

Currently, Sask-tastic Foods has grown beyond direct sales at seasonal farmer's markets into wholesale orders from four co-op grocery stores. This has also represented the expansion of their product to outside Saskatchewan, with a co-op grocery store in Brandon Manitoba as a regular customer. These orders represent the sale of 100 cases (8 boxes/case) monthly at a value of \$2,432/month.

Sask-tastic Foods is in the process of establishing themselves as a regional product leader in the children's healthy snacks segment. Their long-term goal is to become a vendor for large chain grocers in Saskatchewan to expand their product reach. They have begun talks with Sobeys, but have not yet acquired enough product interest for a presentation to the chain's category manager.

Management

Sask-tastic Foods is a corporation. Anna and Ivan Dembinski are equal shareholders.

Anna Dembinski has been employed at Wal-Mart Canada for the last 6 years as a Space Planning Analyst Manager at the North Battleford location. Her job involves working with Wal-Mart vendors to determine product location within the store, Wal-Mart purchase prices, foot traffic, and potential sales. For the last ten months she's been on maternity leave and been working to establish a growth strategy for Sask-tastic Foods to expand into large scale grocers.

Ivan Dembinski is currently employed full-time at Edam Enriched Manor as their chef. He's responsible for creating the meal plans for the 40 senior residents of the retirement home. Due to the many complex health issues of the residents, his primary focus is providing healthy and enjoyable meals. The result is menus containing simple, recognizable ingredients that deliver a wide range of natural vitamins and nutrients and our savoured by the residents. Beyond his culinary expertise, Ivan Dembinski has a history of working with local farmers to secure produce on a small scale and has been able to utilize this network for Sask-tastic Foods ingredient procurement.

Location

Sask-tastic Foods is a manufacturer. Sask-tastic Foods is located at 9808 Thatcher Avenue, SOM OEO, North Battleford, SK. The location is just off of Highway 16 in North Battleford in an industrial area with easy access for both transport trucks and the railway transport. The location has an existing loading dock and insulated warehouse facility.

Legal Structure

Sask-tastic Foods is a corporation.

Sask-tastic Foods was referred to a lawyer through their membership in the Saskatchewan Food Processors Association (<http://www.sfpa.sk.ca>). It was their lawyer's recommendation that they change from a partnership to a corporation to decrease potential personal financial risk as they look to expand the business.

Sask-tastic Foods is not interested in securing intellectual property rights at this time.

Vision & Mission

To create high quality convenient snacks from locally sourced ingredients that children want and ask to eat.

To produce tasty products manufactured using premium Saskatchewan grown ingredients through a rigorous quality and taste testing process.

Goals & Objectives

- Securing a secondary wholesale supplier of haskap berries by end of year three.
- To double the number of independent/specialty retailers regularly ordering

Sask-tastic Food products year over year for the next 3 years.

- Procuring a contract with a major grocery store chain to carry Sask-tastic Foods products by end of year six.

Professional Advisors

Sask-tastic Foods has become a member of the Saskatchewan Food Processors Association to gain access to resources and contacts to help facilitate and guide Sask-tastic Foods through the legislation for food processors in Saskatchewan.

3.0 Market Research

Industry Profile & Outlook

Sask-tastic Foods operates primarily in the food and beverage processing industry.

The food and beverage processing industry is the largest manufacturing industry in Canada valued at \$92.9 billion. It is also growing with exports increasing 12% from 2010 to 2011. The overall industry is divided into many segments based on the products being either used or outputted, with Sask-tastic Foods falling into the Sugar and Confectionery Product Manufacturing segment. Although Sask-tastic Foods fruit and grain bars are a healthy snack option for children, industry Canada's segment definitions include fruit, grain, granola, and cereal bars as part of the sugar and confectionary segment.

Outside of Industry Canada's defined market segments, Agriculture and Agri-Food Canada, recognizes a broader market segment known such as specialty foods. The specialty food market is driven by consumer trends for healthy, allergen-free and unique food products. According to Agriculture and Agri-Food Canada, the "specialty food industry grew at a faster rate than overall retail in 2009, with specialty store sales increasing 35% from 2004 to 2009" (<http://www.ats-sea.agr.gc.ca/can/6116-eng.htm#d>). In fact, in 2010 over 1,500 new specialty food product launches occurred in the U.S. with the market estimated to be \$63 billion. Sask-tastic Foods products are part of this growing industry as they combine unique nutrient rich ingredients and delicious flavours together in convenient 'carry-and-go' packaging.

