

California State University, San Bernardino

**CSUSB ScholarWorks**

---

Theses Digitization Project

John M. Pfau Library

---

2006

## **Nutrition on wheels business plan: A strategic analysis**

Seena Gill Kakar

Follow this and additional works at: <https://scholarworks.lib.csusb.edu/etd-project>



Part of the [Business Administration, Management, and Operations Commons](#)

---

### **Recommended Citation**

Kakar, Seena Gill, "Nutrition on wheels business plan: A strategic analysis" (2006). *Theses Digitization Project*. 3047.

<https://scholarworks.lib.csusb.edu/etd-project/3047>

This Project is brought to you for free and open access by the John M. Pfau Library at CSUSB ScholarWorks. It has been accepted for inclusion in Theses Digitization Project by an authorized administrator of CSUSB ScholarWorks. For more information, please contact [scholarworks@csusb.edu](mailto:scholarworks@csusb.edu).

NUTRITION ON WHEELS BUSINESS PLAN:

A STRATEGIC ANALYSIS

---

A Project  
Presented to the  
Faculty of  
California State University,  
San Bernardino

---

In Partial Fulfillment  
of the Requirements for the Degree  
Master of Business Administration

---

by  
Seena Gill Kakar

March 2006

NUTRITION ON WHEELS BUSINESS PLAN:  
A STRATEGIC ANALYSIS

---

A Project  
Presented to the  
Faculty of  
California State University,  
San Bernardino


---


by  
Seena Gill Kakar  
March 2006

Approved by:

  
\_\_\_\_\_  
Dr. Mike Stull, Chair, Entrepreneurship

3/13/06  
Date

  
\_\_\_\_\_  
Dr. Sue Greenfeld, Management

  
\_\_\_\_\_  
Dr. Pat McInturff, Department Chair,  
Management

© 2006 Seena Gill Kakar

## ABSTRACT

The following project describes an entrepreneurial venture my husband and I are preparing to launch entitled Nutrition On Wheels. It will soon be the first, locally owned and operated gourmet diet food delivery service in the Coachella Valley. In essence, we do the shopping, cooking, cleaning, and calorie counting for our customers.

At Nutrition on Wheels, we offer the consumer a luxurious convenience that in today's busy world is a necessity. We understand that cooking a well-balanced meal everyday is a challenge, due to busy schedules and the constant demands of life. Therefore, we are taking the busy work out of our customers' lives and providing them with nutritionally balanced meals delivered right to their doorsteps.

Our menus are physician recommended and were created to meet and exceed the nutritional guidelines set forth by the American Heart Association (AHA), The American Diabetic Association (ADA) and the American Cancer Society (ACS).

The strong competitive advantage Nutrition On Wheels has is its ability to provide delicious tasting, gourmet meals that are customized to fit specific dietary needs. There are plenty of health food stores and nutrition

experts in the Coachella Valley. However, none have combined the unique blend of resources and capabilities that Nutrition On Wheels will provide its target market.

This project will cover the essential components a business plan should encompass, including an industry analysis, market potential, marketing plans, organization and operational plans, strategic management and a financial plan. It will provide the business owners and readers with a blue print for developing the Nutrition On Wheels business plan.

## ACKNOWLEDGMENTS

I would like to acknowledge the professors of the California State University San Bernardino's Masters of Business Administration (MBA) for Executives program for bringing their breadth of knowledge to each and every class session these past two years.

I would like to thank Dr. Sue Greenfeld for working so diligently to bring this program to the Coachella Valley. I would also like to thank Dr. Mike Stull for introducing me to the entrepreneurship course, *MGMT 625:Entrepreneurial Strategy and Policy*, and for encouraging the class to think "big" in terms of a business idea. Moreover, I would like to thank both Dr. Sue Greenfeld and Dr. Mike Stull for agreeing to be readers for this project.

Last, but certainly not least, I would like to acknowledge and thank my fellow classmates for making the program complete. Each and every one of them brought their own unique experiences and insight to the program. For these reasons, I am truly grateful and enriched.

## DEDICATION

This project is dedicated to my loving and incredibly patient husband, Amit. You are my inspiration, my joy and heart. Thank you for the support you give me...every day.



## TABLE OF CONTENTS

ABSTRACT .....	iii
ACKNOWLEDGMENTS .....	v
LIST OF TABLES .....	x
LIST OF FIGURES .....	xi
CHAPTER ONE: INTRODUCTION	
Introduction .....	1
The Business Model .....	1
Purpose of the Project .....	2
Significance of the Project .....	3
Limitations .....	3
Definition of Terms .....	4
Organization of the Project .....	7
CHAPTER TWO: BACKGROUND	
Introduction .....	9
Industry Analysis .....	9
Market Analysis .....	13
Market Segmentation .....	14
Target Market .....	16
Available Market .....	16
Potential Market .....	17
Competitive Analysis .....	18
Strengths, Weaknesses, Opportunities, and Threats Analysis Matrix .....	20
Summary .....	21

CHAPTER THREE: MARKETING

Introduction .....	23
Marketing Mix .....	23
Product, Packaging, and Related Services .....	23
Price .....	28
Distribution (Place) .....	30
Promotion .....	32
Public Relations .....	36
Market Entry Strategy .....	37
Phase One: Introductory Phase .....	37
Phase Two: "Tis' the "Season" .....	40
Phase Three: "It's a New Year" .....	40
Long Term Goals .....	41
Summary .....	42

