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BUSINESS PLAN
EVA'S EDIBLES
A Personal Chef Service

One- or two-page summary of the highlights of the business plan. Completed after the Business Plan is put together. Described in Section 6.1, pages 139-146.

EXECUTIVE SUMMARY

Mission Statement

Eva's Edibles, a personal chef service, will provide busy professionals with healthy and delicious dinners that are based on their preferences and prepared in their own kitchens.

Business Name & Location

Eva's Edibles, LLC, will be located in Columbus, Ohio.

Date Business Will Begin

Eva's Edibles will begin operation on April 1, 20--.

Owner's Name, Function, & Contact Information

Eva Tan, the president of the company, will solely own and operate the company.

Contact Information: Eva Tan, 303 Olentangy River Rd., Columbus, OH 43202, (614) 555-6208

Opportunity

Columbus has a growing population of professionals who have busy lifestyles, but want healthy, yet affordable, dinner options.

Services

Eva's Edibles will prepare healthy homemade dinners for busy professionals. Each dinner will be based on the client's personal preferences. Dinners will be cooked in the client's kitchen, with all clean-up performed by Eva. The dinners will be stored in the client's refrigerator or freezer. Clients can reheat the dinners at their convenience. It is estimated that this service will save a client nine to ten hours per week by reducing shopping, evening-meal preparation, and clean-up.

Economics of One Unit (EOU)

One Unit of Sale = a 5-Dinner Plan

Selling Price per Unit = \$325

Contribution Margin per Unit = \$71

Future Plans

Within the first month, the company anticipates locating enough clients for Eva to cook in one client's kitchen each day on five successive weekdays. By the end of the first year, Eva's Edibles expects to be cooking in clients' kitchens 22 days in every month. Within three years the company expects to change its primary location for food preparation from clients' homes to a full-size commercial kitchen.

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For more information about Business Plans, see the chart on pages 144 and 145.

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1. BUSINESS IDEA

1.1 Qualifications

See Section 1.2, pages 13–20.

Eva Tan has an associate's degree in Business Management from Columbus State Community College. As Assistant to the Director of the Campus Dining Services at Ohio State University, Eva acquired experience in the management of various types of food-service operations, including catering. She also ran her own event-planning business, Eva's Entertainment Services, for four years. Eva has completed an intensive training course offered by the U.S. Personal Chef Association (USPCA) and has received the federally recognized trademarked designation of Certified Personal Chef (CPC).

Eva has many personal characteristics and skills that are particularly valuable in the personal chef business, including a passion for cooking, attention to detail, organizational skills, flexibility, creativity, sociability, ability to multitask, high physical energy, and endurance.

1.2 Factors Influencing Demand

See Section 2.1, pages 27–38.

Three factors influence the demand for personal chef services: busy lifestyles, an increase in health consciousness, and a desire for nutritious dinners. Eva's Edibles will appeal to individuals who are too busy to shop or prepare dinners but yet want healthy, nutritious food.

1.3 Type of Business

See Section 3.1, pages 51–55.

Eva's Edibles will be a service business preparing healthy dinners that clients can easily reheate.

1.4 Type of Business Ownership

See Section 3.2, pages 56–64.

Eva's Edibles will be a Limited Liability Company (LLC), wholly owned and operated by Eva Tan. The LLC status will protect Eva Tan's personal assets and allows the company to enjoy some tax benefits.

1.5 Social Responsibility

See Section 5.2, pages 115–126.

Eva's Edibles will use natural, organic, and locally grown ingredients whenever possible. The company's code of ethics directs that the business be as "green" as possible. It will choose vendors who are environmentally and socially responsible.

Eva's Edibles will also provide internships for interested culinary students in the community. In the future, Eva Tan hopes to volunteer at local elementary schools to speak with students about healthy eating and lifestyle choices. After three years, Eva's Edibles plans to contribute 1% of yearly net profit to a local food bank.