Currently the primary distributors of processed food and beverage products are supermarkets, with Loblaw, Metro, Sobeys, and Longos being the major national chains in the Canadian market. However, large discount department stores such as Wal-Mart and more recently Target have expanded to sell food and beverage products as well. Despite this, there is a growing trend of more affluent and health conscious consumers choosing to shop at smaller independent speciality food products, specifically those focused on health and wellness products. This presents an opportunity for Sask-tastic Foods to continue to grow market share through this secondary market as they look to be picked up by a national supermarket chain. Due to the competition for shelf space in these stores, the industry operates on low margins. Sask-tastic Foods recognizes the need to have a distinct and compelling brand story and packaging in order to stand out to consumers and distributors.

The food and beverage processing industry in Canada has seen some significant shifts over the last decade. Specifically, the last few years have seen many large processing plant closures such as Kellogg's in London, Ontario. Although these large plant closures have garnered many headlines (<http://www.cbc.ca/news/canada/windsor/canadian-food-processing-said-to-be-strong-despite-closures-1.2569263>), the food and beverage industry as a whole is continuing to grow. In fact, the industry is seeing the opening of smaller food processing plants starting up in rural areas across Canada that utilizes technology to be competitive. According to Statistics Canada, 90% of food and beverage processing establishments have less than 100 employees.

The immediate market landscape in Saskatchewan embodies small business enterprise even more, with 70% of companies employing fewer than 10 people and 40% employing fewer than 5. Although the industry is small within the province, it is continuing to grow, specifically in rural areas. Sask-tastic Foods embodies this entrepreneurial spirit locating their food processing plant in North Battleford, close to both the highway and railway for easier transport and distribution of their products. Their location provides cost savings through limited transport of procured ingredients to their plant from farms as well as increased quality control due to personal relationships with suppliers.

In a recent report by Agriculture and Agri-Food Canada, titled Health and Wellness for Canada and the World, they identified that consumers are not only paying attention to the ingredients in their food, but also how it is produced. (<http://www.ats-sea.agr.gc.ca/inter/4367-eng.htm>). Sask-tastic Foods ability to trace their ingredients to the farms and provide a clear explanation of how their foods are processed to maintain their natural nutrient value will be critical to their defining their niche. The same report also highlighted that parents are increasingly purchasing "Better-For-You" foods that are naturally healthy for their children, in hopes this will help them develop a healthy lifestyle. Sask-tastic Foods is catering their products to this trend. The product's balance between health and taste, combined with packaging that has personality will appeal to both parents and children alike.

Local Market

Sask-tastic Foods is looking to expand across Saskatchewan into Alberta and Manitoba. Currently, their market scope spans from North Battleford west to Lloydminster and east to Brandon, Manitoba.

Currently, Sask-tastic Foods is utilizing its own network of contacts to target independent grocery stores, supermarkets, and specialty food stores as retailers of their products. Their network has been built up through selling at farmers markets over the last two years, as well as Anna Dembinski's contacts from her previous position at Wal-Mart. By building from their existing network, they will be able to target stores and individuals with whom they already are known and have a relationship. They have identified 45 retailers where they feel their product would do well and that have limited shelf competition in their product offering.

Key Competitors / SWOT Analysis

	Strengths	Weakness	Opportunities	Threats
Nonuttin' Bars	<ul style="list-style-type: none"> In operation for just over a decade Strong working relationships with retailers Focused on health, specifically food allergens 	<ul style="list-style-type: none"> Product distribution is thin without a concentrated regional hold 	<ul style="list-style-type: none"> Use a distributor to push their products into more stores 	<ul style="list-style-type: none"> Sask-tastic Foods could start developing allergen specific granola bars
Sask-tastic Foods	<ul style="list-style-type: none"> Familiar with the local market and retailers Strong supplier relationships 	<ul style="list-style-type: none"> Dependent on own network and contacts to distribute product 	<ul style="list-style-type: none"> Hire a broker to distribute their product to wholesalers 	<ul style="list-style-type: none"> Nonuttin' could decide to start using regional specific ingredients in their granola bars

Target Market

Sask-tastic Foods is focused on selling to businesses (B2B).