CHAPTER FOUR: MANAGEMENT, COMPANY CULTURE AND OPERATIONS

Introduction .....	44
The Business Team .....	44
The Management Team .....	44
Key Employees .....	45
Support Staff .....	46
Compensation and Incentives .....	46
Company Culture .....	46
Corporate Social Responsibility .....	48
Operations .....	48

Facilities and Offices .....	48
Hours of Operations .....	49
Employee Training and Education .....	49
Systems and Control .....	49
Food Production .....	50
Delivery and Catering .....	50
Summary .....	50

CHAPTER FIVE: STRATEGIC MANAGEMENT

Introduction .....	52
Resources and Capabilities .....	52
Tangible Resources .....	52
Intangible Resources .....	55
The Value Chain .....	56
The Value, Rarity, Imitability, and Organization Framework .....	59
Value .....	59
Rarity .....	59
Imitability .....	59
Organization .....	61
Growth Strategies and Strategic Alliances .....	61
Critical Risks .....	64
Market Risk .....	64
Operational Risks .....	66
Financial Risks .....	66
Summary .....	67

CHAPTER SIX: FINANCIAL PLAN

Introduction ..... 68

Financial Plan and Sales Goals ..... 68

Limitations and Assumptions ..... 70

Key Uses of Funds - Year 1 ..... 71

    Inventory and Raw Materials ..... 71

    Salary and Operating Expenses ..... 71

Summary ..... 74

CHAPTER SEVEN: CONCLUSION

Project Summary ..... 76

Entrepreneurship in America ..... 77

Value of the Assignment ..... 79

APPENDIX A: GROWTH FROM 2000-2025, COACHELLA VALLEY ..... 81

APPENDIX B: POPULATION GROWTH RATES COACHELLA VALLEY AND OTHER MAJOR AREAS 1990-2002 ..... 83

APPENDIX C: NUTRITION ON WHEELS SAMPLE MENU ..... 85

APPENDIX D: MEAL PACKAGING ..... 89

APPENDIX E: SAMPLE YELLOW PAGES AD AND DIRECT MAIL PIECE ..... 91

APPENDIX F: SALES CYCLE FORECAST: YEAR 1 - YEAR 3 ..... 93

APPENDIX G: FINANCIAL HIGHLIGHTS: CASH FLOW PROJECTIONS - FISCAL YEAR 1 PROJECTED INCOME STATEMENT - FISCAL YEAR 1 - YEAR 3 ..... 95

REFERENCES ..... 98

LIST OF TABLES

Table 1. Strengths, Weaknesses, Opportunities, and Threats Analysis .....	21
Table 2. Meal Plans .....	26
Table 3. Meal Plan Pricing .....	29
Table 4. Financial Highlights .....	70

LIST OF FIGURES

Figure 1. Restaurant Industry Sales ..... 10  
Figure 2. Market Segmentation ..... 15

## CHAPTER ONE

### INTRODUCTION

#### Introduction

The content of Chapter One begins with an overview of the Nutrition On Wheels business model. It is followed by the purpose and significance of the project along with the limitations faced in developing the business plan. Next, definitions of terms and the organization of the project are presented.

#### The Business Model

Nutrition On Wheels will be the first locally-owned and operated gourmet diet food delivery service in the greater Palm Springs area.

The food creation and packaging will be outsourced to a local gourmet chef who has over twenty years of culinary experience. The chef runs his catering business in a nearby operating facility in Palm Desert. Prior to running his catering business, he was the executive chef at a popular local restaurant in Indian Wells.

Customers can place orders via telephone, website or fax, whereby the order will be entered into the database and submitted to the chef for meal preparation. Finally, the uniformed delivery person will pick up the orders from

the chef's catering kitchen facility and deliver the meals to the customers' doorstep in stylish vinyl cooler bags. The meals will be ice-packed, air-sealed, and packaged in plastic, micro-waveable and disposable containers.

A value-added service that will be offering is one-on-one dietary consultation with the on-staff nutrition experts. The on-staff dietician and nutritionist will provide customized menus depending on specific dietary needs. This service will be offered at a nominal fee.

#### Purpose of the Project

The purpose of the project is to develop and further expand a business plan for a food delivery business. A written business plan not only aids in solidifying business goals, but also provides a road map for success. Since outside funding is not being sought, this project will be used primarily for internal purposes to help manage the business.

The main objective for writing this project is to ensure that plans and ideas are developed and that each business team member is committed to the same goals and objectives.



## Significance of the Project

The significance of the project is that it will help to communicate the business goals and the strategies that will be employed to meet them. It will also be important in identifying potential problems that may arise and ways to address them; the organizational structure of the business, and the amount of capital required to finance and operate the venture to reach and maintain profitability.

Starting an entrepreneurial venture such as this requires 100% dedication. Creating this project will be a beneficial tool to ensure that the business remains profitable and that valuable resources such as money, time and energy are not wasted.

## Limitations

During the development of the project, two key limitations were noted. These limitations are presented in the following section.

1. Due to the lack of available industry financial data, there were limitations in the financial projection estimates.
2. We were limited in benchmarking our strategies due to the unique specifications of the business

model and industry competitive structure. In Chapter 5 and 6, first-mover advantages and disadvantages will be addressed.

#### Definition of Terms

The following terms are defined as they apply to the project.