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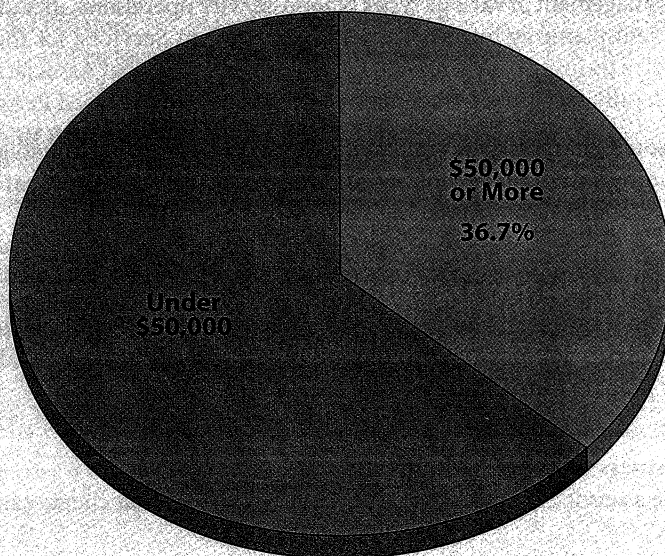
2. OPPORTUNITY & MARKET ANALYSIS

See Section 6.2, pages 147-160.

2.1 Business Opportunity

The personal chef business is a viable opportunity for the Columbus area. Columbus has a large population of professionals, primarily from the business and medical spheres, that is growing steadily. Of the 301,800 Columbus households having two or more people, 36.7% (110,760) have incomes of \$50,000 or more.

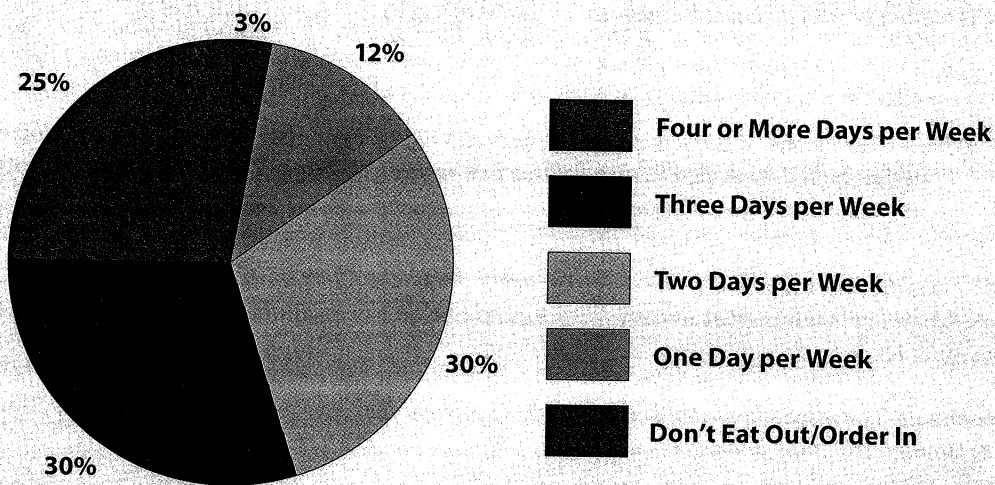
Annual Combined Household Income



Total: 301,800 Columbus households having two or more people.

People in this market have busy lifestyles and want healthy dinners. The target households go out to dinner or order in at least four days each week. Based on research conducted by Eva's Edibles, this market represents approximately 25% (27,690) of the households having combined household income of over \$50,000. Eva's Edibles will provide people an opportunity to stay healthy without compromising a busy and productive lifestyle.

Households Eating Dinner Out or Ordering In



Total: 110,760 Columbus households of two or more people with a combined income of \$50,000 or more.

2.2 Market Research

See Section 7.1, pages 167-176.

The personal chef business is one of the fastest-growing segments in the food-service industry. According to the American Personal and Private Chef Association (APPCA), about 9,000 personal chefs are currently serving some 72,000 clients nationwide. Those numbers are expected to double over the next five years.

2.3 Competitors

See Section 7.2, pages 177-186.