Target Market profile for Sask-tastic Foods:

- Independent or co-op grocery shops with \$400,000 - \$2,000,000 in annual sales (demographics)
- Specialty food retailers known for supporting Canadian made products (behaviour)
- Health food stores with 2 - 10 employees (demographics)
- Owner or Purchasing manager (decision maker)
- Southern Alberta, Saskatchewan, and Manitoba areas along Highway 1 (scope)

Keys to Success

To create awareness of Sask-tastic Foods support of local farmers and 100% Canadian grown whole ingredients that is both healthy and delicious!

To establish Sask-tastic Foods as a reliable manufacturer and distributor of granola bars and form new partnerships with farmers for ingredient supplies.

4.0 Sales & Marketing

Pricing Strategy

Granola bars are sold in retail stores for prices ranging from \$3.99 - \$6.49 for a box of five granola bars. The pricing is dependent on the processing and ingredients used in the bars. Prices are also discounted on a per bar basis if sold in large quantity packages.

Sask-tastic Foods currently sell at four co-op grocery stores for \$5.87 - \$6.29/box. In order to not undercut their retail distributors, Sask-tastic Foods sells their bars at farmer's markets for \$6.25/box direct to the public.

Sask-tastic Foods recognizes that the large grocer chains will not ask their input in setting the retail product price unlike the co-op stores have in the past. In addition, Sask-tastic Foods recognizes that they will likely need to work with one of the grocery chain's authorized distributors in order to get their product onto shelves. Therefore, Sask-tastic Foods has connected with a few product brokers to help them establish estimated margins for distributors and their target retailers. Starting with their product costs they did the following calculation:

- Assumed average retailer price of \$6.08/box with a 50% margin
- Assumed wholesale price of \$3.04/box with a 30% margin
- Assume distribution price of \$2.13/box with a 40% margin
- Sask-tastic Foods product cost - \$1.28/box

Sask-tastic Foods is able to keep their estimated retail price in line with the current

co-op pricing, while accommodating the distributor mark-up. This is a result of working directly with the distributor, enabling them to lower their transport costs which were originally calculated as part of their product costs.

Sask-tastic Foods feels their pricing reflects their quality product, created without preservatives and made entirely in Canada. This second feature – being branded “Made in Canada”, provides a distinction in the marketplace that consumers will pay more for, as part of the buy-local movement.

In the future, Sask-tastic Foods hopes to increase their profit margin to 45% by decreasing their product costs through larger manufacturing runs. This would put them just above the average gross margin for the Sugar and Confectionery Product Manufacturing, which was 42.4% in 2011.

Marketing Strategy

Creating product awareness with retailers through product presentations

Sask-tastic Foods is committed to calling their network contacts to set-up product presentations to introduce their granola bars to retailers. The marketing strategy will be to create a niche for their granola bars as uniquely Saskatchewanian both in their support of local farmers and their incorporation of regional ingredients to create delicious granola bars children love.

Engaging and Durable Product Packaging showcased at Tradeshows

Sask-tastic Foods recognizes it is in a very competitive to acquire retail shelf space and the importance product packaging plays to sell their product in stores to consumers. They also know that their network is limited. Therefore, they will participate in industry specific tradeshows to showcase their product’s fun and friendly packaging to potential decision makers.

Website

Sask-tastic Foods will build a website to showcase their product reach and promote the stores carrying their product. It will also include information on wholesale purchases and testimonials from consumers and retailers.

Marketing Activities

Primary marketing activity

Sask-tastic Foods’s primary marketing activity will be contacting retail grocery stores, specialty foods stores, and health foods stores about carrying their granola bars. Sask-tastic Foods has identified 45 retailers in the southern Alberta, Saskatchewan, and Manitoba area that they have an existing relationship with the decision maker. They will start by calling these contacts to setup product presentations at their site.