ACS - American Cancer Society

ADA - American Diabetes Association

AHA - American Heart Association

AJPH - American Journal of Public Health

Atkins Diet - Most marketed and well-known of the low-carbohydrate diets

Business Level Strategy - A way to build a competitive advantage in a discrete and identifiable market

Coachella Valley - The Greater Palm Springs area. Palm Springs is one of 10 adjacent desert resort cities in the Coachella Valley – Desert Hot Springs, Cathedral City, Palm Desert, Rancho Mirage, Indian Wells, La Quinta, Thousand Palms, Indio and Bermuda Dunes

Corporate Social Responsibility (CSR) - An expression used to describe what some see as a company's obligation to be sensitive to the needs of all of its stakeholders in its business operations

El Paseo - A famous shopping avenue in Palm Desert. It is quite often referred to as the Rodeo Drive of the Desert.

Industry Based Strategic Analysis - A strategic task is mainly to examine external forces- The Porter's 5 Forces Model.

Intangible Resources - Resources that are hard to observe and difficult to replicate resources and capabilities of a firm.

Network Strategy - Intentionally tapping into the relationships, connections, ties that individuals and organizations have.

NRA - National Restaurant Association

Porter's 5 Force Model - Industry-based view of strategy consisting of Intensity of Rivalry Among Competitors, Threat of Potential Entry, Bargaining Power of Suppliers, Bargaining Power of Buyers and Threat of Substitutes. All determine the industry competitiveness.

Resource Based Strategic Analysis - Differences in a firms performances are driven by differences in firms resources and capabilities.

SCA - Sustainable Competitive Advantage.

Snowbirds - A large group of seasonal residents in the Coachella Valley. Peak snowbird season is January thru May.

South Beach Diet - Developed by Miami area cardiologist, which emphasizes the consumption of "good carbs" and "good fats." The diet was originally developed for cardiac patients.

SWOT - A strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture or in any other situation requiring a decision.

Tangible Resources - A firm's assets that are observable and more easily quantified

Value Chain - The value-adding activities of an organization. A powerful analysis tool for strategic planning.

VRIO FRAMEWORK - An internal tool of analysis. VRIO is an acronym for the four-question framework one asks about a resource or capability to determine its competitive potential: the question of Value, the question of Rarity, the question of Imitiability (Ease/Difficult to Imitate), and the question of Organization (ability to exploit the resource or capability).

Zone Diet - The diet centers around a "40:30:30" ratio of calories obtained daily from carbs, protein and fats, respectively.

### Organization of the Project

The project is divided into seven chapters. Chapter One provides an introduction to the Nutrition On Wheels business model, the purpose and significance of the project, limitations faced and definition of terms used in this project.

Chapter Two describes pertinent background information such as industry trends, market potential and segmentation, as well as competitive factors.

Chapter Three offers a look at the Nutrition On Wheels sales cycle and marketing strategy.

Chapter Four details the management and culture of the business. Included in this chapter will be the team structure and the businesses' beliefs in Corporate Social Responsibility (CSR). Finally, the operational functions of the business are described.

Chapter Five discusses aspects of Strategic Management, specifically the businesses' resources and capabilities, the value chain, a VRIO framework, growth strategies and critical risks.

Chapter Six presents a financial analysis including financial plans, sales goals, assumptions that were made, limitations and goals.

Chapter Seven gives a summary and the value of the project to the author and reader. Also, the importance of entrepreneurship in America is presented. Finally, the project appendices and references follow.

## CHAPTER TWO

### BACKGROUND

#### Introduction

Chapter Two begins with an industry analysis, which will describe the current trends in the health and food industry. Next, Coachella Valley market information is provided along with a description of how the market will be segmented. Finally, a competitive analysis will be provided with a SWOT (Strengths, Weaknesses, Opportunities, Threat) diagram.

#### Industry Analysis

Four of the six leading causes of death-diabetes, heart disease, cancer and obesity-are related to poor nutrition, but many doctors do not ask questions about diet until the patient has a heart attack (Zeisel, 2004).

Generally speaking, Americans have significantly less time and energy to cook for themselves and their families regularly. There is a growing market of consumers who would like to or are now choosing a healthy style of eating and cooking on a daily basis.

It is very important to acknowledge these trends and Nutrition On Wheels is well aware and positioned for the current awareness in eating lighter and healthier.

Although the nature of the food industry is exceedingly competitive, the lifestyle changes that are created by modern-day living continue to fuel its growth.

The food service business is one of the largest industries in the United States. From 1996 to 2006, restaurant industry sales projections grew 66 percent. (See Figure 1 below.) One assumption can be made from this trend, that more and more consumers prefer to eat prepared meals.