Direct Competition: There are currently 15 personal chefs, or businesses performing some type of personal chef service, in the greater Columbus area. Of these, only seven advertise that they are members of one of the professional personal chef associations. Based on Website research, only one direct competitor is federally recognized as a Certified Personal Chef. Only two indicated specifically that they were focused on preparing healthy meals. On average, similar personal chefs in the Columbus area charge between \$300 and \$500 for their chef services. Groceries are an additional cost. Eva's Edibles will charge \$325, including groceries, making its pricing very competitive.

Indirect Competition: Columbus area restaurants, including fast food and takeout establishments, will indirectly compete with Eva's Edibles. The upscale restaurants are generally expensive and not an everyday option. The majority of lower-priced family-style and fast food restaurants offer meals much lower in quality and nutrition than the dinners that Eva's Edibles will provide.

2.4 Competitive Advantage

See Section 7.2, pages 177–186.

Eva's Edibles has three major competitive advantages:

- (1) It will focus on customer service by allowing clients to choose their menus.
- (2) It will focus on preparing healthy versions of client favorites and will, after consultation with clients, tailor dinners to meet their special dietary needs.
- (3) Eva Tan is one of the few personal chefs in Columbus to have the federally recognized designation of Certified Personal Chef. Eva Tan is an active member of the United States Personal Chef Association.

2.5 Marketing Plan

See Section 8.1, pages 211–222.

Eva's Edibles plans to market to Columbus households of two or more people with a combined household income of \$50,000 or more, who eat out or order in at least four times a week. Based on research conducted by Eva's Edibles, it is estimated that this market segment amounts to 27,690 households. The research also indicates that these professionals live hectic lives and feel they don't have time for shopping and cooking.

The marketing plan will highlight the following customer benefits:

- (1) Less time spent planning and shopping for dinners
- (2) Less time spent in the kitchen cooking and cleaning up
- (3) The convenience of eating dinner whenever the client wishes
- (4) Delicious and healthy dinners tailored to the client's personal choices
- (5) Less money spent eating out
- (6) More time to spend with friends
- (7) Dinner choices that can be tailored for diabetics, vegetarians, and those who need low-cholesterol or low-sodium meals

2.6 Pricing Strategy

See Section 8.1, pages 211–222.

Description of Service: Eva's Edibles will be based on a **5-Dinner Plan**, cooking five dinners for one household in one day. Households may range from 2 people to 5 people.

A dinner consists of:

- A main course
- A starch
- A vegetable
- A dessert

Clients can select dinners from a list of healthy home-style meals offered by Eva's Edibles or come up with others in consultation with Eva. The dinners will be stored family-style in the client's refrigerator or freezer in appropriate containers, with reheating instructions.

5. *Pricing Strategy:* Eva's Edibles will base prices on both demand and competition. As a member of USPCA, Eva has access to competitive prices and services. On average, similar personal chefs in the Columbus area charge between \$300 and \$500 for cooking dinners. Groceries are generally an additional cost. Eva's Edibles will charge \$325, including groceries, making her service and prices very competitive. She is starting at a low price so she can create a reputation for Eva's Edibles and gain market share.

2. 2.7 Promotion

See Section 8.2, pages 223–232.

Eva's Edibles will engage in five types of promotional activities:

2. (1) Establishing a Website
- (2) Maintaining a referral listing on the USPCA Website
- (3) Hosting in-store promotions
- (4) Promotions at local events
- (5) Developing strategies for retaining current clients

Company Website: Eva's Edibles will construct its own Website, which will provide full information about services and display a selection of dinner menus. The Website will offer monthly catering promotions and offer a sign-up list for prospective clients. Sample dinners will be showcased. The Website will promote Eva Tan as one of the few personal chefs in the Columbus area who has the federally recognized designation of Certified Personal Chef. It will indicate that Eva Tan is an active member of the United States Personal Chef Association.