The goal of each product presentation will be to convey the unique niche of Sask-tastic Foods products: they are uniquely Canadian products comprised of ingredients native to Saskatchewan, full of nutrients and delicious. Kids will eat them! Sask-tastic Foods will use product sampling during their presentation to show their confidence in the product’s appeal and showcase their current product distribution and sales.

Sask-tastic Foods will print 100 one-page reports highlighting their ability to execute on contracts with retailers, current annual sales, testimonials from both customers and decision makers, as well as a brief synopsis on what makes their brand different and relevant to consumers. Sask-tastic Foods will leave copies of this with the decision makers in the presentation. The cost for printing these one-page reports will be \$100.

Marketing Objectives

Goal #1: Eight product presentations per month

Goal #2: Attendance at 4 tradeshows per year

Goal #3: Collect 3 retailers and 5 consumer testimonials within two months for website

Positioning Statement

Sask-tastic Foods is a uniquely Canadian granola bar made from high quality local ingredients that are naturally preserved that you can feel confident giving your children.

The Sales Process

Sask-tastic Foods sales cycle is one – two months.

Sask-tastic Foods's sale process is to engage decision makers at retail locations to purchase their products wholesale. To start Sask-tastic Foods will rely on cold calling existing network contacts to setup product presentations. This will provide increased comfort for the Sask-tastic Foods marketing team in making the call as well as have a higher chance at scheduling a product presentation.

Once a product presentation is booked, Sask-tastic Foods will send an outline of their presentation and brief company overview to the decision makers they will be meeting via email.

The product presentation will primarily be a direct sales pitches made at pre-scheduled times at the retailer's location. Although not as flashy as Dragon's Den pitches, Anna and Ivan will need to practice and be prepared for rapid-fire questions from the owner or purchasing manager about their product sales, distribution, and market share.

Sask-tastic Foods product presentations will include:

- Clearly articulated product differentiator
- Product samples of all four granola bar flavours in their packaging
- Granola bar samples prepared in bite size pieces for easy sampling
- Overview of their marketing and sales plan including sales estimate and wholesale pricing
- Testimonials from existing retailers selling their product

Following the presentation, Sask-tastic foods will leave behind a one-page summary with their contact information. They will ensure to collect business cards with the contact details of the decision maker in attendance at the meeting.

Sask-tastic foods will follow up with a thank you email within 24 hours of the presenta-

tion. It will affirm their availability to answer questions and seek to confirm a timeline for their decision.

Sask-tastic Foods will wait 5 - 7 days before following up with a phone call to the decision makers to see if they've reached a decision on whether or not they will carry their product.

Sask-tastic Foods anticipates once the decision has been made to carry the product, signing an agreement with the retailer will take up to one month.

Strategic Alliances

Sask-tastic Foods has a strategic alliance with several farmers in the area:

- NorQuin – quinoa supplier
- Pedersen Apiaries – exclusive wholesale contract for honey
- Battle River Berries – haskap berries
- Eischen Family Farms – cherries
- Bruce's Walnuts – black walnuts

Sask-tastic Foods will include the name and location of each supplier as part of their product marketing to tell the story of how the granola bar was produced.

5.0 Operations

Location(s)

Sask-tastic Foods will be a manufacturing business at 9808 Thatcher Avenue, SOM OEO, North Battleford, SK. The location is just off of Highway 16 in North Battleford in an industrial area with easy access for both transport trucks and the railway transport. The location has an existing loading dock and insulated warehouse facility.

Sask-tastic Foods manufacturing plant will open at 5am Monday to Friday with shifts ending at 1pm to start. This schedule will allow Anna and Ivan to manage both production and marketing activities.

Sask-tastic Foods website will launch/launched on 15/08/2014.

Sask-tastic Foods will have a custom domain: www.sask-tasticfoods.ca that will have a WordPress template site hosted on GoDaddy. Sask-tastic Foods website contain will focus on the story behind their brand and how they developed the products based on their own tastes and customer input and why they decided to make the leap to build the business. In addition to the brand story, the website will feature their four granola bar flavours, store retailers, and the farms they procure their ingredients from. The website's goal is to create transparency into their suppliers and processing to assure customers of the quality of the granola bars they produce. The website, will also contain information on how to become a wholesale buyer of Sask-tastic Foods products.