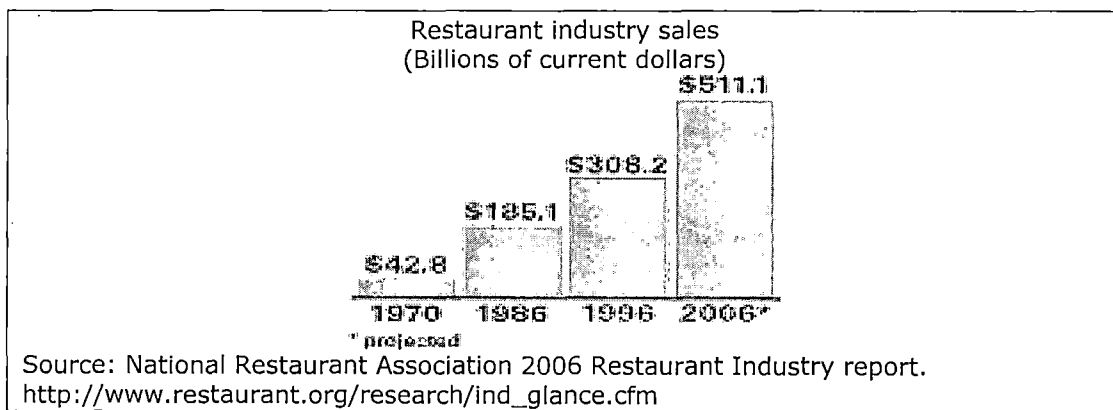


Figure 1. Restaurant Industry Sales

In the Foodservice Industry report released by The National Restaurant Association in 2006, a few findings included the following:

- Independent operators and entrepreneurs will be the main source of new restaurant concepts



- Nutritional concerns will be critical at all types of foodservice operations, and food flavors will be important
- On an average day, 21 percent of U.S. households used some form of takeout or delivery (The National Restaurant Association, 2006).

In the past decade, low-carbohydrate (low-carb) diets have taken the U.S. food industry by storm. The Atkins, South Beach, and other carbohydrate-restrictive diets have boasted an effective weight-loss alternative to the traditional low-fat, carb-rich plans. It is common knowledge that consumers have been following this trend and are flooding the marketplace in search of low-carb products.

According to the *Grocery Manufacturers Association (GMA)*, the *Association of Food, Beverage and Consumer Products Company*, the following current and emerging consumer trends in the Food and Beverage category will drive significant new product opportunity and will influence product success over the next few years:

- Continued focus on weight management but within the context of a healthy, balanced diet

- Increased demand for products with specific disease management benefits (eg. diabetes, high cholesterol)
- Renewed interest in hearty, satisfying meals; significant opportunity for reduced calorie/healthier versions
- Ongoing demand for new taste, variety and convenience benefits-particularly when paired with health and wellness benefits (IRI Infoscan, 2005).

The diet industry represents \$40 billion annually. An estimated 1 in 4 Americans are on some form of a low-carb diet plan (Lee, 2004). While the low-carb diet craze has apparently peaked, one can expect continued steady growth in low calorie and low fat products. Consumers will replace more extreme measures with healthier, more balanced eating habits. National statistics gathered from the *American Journal of Public Health* (AJPH) demonstrate the following ongoing health and diet issues in America:

- Over 64% of Americans are considered overweight
- 30% of all cancer deaths are attributed to dietary factors
- 17 million Americans with diabetes

- 25% of Americans have one or more types of cardiovascular disease (American Journal of Public Health, 2006).

### Market Analysis

The Coachella Valley population is estimated at approximately 350,000 residents. Forty-six percent of the population is between the ages of 45-65+ years old. Research shows that between 2005-2015 households aged 55-64 will grow 33 percent and those aged 65-74 will grow 42 percent (The Desert Sun, 2004).

This tourist friendly retreat and retirement haven is home to dozens of shopping arcades and more than two hundred lush-green golf courses, making it one of the world's premier golf destinations. The area is also blanketed by a number of world-class resorts and spas. It has become synonymous with being the mecca of prosperity (Coachella Valley Enterprise Zone, 2006).

Partly due to a temperate year round climate, the desert is home to a large "snowbird" population. The months of November thru May are typically the most populated time in the area. Amongst the "snowbird" population are a large elderly population and well-to-do baby boomers in search of secondary vacation homes.

The area is infamous for being a retirement playground for the wealthy. The percentages of households with income above \$100,000 include Indian Wells (48%), Rancho Mirage (32%), La Quinta (21%) and Palm Desert (19%) (Marra, 2005).

One of the wealthiest dwellings in the Coachella Valley, Rancho Mirage, has been commonly coined "The Playground of the Presidents." The name originated in honor of ex-President Gerald Ford, who currently resides in the city.