USPCA Referral Website: Eva's Edibles will use a referral listing provided by the USPCA. Because of her membership in the USPCA, Eva Tan can access its referral listing at www.hireachef.com. Eva's Edibles will be able to create and modify its listing and track listing statistics. According to the USPCA, this service "is the most effective, efficient method to put customers and personal chefs in touch with each other." Annually, hireachef.com logs over 500,000 listing views and 95,000 clicks for more information. These statistics represent more than simple Web-page hits, which can be deceiving. Clients on the hireachef.com system review personal chef pages and make contact. Inquiries from potential clients are sent directly to the chef's e-mail account.

In-Store Promotions: Eva's Edibles plans to offer in-store promotions at local cookware shops on a regular basis. One store, The Wire Whisk, has agreed to host an hour-long presentation by Eva Tan every other week. The presentation will be dedicated to healthy eating and feature the company's dinners. At each event the company will offer sample menus and a brochure describing its philosophy.

Promotions at Local Events: Eva's Edibles will also participate in local events at shopping malls, cultural fairs, environmental exhibits (Earth Day), and other appropriate venues. It will offer free samples, gift baskets, and discount raffles. Eva's will offer its brochure at each of these events as well.

Strategies for Retaining Current Clients: Eva's Edibles will provide current clients with extras for their loyalty—for example, free snacks and desserts after purchasing three 5-Dinner Plans. Another strategy will be to offer current customers a 10% discount when they refer Eva's Edibles to a potential client who signs a contract with the company.

2.8 Sales Methods

See Section 9.1, pages 239-248.

Eva's Edibles will depend heavily on personal selling. This involves contacting past customers of the event-planning business and pursuing business contacts through Ohio State University.

Direct mail pieces and the brochure will have a mail-back card to capture a prospective client's e-mail address and telephone number. Eva Tan will follow up all mail-back cards personally by e-mail or phone.

Future selling strategies will include asking customers for referrals and recommendations of potential clients. Again, Eva will get in touch with each prospect personally.

3. FINANCIAL STRATEGIES

3.1 Sales Estimates

See Section 9.2, pages 249-258.

Sales estimates for the first two years are shown below. Each 5-Dinner Plan represents cooking five dinners for one household in the client's kitchen.

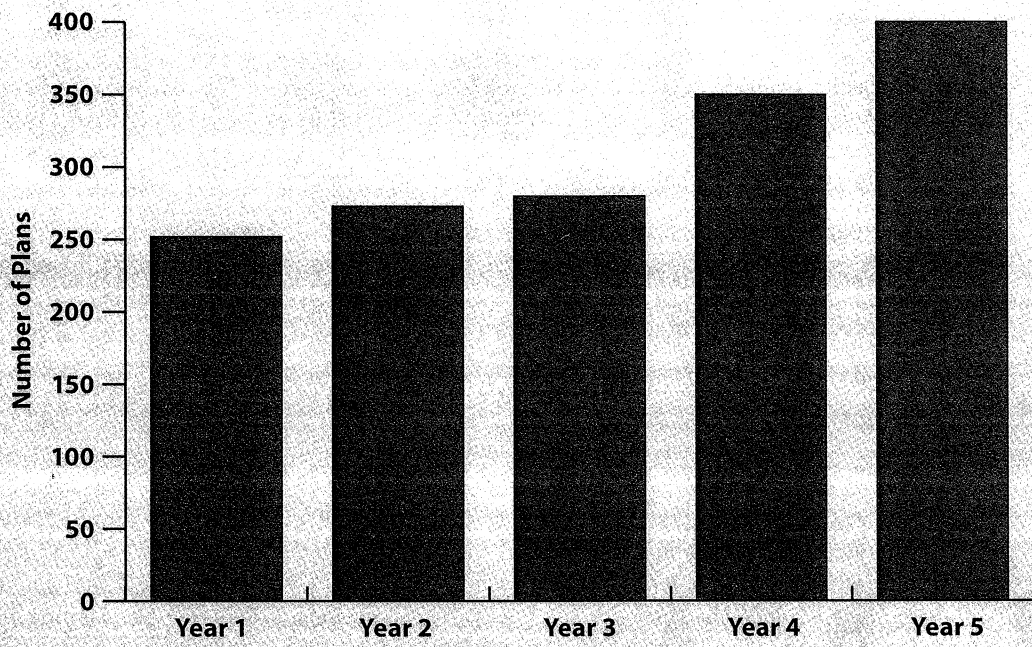
Eva's Edibles will be available to cook every weekday and on some weekends, when required.