The website will be developed by a local web designer in North Battleford recommended

by the local Business Improvement Association. Anna Dembinski will be responsible for adding content, namely testimonials to the website as they collect them. If there are issues or changes required that she couldn't manage through WordPress, the web designer has agreed to a rate of \$40/hour for maintenance requests.

Legal Issues

Sask-tastic Foods anticipates the following legal issues:

- Business licenses
- Location & zoning by-laws
- Health inspection
- Operating licenses (i.e. child care centres, gas stations, etc.)
- Industry specific licenses (i.e. dentistry, alternative health care etc.)
- Contract agreements (partnerships, independent contractors etc.)

Sask-tastic Foods is a current member of the Saskatchewan Food Processors Association. Through their membership they were recommended to a lawyer to help develop retailer agreements, transport agreements, as well as identify operating licenses and regulations they will need to adhere to for the province. In addition, they have also contacted The Saskatchewan Food Centre (<http://www.foodcentre.sk.ca/>) for assistance in food safety training and compliance as well as a technology review of their plant processing to ensure it is designed for efficiency as they scale their production efforts.

Insurance Issues

Sask-tastic Foods requires insurance for owners, partners and key employees, insurance for business property and earnings, liability insurance and accounts receivable insurance.

Human Resources

Sask-tastic Foods will have 1 - 10 full-time staff.

Sask-tastic Foods will have 1 - 10 part-time staff.

Sask-tastic Foods will open with three full-time employees, Anna and Ivan Dembinski and their licensed commercial driver. Anna will be responsible for sales and marketing, this includes cold calling owners and purchasing managers to setup product presentations as well as managing their website and securing testimonials. Ivan Dembinski will be responsible for securing suppliers and managing their product quality control through processing. In addition, they will have four part-time staff that assist with managing equipment for the manufacturing and processing of the granola bars.

Process/Production

1. Sask-tastic Foods suppliers deliver their palettes of produce directly to the manufacturing location as part of their agreement with Sask-tastic Foods. Suppliers

are responsible for the product until it is delivered and signed for by Sask-tastic Food staff.

2. Sask-tastic Foods receives all berries – Saskatoon, Cherry, Haskap and blueberry fresh from suppliers during the product season.

3. Sask-tastic Foods dries the berries using an industrial dehydrator at slow even speed to maintain the fruits original nutrients. These are then vacuum-sealed and stored for use all year long. Allowing for Sask-tastic Foods to maintain production during despite the growing season.

4. Sask-tastic Foods receives honey delivered in labelled gallon drums throughout the year, however, it orders more during the summer months to accommodate for the lower winter yield.

5. Sask-tastic Foods order walnut pieces so that they do not have to grind them for use in the granola bars. They are received from the supplier in vacuum-sealed plastic bags within boxes. These are warehoused on site until use.

6. Sask-tastic Foods receives their dark chocolate as chunks, not chips from a local producer who imports the chocolate from Fair Trade suppliers in Chile. It is delivered in weighed plastic bags. Due to previous shortage in supply, Sask-tastic Foods keeps a running inventory of 3 months worth of this product in their warehouse.

7. The remaining grain ingredients: quiona, oat and wheat flakes are delivered by supplier on palettes and warehoused in dark dry sealed rooms at the manufacturing site until they are used.

8. Ivan and his production team of 4 part-time employees create the granola bars using Sask-tastic Foods defined recipes in the manufacturing commercial kitchen. All equipment is laid out for processing efficiency.

9. Once the granola bars have cooked and been allowed to cool on designated racks for 1 hour, they are transferred for packaging.

10. Packaging is completed at the warehouse with bars being sealed in individual wrappers and then placed, 6 together, into boxes.

11. Sask-tastic Foods manufactures one granola bar flavour each day doing a run of 240 bars daily or 40 boxes or 5 cases (8 boxes/case).

12. Following insertion into the boxes, Sask-tastic Foods places 8 boxes into standard size shipping boxes to protect the product packaging. These are sealed, labeled with product flavour and date processed and then stored in the on premise warehouse facility.

13. Sask-tastic Foods will process each order manually and shrink-wrap the cases together for each retailer. The shrink-wrap will allow for the driver to readily see the order number, retailer name, and quantity through the shrink-wrap while keeping all the cases together. (NOTE: This process works currently due to order size, but will need to be adjusted in order to scale.)