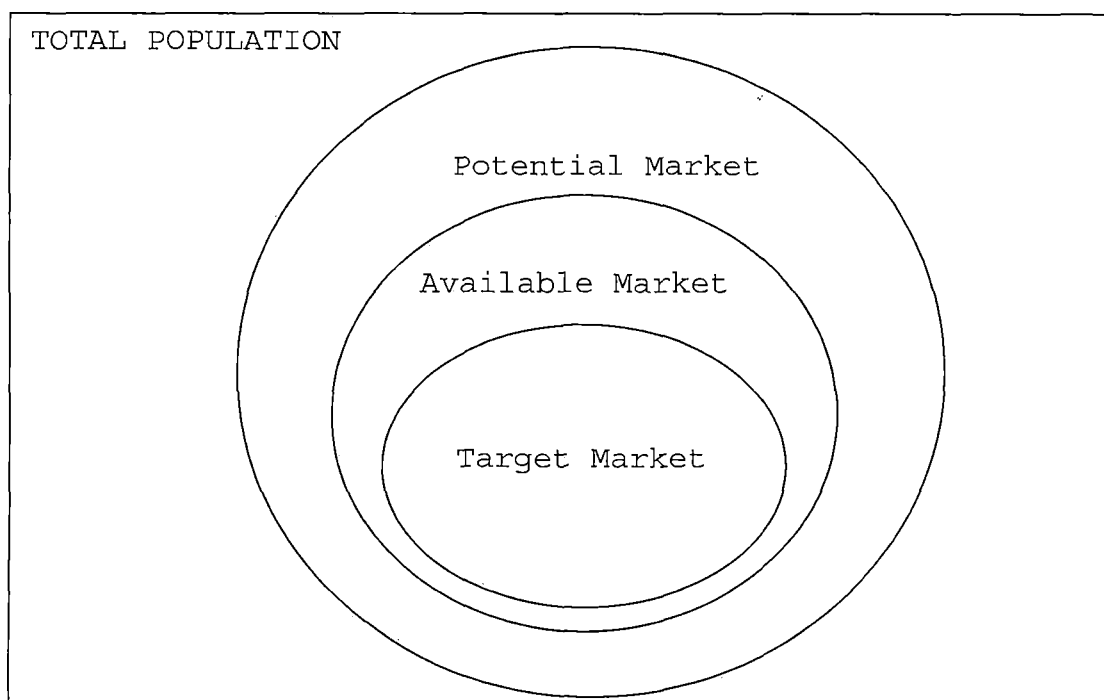
California Smart Growth studies predict that, with Los Angeles development pressures expanding further east, the cities within the Riverside and San Bernardino counties will experience a large influx of new residents. According to Coachella Valley Economic Partnership (CVEP) organization, the Coachella Valley's estimated population of 350,000 is likely to reach 586,182 by 2025. (See Appendix A: Growth From 2000-2025, Coachella Valley.)

#### Market Segmentation

Since the market is composed of consumers whose needs differ, it is advantageous to segment the market. This will allow the business to better understand those needs

and target the groups within the markets that they will serve.

The *Target Market* is the segment of the qualified available market that they have decided to serve. The *Available Market* would include those in potential market who have enough money to buy the product and services. Finally, the *Potential Market* will be observed, which includes all Coachella Valley residents who have an interest in acquiring these services. See Figure 2 - Market Segmentation below.



Source: Author, 2006. Concept of diagram derived from website: [www.NetMBA.com](http://www.NetMBA.com)  
Figure 2. Market Segmentation

## Target Market

The target market for Nutrition On Wheels includes affluent adults 45+, who have the disposable income to spend and/or are seeking convenience and a healthy lifestyle. The ideal Nutrition On Wheels customers will be those who are on strict diet plans, such as diabetics and patients suffering from any form of cardiovascular disease as well as outpatients recovering post-surgery.

Based upon households with minimum annual income of \$100,000, the target market typically resides in Indian Wells, Palm Desert, Rancho Mirage, La Quinta and South Palm Springs.

## Available Market

The available market will include those individuals who simply have the disposable income to afford this necessary luxury and want to lose or manage his or her weight. In addition to promoting the delivery service to the available market; they will also promote the Nutrition On Wheels boxed "spa lunches" by placing the ready-to-go meals in gyms, yoga and pilates studios, health food stores, golf clubhouses, and corporate functions. However, the boxed lunches will not be promoted until sales and financial objectives are met and evaluated in Year One.

It can be expected that the Target market and Available market will grow substantially over the next decade. With the number of baby boomers inheriting money and retiring, there is a significant growth in the number of seasonal retirees who are transplanting themselves to the desert.

#### Potential Market

In conjunction with the growth of the primary Target market and Available market, the owners expect a growth in the Potential market. The Potential market would include those in the total Coachella Valley population who have interest in the Nutrition On Wheels products and services. The business will offer 2-day, 3-day and 4-day meal plans for delivery for this market. Additionally, a special kids menu will be offered to entice families that have an interest in the service.

With the rising costs of living in nearby metro cities such as Los Angeles and Orange County, the Coachella Valley population will continue to grow at an unprecedented rate. (See Appendix B: Population Growth Rate Coachella Valley & Other Major Areas 1990-2002.)

Nutrition On Wheels will eventually be a tremendous service to market to the masses. However, it will be extremely crucial for them to segment the market as

indicated above in phases. This will allow the business to move at a reasonable pace and to stay on track.

### Competitive Analysis

Although there are no direct local competitors for Nutrition On Wheels, there are similar Zone diet-based programs that deliver from the New York and Los Angeles area. Personal chefs, Jenny Craig and L.A. Weight Loss, are the closest local competitors.

Hiring a personal chef costs a considerable sum of money, roughly \$250-300 a week per person plus groceries. Jenny Craig costs are approximately \$105 a week for food. But, in addition to the cost of food, there are membership and reward charges, which can cost upwards of \$400.

Although Jenny Craig and personal chefs are listed as competitors, neither of them can be viewed as direct competition. Nutrition On Wheels aims to be viewed as the Rolls Royce of nutritional diet plans. Jenny Craig falls short of this level of prestige. On the opposite end of the spectrum, the ability to find a personal chef/nutritionist combination can be difficult to attain.

Nutrition On Wheels aspires to fill the gap left between Jenny Craig and the personal chefs. Given the



demographics of the Coachella Valley, there is an enormous opportunity to be had.

On a national level, there are approximately twenty large companies that offer similar types of services. A few companies that are offering home delivery of diet foods include: Atkins At Home, Diet To Your Door, HMR At Home Program, Jenny Direct (Jenny Craig), Sunfare, Zone Chefs, Zone Delivery USA and Zone Diet.