Month	Year 1		Year 2	
	5-Dinner Plans	Monthly Sales	5-Dinner Plans	Monthly Sales
January	20	\$6,500	22	\$7,150
February	20	6,500	22	7,150
March	20	6,500	22	7,150
April	20	6,500	22	7,150
May	21	6,825	22	7,150
June	21	6,825	23	7,475
July	21	6,825	23	7,475
August	21	6,825	23	7,475
September	22	7,150	23	7,475
October	22	7,150	23	7,475
November	22	7,150	24	7,800
December	22	7,150	24	7,800
Annual Totals	252	\$81,900	273	\$88,725

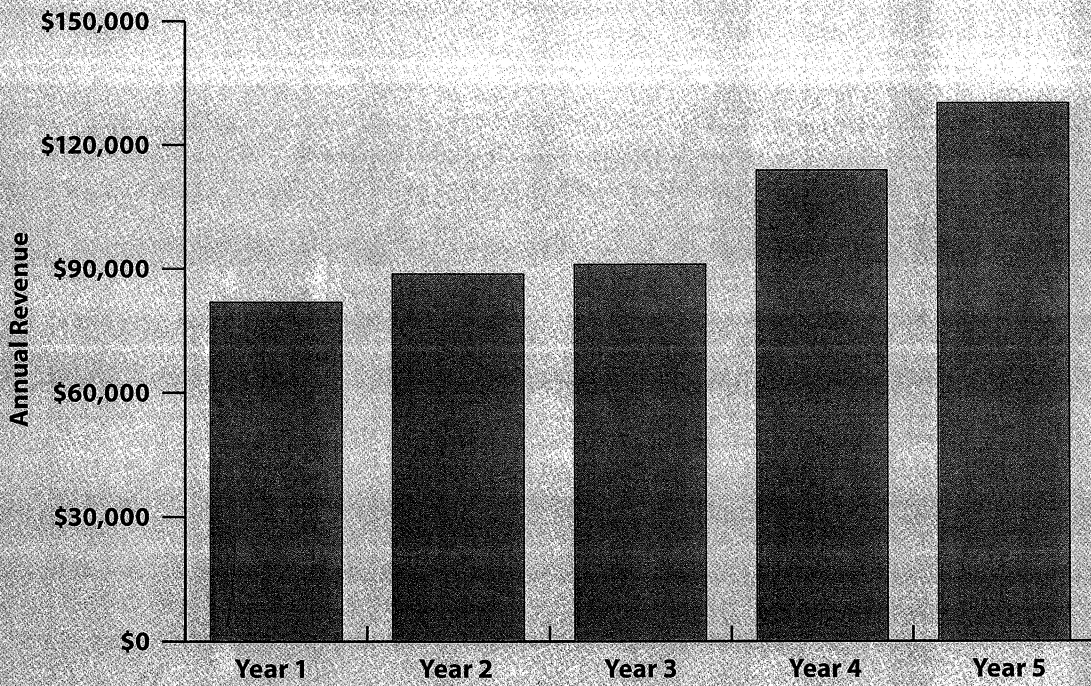
Projected five-year sales estimates are shown on the next page. The projections assume that Eva's Edibles moves to a commercial kitchen in its third year. That will allow the company to deliver meals to clients, rather than to cook in their kitchens, thus significantly increasing the number of 5-Dinner Plans the company can provide.

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**Projected Five Year Sales
Number of Plans**



**Projected Five Year Sales
Revenue**

See Section 10.1, pages 269–274.

3.2 Business Expenses

Eva's Edibles will keep its fixed expenses at a very low level in its first year. Eva Tan's parents will pay for her health insurance. Eva Tan is the sole employee, so there will be no salaries. Because Eva will cook at the clients' homes, there will be no rent or utility expenses other than a cellular telephone. The company will use an existing computer donated by Eva Tan and valued at \$1,000. The computer will back up all data offsite every day.