14. Sask-tastic Foods will load orders into the truck and driven by Sask-tastic Foods licensed commercial driver to retail locations weekly.

Risk Assessment

Sask-tastic Foods’s marketing budget will be spent primarily on at-site product presentations to owners and purchasing managers in their network. In addition they will register at four tradeshow a year to showcase their product to a wider audience and continue to grow their network of potential leads. However, if these efforts prove unsuccessful in connecting selling wholesale to retailers, Sask-tastic Foods will look at finding a distributor with existing relationships to retailers to sell their product on their behalf. They anticipate they will have to do this to expand into the national supermarket chains and have accounted for the potential mark-up in their current suggested retail pricing.

Sask-tastic Foods’ strength is their uniquely Canadian delicious quality product. Sask-tastic Foods will keep close contact with local farmers (suppliers) to ensure they receive high quality ingredients to start. In addition, they will keep an inventory of 2 – 3 months of ingredients at their warehouse to reduce the risk of not having the required ingredients for their granola bars. They are in the process of securing a secondary wholesale supplier of haskap berries, as they are the most difficult product to source.

Sask-tastic Foods will close their food production and processing company if sales are less than \$50,000 at the end of their first full-time year. Sask-tastic Foods will close down their plant; sell off any equipment, ingredients and products to cover any outstanding accounts payable.

6.0 Financials

Start-Up Costs

The example business plans do not include start-up costs, cash flow or income statement example content. To review how to create these elements for your business, please visit www.futurpreneur.ca/en/bplan and use the free online business plan writer. Not only does it provide tips and tricks on what to include but it outputs a custom spreadsheet with all the formulas you will need.

Break Even

Fixed costs for the year are \$63,300 (includes rent, equipment rent to own charges, insurance, utilities, cell phone, and website hosting, etc.)

Average sale price is \$3.04/box

Average production cost is \$1.28/box (ingredients, packaging, labour, gas)

Break -even point:

$$\frac{\$63,300}{\$3.04 - \$1.28} = \frac{\$63,300}{\$1.76} = 36,965 \text{ boxes}$$

You would start to make a profit after selling 36,965 boxes of Sask-tastic Foods granola bars to breakeven at the wholesale price. It is estimated in the first year that 25,660

boxes will be sold, indicating that the breakeven point will be in year two.

Sales Forecast

Key Assumptions for Sask-tastic Foods

- Continued wholesale orders from four co-op grocery stores for the next six months
- 1 and 3 product presentations will result in a contract
- Initial wholesale order will be 10 cases (80 boxes)/month for a three month trial period
- Renewal order post trial period will average out to be 20 cases/month
- Decrease in sales in December due to the holidays

Year One Sales Forecast (Including Assumptions)

August - \$2675

- Launched the business full-time
- \$2,432 - Maintained four co-op grocery store orders
- \$243.20 - Placed one new order
- Made 15 calls to existing network contacts to setup meetings
- Booked 3 meetings for the month and 4 for September
- Registered for the Sask Made Tradeshow in October

September - \$3,526

- \$729.60 - Increase in regular order from 25 to 30 cases following back-to-school demand
- \$1,824 - Maintain existing 3 co-op grocery store orders at 25 cases
- Made 8 follow up calls with existing contacts to book meetings
- Made 15 new calls to existing network contacts to setup meetings
- Booked 8 meetings for the month and 3 for next month
- \$972.80 - Placed 4 new orders

October - \$4,500

- \$2,554 - Maintained existing co-op orders at new 105 case monthly order
- Made 12 follow up calls with existing contacts to book meetings
- Made 15 new calls to existing network contacts to setup meetings
- Booked 6 meetings for this month and 3 for November
- \$729.60 - Placed 3 new orders
- \$1,216 - Attended Sask Made Tradeshow and placed 5 trial orders with new retailers

Year Two Sales Forecast

Cash flow

The example business plans do not include start-up costs, cash flow or income statement example content. To review how to create these elements for your business, please visit www.futurpreneur.ca/en/bplan and use the free online business plan writer. Not only does it provide tips and tricks on what to include but it also outputs a custom spreadsheet with all the formulas you will need.

Income Statement

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