Some ship the food anywhere in the U.S., while others focus on specific metropolitan areas. Currently, most of the business is concentrated in the New York metro and Los Angeles area. However, it is only a matter of time before expansion takes place in other cities.

Large national companies such as these do have a competitive advantage in regards to capital and experience, which would make it less challenging for them to enter the market. Nutrition On Wheels will aim to create entry barriers into the market by establishing itself as the premier diet food delivery system in the Coachella Valley.

The competitive advantage Nutrition On Wheels has is its close ties to the medical community and a first mover advantage. They will maintain a competitive advantage by developing strong brand name awareness, offering

exceptional service, instilling good salesmanship in all employees, and continually creating innovative meals. Once a customer tries the service, their experience will be reinforced by friendly, efficient and knowledgeable service.

#### Strengths, Weaknesses, Opportunities, and Threats Analysis Matrix

A SWOT analysis is valuable in understanding a businesses' internal and external environment. It is an important step in the strategic planning process and provides information helpful in matching the company's resources and capabilities to its competitive environment. Below is a SWOT matrix, which will highlight Nutrition On Wheels main strengths, weaknesses, opportunities and threats. Chapter Five, entitled Strategic Management, will further explore these bullet points.

Table 1. Strengths, Weaknesses, Opportunities, and Threats Analysis

<p><u>Strengths</u></p> <ul style="list-style-type: none"> <li>▪ Medical endorsement</li> <li>▪ Owner expertise in sales, marketing</li> <li>▪ Entrepreneurial experience</li> <li>▪ Owner's strong ties to the medical community</li> <li>▪ Gourmet quality food</li> <li>▪ 5 star chef/caterer with own facility</li> <li>▪ Customized meal option</li> <li>▪ First to local market</li> </ul>	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> <li>▪ New to diet food industry</li> <li>▪ Dependency on one chef for food production</li> <li>▪ Capital is limited</li> </ul>
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>▪ No direct local competition</li> <li>▪ Growing health industry trends</li> <li>▪ Growth potential of boxed "spa lunches"</li> <li>▪ Explosive population growth in Coachella Valley</li> <li>▪ Growth in aging population</li> <li>▪ Kid's Menu</li> </ul>	<p><u>Threats</u></p> <ul style="list-style-type: none"> <li>▪ Local Competition/ "Copycats"</li> <li>▪ National competition</li> <li>▪ Seasonality of residents</li> <li>▪ Dependant on chef's commitment to business</li> <li>▪ Escalating costs of rent due to the population growth in the valley.</li> <li>▪ Discriminating &amp; fickle nature of affluent consumer</li> </ul>

(Author, 2006)

### Summary

Chapter Two presented important information about the background of the business. Some highlights from the chapter included informative details about the health and

diet-food industry and the population growth in the Coachella Valley. The current and emerging consumer trends will drive significant new product and service opportunity, positively impacting new businesses like Nutrition On Wheels.

With the growing number of aging adult population expected in the Coachella Valley, the market potential for Nutrition On Wheels is favorable. The chapter discussed how the market would be segmented into three groups: the Target market, the Available market and the Potential market.

Next, a competitive analysis was provided detailing the local non-direct competitors and national direct competitors. Currently, Nutrition On Wheels will be the first to market this unique type of service to the Coachella Valley. Finally, a SWOT matrix was provided listing the business' core strengths, weaknesses, opportunities and threats.

## CHAPTER THREE

### MARKETING

#### Introduction

Chapter Three discusses the marketing plans for Nutrition On Wheels. The ultimate objective is to create value and generate a positive response from the customer. Specifically, there will be a discussion about the marketing mix followed by the market entry strategies. The marketing mix will include the four P's of marketing, otherwise known as Product, Price, Place and Promotion (Winer, 2004). The market entry strategies consist of three phases: Phase One- "The Warm Market" and "Meet and Greet," Phase Two- "Tis' the Season" and Phase Three: "It's a New Year."

#### Marketing Mix

##### Product, Packaging, and Related Services

###### Product.

Fresh Meal Delivery. Nutrition on Wheels delivers fresh, quality- ingredient gourmet meals and snacks to one's home or office by 6 a.m. each delivery day. Meals are delivered three times weekly: Monday (two or three-day supply of food), Wednesday (three-day supply of food), and those on a seven-day plan will have meals

delivered on Friday (two-day supply of food). At day's end, the customer will leave the bag with the ice packs outside his or her front door in exchange for the next food delivery.

The owners have taken low-fat, low-cholesterol, sodium-controlled, nutritionally complete cuisine to a whole new level. The menu utilizes foods that naturally support optimal health with fat-burning and energy-building qualities. Each and every recipe is nutritionally assembled and approved by the on-staff dietician.

Nutrition on Wheels meals are made from the highest quality ingredients, using organically grown products when available, minimal natural sweeteners, and cold-pressed oils. Only wholesome foods without added chemicals, synthetic preservatives or artificial colors will be used. The meals are delivered fresh. They are cooked from scratch, not frozen or freeze-dried, and elegantly presented by the experienced chef. Above all, the freshness of the food will be guaranteed.

Meals can be purchased on a 5-day or 7-day plan. The weekly menu has 12 breakfast options, 12 lunch options, 12 dinner options, and an assortment of delicious snacks to choose from. (See Appendix C: Nutrition On Wheels Sample

Menu.) All meals are portion controlled and fully cooked; all that remains after delivery is for the customer to heat up the food and enjoy the healthy meals.