Operating expenses for the first year of business will be:

- Advertising: Brochure (\$600), cards (\$50), postage (\$300), Website development (\$800)
- Depreciation: Computer (\$200 per year)
- Insurance: Automobile (\$800), USPCA Liability Insurance (\$600)
- Utilities: Cellular telephone (\$1,200)
- Other Operating Expenses: Automobile-related maintenance & gas (\$1,300)
- Other Operating Expenses: Cooking-related—knife kit, equipment not supplied by customers, spices, oils, and so on (\$1,000)

See Section 10.2, pages 275–282.

3.3 Economics of One Unit

ONE UNIT OF SALE = 5-DINNER PLAN (1 DAY OF COOKING)			
SELLING PRICE (PER UNIT):			
			\$325
Variable Expenses			
Cost of Services Sold			
Materials (Groceries)	\$100		
Labor (\$25 per Hr., 6 Hrs.)	<u>150</u>		
Cost of Services Sold		250	
Other Variable Expenses			
Gas, \$4 per Day	<u>\$4</u>		
Total Other Variable Expenses		4	
Total Variable Expenses			<u>254</u>
CONTRIBUTION MARGIN (PER UNIT):			
			<u>\$71</u>

3.4 Income Statement ←

See Section 11.1, pages 289-303.

Projected Annual Income Statement: End of Year 1
March 31, 20--

REVENUE		
Sales (252 Days @ \$325/Day)	<u>\$81,900</u>	
Total Revenue		\$81,900
COST OF SERVICES SOLD		
Materials (Groceries @ \$100/Plan)	\$25,200	
Labor (\$150/Plan)	<u>37,800</u>	
Cost of Services Sold		<u>63,000</u>
GROSS PROFIT		\$18,900
OPERATING EXPENSES		
Advertising	\$1,750	
Depreciation	200	
Insurance	1,400	
Telephone	1,200	
Other Operating Expenses (Auto-Related)	1,300	
Other Operating Expenses (Cooking-Related)	<u>1,000</u>	
Total Operating Expenses		6,850
PRE-TAX PROFIT		\$12,050
Taxes (15%)		<u>1,808</u>
NET PROFIT		<u>\$10,242</u>

3.5 Balance Sheet ←

See Section 11.2, pages 304-314.

Projected Balance Sheet: Start of Business
April 1, 20--

ASSETS		
Current Assets		
Cash	<u>\$5,000</u>	
Total Current Assets		<u>\$5,000</u>
Total Assets		<u>\$5,000</u>
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities		
Total Current Liabilities		<u>\$0</u>
Total Liabilities		\$0
Shareholder's Equity		
Eva Tan, Shareholder's Equity (100 Shares)		<u>\$5,000</u>
Total Liabilities & Owner's Equity		<u>\$5,000</u>

See Section 12.1, pages 321–332.

3.6 Financial Ratios

Return on Sales (ROS): Eva's Edibles projects a return on sales of approximately 12.5% (Net Profit ÷ Total Sales) x 100 = Return on Sales. Thus, $(\$10,242 \div \$81,900) \times 100 = 12.51\%$ Return on Sales.

Return on Investment (ROI): Eva's beginning equity of \$5,000 in the business (shown as Shareholder's Equity on the balance sheet) represents her initial investment in the company. Eva's Edibles projects a first year net profit of \$10,242. So Eva's Edibles projects a return on investment of approximately 204.8% (Net Profit ÷ Initial Investment) x 100 = Return on Investment. Thus, $(\$10,242 \div \$5,000) \times 100 = 204.84\%$ Return on Investment.

See Section 12.2, pages 333–336.

3.7 Break-Even Point

Eva's unit of sale is a 5-dinner plan (one day of cooking), for which the company charges \$325. Eva's cost for labor and materials for a day of cooking is \$250. Her other variable costs are \$4 per unit, so her total variable costs per unit are \$254. The resulting contribution margin per unit is \$71 ($\$325 - \$254 = \71).

