Plan for a business

Business

The primary vehicle access, allows ease for sourcing product in and out of the facility. The facility is a fifth floor heated, insulated building which will be required for production of the pasta The production will begin with the lentils being boiled in a steam Jacket sauce. Kettle, which will then be transported into the mixing kettle that will contain the tomato paste. From there the sauce will be placed into mall Jars, sealed and shipped to the distributors. XX Foods will begin production at 70, 000 units in the first year which will leave room for expansion in the future.

The majority of the reduction line will be purchased from Lard Equipment and Handling Innovations. Human Resources XX Foods will employ a total 7 employees and increased to 9 by year six when production increases. The plant manager will be responsible for the day to day operations. The sales manager will be in charge of selling and marketing the product. They will need to be in contact with distributors and consumers to learn and invent new ways to market the lentil pasta sauce.

The secretary will be involved in the day to day administration and regular secretarial duties.

The plant workers will be in charge of the processing, filling and shipping/ achieving of the lentil pasta sauce production. Marketing Plan XX pasta sauce will be sold in 750 ml glass Jars, XX is a lentil enriched tomato pasta sauce that will appeal to vegetarians and health conscious individuals within a niche market. The sauce will be produced and packaged at the XX Foods production facility in SKI and shipped to the Sobers and Federated Coop Limited (FCC) warehouses in Calgary, ABA for distribution.

As the health food industry becomes more health conscious, and vegetarians are looking for additional meat alternatives, XX will become a greater demand.

XX will be marketed in the health food, specialty food aisle. This offers the product two advantages, the first being a healthy pasta sauce choice, because of the protein found in lentils. The second opportunity is the focus towards vegetarians, as a meat replacement. The specialty nature of the product allows there to be room for a mark-up in price in comparison with competing pasta sauces.

A reasonable mark-up is 25 above XX competitors. XX will be strategically priced at 5.

88 which is a 25 markup over main stream sauces. The objective of the marketing strategy is to supply Calgary FCC and Sobers stores with XX in year one, expanding to the surrounding Calgary area in Alberta in year two and three, with a long term goal of supplying the province of Alberta with XX, While obtaining sales targets of 10 of the total target market each year, 30 of the target market will be aware of the product by year three.

Awareness of the product will be the primary objective of the XX Foods marketing team. The Calgary Vegetarian Resource magazine will be used as a main resource because this magazine has no charge to advertise. In store taste tests will also be used as well as advertising in fliers, in both the Co-pop and Sobers fliers. XX Foods are also going to advertise in the Country Women, and Flare magazines, because these magazines target the main segment of the target audience.

Financial Plan Ten years of financial projections have been made of XX Foods.

All costs including selling prices, expenses and salaries have been inflated at 2 every year. Financing will be a mix of debt and equity, but will rely more heavily on equity. A loan of 115, 000 will be taken on representing 30 of the land and building costs and will be repaid over a 15 year period. Critical variables involved in the financial analysis are the selling price of individual Jars, the production and sales per year, and the beginning owners equity investment. These variable all have a huge impact on the level of success experienced by the company.

The selling price has the largest impact on whether the company succeeds or fails, followed by the production levels. Given the current market prices for pasta sauce, the base run shows the plan to be unfeasible. A positive cash flow cannot be sustained without a substantial initial owner equity investment of 1, 625, 000. The following break down of the financing budget is based on the building and land costs, as well as covering the working capital required for the first year of operations. This represents the absolute minimum investment to operate for year 1.

Net Present Value of Investment -913, 535 Internal Rate of Return on Equity Investment and Internal Rate of Return on Equity Investment are both negative 100, meaning that the company is bankrupt.

In order for the AIR to become positive and therefore make the plan feasible, either price levels or production levels must increase by 35 or 52 respectively. Conclusion The ease plan will be unfeasible and in order for XX

Foods to have a feasible base run the company will either have to charge more for their product or increase unit production.