Those ordering on a monthly basis will have a separate menu to choose from with over fifty different meal selections. Also included in the monthly plan is a complementary one-on-one consultation with our on-staff dietician.

Boxed "Spa Lunch" Product. Nutrition On Wheels will also have a boxed "spa lunch" product aimed to target multiple channels. Some of these channels include gyms, health food stores, schools, hospital cafeterias and personal trainer studios.

The boxed lunches will be balanced, nutritious and full of flavor. As an example, lunches could include a sandwich wrap, fruit and baked chips. This mass customization will allow for finding flexible ways to meet customer demands (Chase 2004). All boxed lunches will consist of complete meals with the appropriate nutritional labels attached. Packaging will indicate the type of meal, whether it is a Low-Carb, High Protein, Low-Sodium meal, etc.

The Nutrition On Wheels boxed "spa lunches" will be ideal for the discriminating customer who takes pride in living and eating well, even while on the go.

Table 2. Meal Plans

MEAL PLAN TYPE	NUMBER OF DAYS	PLAN DETAILS
MONTHLY PROGRAM	28-31	3 meals + 2 snacks p/day. Free access to staff dietician
1-WEEK MEAL PROGRAM (FULL)	7	3 meals + 2 snacks p/day.
1-WEEK MEAL PROGRAM (PARTIAL)	7	3 meals p/day
EXECUTIVE PLAN	5	3 meals + 2 snacks p/day
HEALTHY PLAN	5	3 meals + 2 snacks p/day
VEGETARIAN PLAN	28-31, 7 OR 5	3 meals + 2 snacks p/day

\*All plans available in Vegetarian, Protein Power and Heart Smart options.

(Source: Author, 2006)

Packaging. Meals will be packaged in discreet, stylish vinyl cooler bags. Nutrition On Wheels logo will be prominently displayed on the disposable meal containers itself. Each meal will have appropriate labeling indicating the type of meal and the nutritional value. Delivery date will be stamped on each meal to ensure the freshness of the food.

The microwaveable-safe containers will be elegant in style and finish. The base of the containers will be a



high finish black for dinner meals and translucent for breakfast and lunch meals. All lids will be translucent for easy viewing and leak resistant. (See Appendix D: Meal Packaging.)

Related Services. The following are several related services that will be offered:

- One-on-one consultation with the on-staff Dietician and Nutrition expert.
- Special menus- select favorite foods and order an entire month in advance.
- Standing orders - upon request, Nutrition On Wheels will further simplify one's life by automatically placing orders until cancelled.
- Ingredient deletions or side item substitutions tailored to fit one's personal preferences.
- Stop Orders/Pause Mode- if a customer feels like going out or cooking on any given day, he or she can put stop dates in the menu.
- Weekly information packages about nutrition and dieting.
- Charts of nutritional information and diabetic exchanges prepared by the dietician are available for each meal.

- Catering for up to 500 people - box lunches are ideal for staff meetings and seminars. They are easy to distribute and completely disposable with no clean-up required.

### Price

Initially, a skimming pricing strategy, also known as prestige pricing, will be implemented. This strategy is appropriate when positioning a product at the high end of the market and when there is no distinct competition. However, higher the price, greater the chance the competition will enter because of the high margins (Winer, 2004).

Since the business is targeting the affluent 45+ adult demographic, the customer is typically less price sensitive. Essentially, a value-based pricing tactic is being used. This strategy implies that the customer perceives more value than they expected for the price paid (Winer, 2004). See Table 3 below for pricing structure.

Table 3. Meal Plan Pricing

MEAL PLAN	PRICE PER DAY	PRICE PER WEEK
MONTHLY PROGRAM - 30 days (Best Value)	\$34	\$238 = \$1020 p/month
1-WEEK MEAL PROGRAM (FULL) - 7 days	\$39	\$266
1-WEEK MEAL PROGRAM (PARTIAL) - 7 days	\$36	\$252
EXECUTIVE PLAN - 5 days	\$30	\$150
HEALTHY PLAN - 5 days	\$28	\$140
VEGETARIAN PLAN - 5 or 7 days	\$26/\$28	\$130/\$196

\*minimum 5-day order  
(Author, 2006)

The average person typically spends \$20-25 a day on food. So, for an additional couple of dollars a day, the Nutrition On Wheels customer is free of any cooking and cleaning.

A segment of the target market includes the elderly, including those who are physically unable to leave their homes. The door-to-door delivery service is a priceless service for these particular clients.

The boxed "spa lunch" product will be priced at \$8.50 per box. Vegetarian lunches will be priced at \$8.50 also, but will include an additional item such as a white bean salad.

Applicable Discounts/Incentives. A variety of special price discounts will be offered. As noted on the price

chart earlier, a quantity discount is offered for customers who place monthly orders. Also, an extra 10% discount will be offered to additional household member orders and to customers that refer a friend. In addition, first-time clients, who register at one of the promotional events will also qualify for a 10% discount.

Due to the seasonality of the desert, there will be discounts offered during the off-peak months of June thru October, if necessary.

#### Distribution (Place)

Nutrition on Wheels will initially be distributed to the target market via delivery service. Based on annual household income being greater than \$100,000. The target customer typically resides in Rancho Mirage, La Quinta, Indian Wells, or Palm Desert. All mentioned cities are within five to fifteen minutes from each other, making delivery service efficient and possible before 6 a.m. on delivery morning.