Eva's Total Variable Expenses are \$19,908 (COSS of \$18,900 + Other Variable Costs of \$1,008). (The other variable expense was gas at \$4 per day for 252 days.) Fixed Operating Expenses, which don't include the variable expense for gas, are \$5,842 ($\$6,850 - \$1,008 = \$5,842$). This means that Eva's Edibles will break even after approximately 82 days of cooking ($\$5,842 \div \$71 = 82.28$ days to break even).

See Section 13.1 & 13.2, pages 347–364.

3.8 Financing Strategy

Start-Up Investment: Eva Tan will invest \$5,000 of her own money in the company. This is her beginning equity in the company.

Reserve for Fixed Expenses: The company will establish a reserve for fixed expenses of \$2,012. This is enough to cover the company's operating expenses for three months (Total Operating Expenses ÷ 12) x 3. Thus, $(\$8,050 \div 12) \times 3 = \$2,012$.

Start-Up Expenditures & Emergency Fund: The company will use the remaining portion of the start-up investment, \$2,988, to cover start-up expenditures, which are expected to be approximately \$2,000, and to establish an emergency fund of \$1,000.

See Section 14.1 & 14.2, pages 371–398.

3.9 Recordkeeping & Accounting Systems

Eva's Edibles will use the latest version of QuickBooks accounting software. Offsite backups of the business accounts and records will automatically be made every day.

4. ORGANIZATIONAL STRUCTURES

4.1 Organizational Structure

Eva's Edibles will be operated solely by Eva Tan, who will perform all shopping, cooking, and sales functions in the business. Her title will be President.

See Section 15.1, pages 405–415.

4.2 Staffing

Eva Tan will be the only person employed full-time by Eva's Edibles during the first year. If sales increase as projected, it may become necessary to hire part-time assistance in the second year. As the business grows, Eva's Edibles anticipates offering internships to local culinary college students.

See Section 15.1, pages 405–415.

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4.3 Outside Experts

See Section 15.1, pages 405-415.

Eva's Edibles will use outside services for legal and accounting/tax needs. In addition, Eva will seek the mentorship of colleagues who are also members of USPCA.

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4.4 Training and Motivating Employees

See Section 15.2, pages 416-426.

Eva Tan plans to take a USPCA course on growing a personal chef business after the company's first year of operation. The first year will be very strenuous. The company plans to devote at least one day of every weekend to cooking for clients.

In case of illness, the company has entered into a reciprocal agreement with James Martin, a personal chef in Columbus, who will prepare dinners for Eva's Edibles clients on short notice.

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5. LEGAL STRUCTURES

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5.1 Intellectual Property

See Section 16.1, pages 433-442.

The company has started the process of trademarking "Eva's Edibles" as a brand name. Eva will also copyright her brochures and all printed materials.

5.2 Contracts

See Section 16.1, pages 433-442.

Eva's Edibles will have a written contract with each of its clients that will specify the dates on which the service will be performed, the menus chosen by the client, and any dietary requirements. The contract will also set out provisions for the cancellation of services by either party.

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5.3 Insurance

See Section 16.2, pages 443-452.

USPCA liability insurance costs \$600 annually for members. It is a standard general-liability policy with clauses that cover food products, personal injury, advertising injury, and property damage. The company will also pay for automobile insurance for Eva Tan.

5.4 Taxes

See Section 17.1, pages 459-470.

Eva's Edibles will pay self-employment tax and collect sales tax. Workers' Compensation will be made available should three or more full-time employees be hired.

5.5 Government Regulations

See Section 17.2, pages 471-480.

Currently, there are no government regulations concerning a personal chef cooking in a client's home. In the future, if the company leases a commercial kitchen, Eva Tan will investigate all appropriate license and inspection protocols.

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6. BUSINESS MANAGEMENT

6.1 Expenses, Credit, and Cash Flow

See Section 18.2, pages 499-504.

Because of the large volume of food shopping, Eva's Edibles will establish credit with local grocery stores and food-supply companies.

In its first year, Eva's will not accept credit cards. Payment will be received in cash or by check.

The following projected monthly cash budget for Eva's Edibles shows a typical month in the first year of business, in which Eva cooks for clients on 21 days of the month.

CASH INFLOWS		
Cash Sales (21 x \$325)	<u>\$6,825</u>	
Total Cash Inflows		\$6,825
CASH OUTFLOWS		
Variable Expenses: Groceries (21 x \$100)	\$2,100	
Variable Expenses: Labor (21 x \$150)	3,150	
Advertising	146	
Depreciation	17	
Insurance	117	
Telephone	100	
Other Fixed Expenses (Automobile-Related)	108	
Other Operating Expenses (Cooking-Related)	<u>83</u>	
Total Cash Outflows		<u>\$5,821</u>
CASH AVAILABLE		\$1,004

6.2 Production and Distribution

See Section 19.1, pages 511-520.

In its first year of business, Eva's Edibles will prepare food at clients' homes. The only distribution involved will be the transportation of groceries to the clients' homes, which will be accomplished by using Eva Tan's automobile, for which the company will contribute gasoline and maintenance.

6.3 Operations

See Section 19.2, pages 521-526.

Hours of Operation: Eva's Edibles will typically work at a client's home from 11:00 a.m. to 5:00 p.m. Eva Tan will shop for groceries in the morning, buying in bulk for multiple clients, whenever possible.

Rework Requests: If a customer is unhappy with a dinner, Eva's will cook another dinner for the client. If a client is unhappy twice in a period of four months or less, Eva will work carefully with that client to establish the reason for the dissatisfaction, and the company will provide two additional dinners to the client free of charge.

Client Satisfaction: Eva's will depend on word-of-mouth referrals. Clients must be pleased at all costs. Customer service will be critical to the success of Eva's Edibles.

6.4 Purchasing

See Section 20.1, pages 533–540.

Eva's Edibles will purchase groceries on an as-needed basis in the mornings, according to client needs. Eva Tan will buy in bulk whenever possible, choosing vendors for both price and quality. Some ingredients, such as meat or produce, will be purchased as needed to avoid spoilage. Eva's Edibles will cook dinners with seasonal ingredients. In addition, the company will build relationships with local organic farmers to ensure the highest quality and best price.

6.5 Inventory

See Section 20.2, pages 541–548.

Eva's Edibles will keep a minimum inventory of frequently used ingredients, such as condiments and spices, in a cooler and a storage container in her car. The company will use a just-in-time inventory strategy. This means items will be purchased as needed, and long-term storage will not be necessary.

7. PLAN FOR GROWTH

7.1 Business Growth

See Section 21.1, pages 559–566.

Short-Term Business Goals: In its first year, Eva's Edibles plans to build a profitable customer base so that, by the end of the year, it will be cooking in clients' kitchens 22 days in every month. This will allow the company to reach its revenue goal of \$81,900.

Long-Term Business Goals: Eva's Edibles anticipates that, after a profitable customer base has been built, the company will develop an intensive growth strategy. Eva's intends to increase its market penetration by leasing or buying a commercial kitchen. This will allow increased storage and allow the company to serve more clients, thereby increasing its revenues and profits. Dinners will then be delivered to customers.

7.2 Challenges

See Section 21.2, pages 567–570.

Short-Term Business Challenges: The biggest challenge facing Eva's Edibles in its early years will be its business model. Cooking dinners at clients' homes will limit the number of clients that the company can serve.

Long-Term Business Challenges: The biggest long-term challenge for the company is space. Eva's Edibles will need to change its business model and lease or buy a commercial kitchen to increase the number of clients. This, in turn, may require additional financing and will almost certainly require additional employees, particularly those with some degree of cooking skills.

7.3 Franchising and Licensing

See Section 22.1, pages 577–586.

Although premature to plan for, Eva's Edibles may represent a business that could be franchised in other cities with large upscale populations of professionals.

7.4 Exit Strategy

See Section 22.2, pages 587–598.

After establishing itself as a viable business with a stable roster of clients, it is likely that Eva's Edibles could be valued as a desirable business operation for a chef looking for a single-person business. However, Eva Tan has no plans to leave the business in the foreseeable future.