Del Webb's Sun City development is projected to have approximately 10,000 residents over the age of 55 in the next five to six years (desertrealestate.com). The delivery meal plans will be promoted to these types of communities. Many elderly people are physically unable to drive and/or cook for themselves. Others would simply

rather spend their free time playing golf or socializing with friends.

Upon the one year anniversary of the business, the business owners will evaluate the launch of the boxed "spa lunches." Once they have decided to launch the product, the box lunches will be distributed to spas, beauty salons, health clubs, personal training studios, yoga studios, hospitals, private schools, health food stores, assisted living facilities and select golf course clubhouses.

Health clubs such as Gold's Gym, World Gym, Palm Desert Athletic Club, and personal fitness studios along with yoga and pilates studios will be targeted. Most of these locations currently have juice bars where retail items are sold.

Due to the tourism driven industry in the Coachella Valley, there are numerous spas in the area. The latest trend is focused on nourishment for the entire body, mind, and soul. Most luxury spas currently offer items such as gourmet sandwiches and herbal teas for their clientele. The Nutrition On Wheels lunches will be distributed to those local spas, as well as those spas that are currently not offering any type of food service.

With the rise of obese children in America, there is a need for better nutrition in schools. The boxed lunches will be distributed to the local private schools for children who have specific dietary needs.

Hospital cafeterias are infamous for foods that are often not nutritionally balanced or well prepared. The boxed lunches would be an ideal fit for hospital cafeterias such as the Eisenhower Medical Center in Rancho Mirage and Desert Regional Hospital in Palm Springs.

Health food stores have been opening up throughout the desert at lightning speed in recent years. Nutrition On Wheels boxed lunches will be marketed heavily to these stores. Individuals who shop at these stores are typically dedicated to eating better and are often willing to pay more for goods and services.

#### Promotion

In today's busy world, free time is a luxury. Nutrition On Wheels will create an image for itself as the premier diet-food delivery system that makes eating healthy gourmet, just a phone call away.

A mix of marketing vehicles will be utilized to convey the brand image and message. Broadcast and print advertising will be used, along with a public relations campaign.

A focus will be placed on the unique attributes of the Nutrition On Wheels service. The business aims to differentiate itself by the quality and freshness of the food, along with the convenience of the delivery service. Nutrition On Wheels empathizes with the customer and understands that whether he or she is a diabetic, a retired individual, a busy attorney, a parent with a full work and family schedule, or just the average person who is overworked, a proper nutritionally balanced meal is necessary for personal well-being.

Advertising.

Broadcast Media-Television. Initial television advertising will be minimal due to the high costs associated with network television advertising. Television ads will begin airing during Phase One of the marketing campaign.

There will be approximately five 30-second commercials spots running per week on a local cable program called *The Wellness Hour*. This program showcases local physicians and medical topics important to today's health-conscious consumer. The program is targeted to the adults 45+ demographic and those individuals who are interested in overall wellness. Current advertisers on the

program include local dentists, plastic surgeons, physical fitness experts and ophthalmologists, to name a few.

The business will also be featured on a half-hour segment of the program. Co-owner, Seena Kakar, will discuss the Nutrition On Wheels business concept in a Question & Answer format with the host, Randy Alvarez.

Broadcast Media- Radio. There will be an aggressive radio campaign that will begin in Phase Two. The radio spots will help to create a strong brand name awareness. Spots will air on four local radio stations: KDES (Oldies), KPSI-AM (News Talk), KJJZ-FM (Smooth Jazz) and KEZN-FM (Adult Contemporary). These stations will be a suitable fit for the business due to their popularity amongst the adults 45+ demographic, inclusive of the baby boomer audience. Seena Kakar will use her media contacts in the broadcast business to obtain live air-time on the above mentioned radio stations.

Print Media - A variety of print advertising, including the yellow pages and magazines, will be utilized.

The yellow pages will be a useful source of directional advertising. Consumers that have heard the commercials on the radio or have seen the television advertisements will utilize the phonebook when they are



ready to call. The yellow pages direct the consumer to the business' phone number and other vital information such as the location and description of services offered.

Statistical Research Inc. completed a study in 1988, which showed that yellow pages adds to the percentage of purchase influenced by other media. When utilized in conjunction with radio, it nearly tripled the results

Initially, advertising will be placed in the *Desert Pages* phonebook. The *Desert Pages* is regarded as an upscale phonebook in the valley due to its attractive tabletop covers and large easy-to-read print. It is an annual publication with a distributed of over 220,000 phonebooks. The phonebook is delivered annually in November to all homes and businesses in the Coachella Valley (See Appendix E: Sample Yellow Pages Ad & Direct Mail Piece.)

Magazines such as *The Desert Woman*, *Palm Springs Life* and *Highway One Eleven* are read primarily by the 45+ age demographic. The *Highway One Eleven* magazine is distributed at no charge to multi-million dollar homes in the desert. A few of these exclusive guard-gated communities include Big Horn, Mirada and the Reserves.

Direct Mail - Advertising will be placed in the *Money Mailer*, a direct mail company. Direct mail

advertising will allow the business to target specific cities. Nutrition On Wheels will include their advertisements in Palm Desert, Rancho Mirage, Indian Wells, La Quinta and South Palm Springs mailers. Included in the ad will be grand opening promotions such as 15% discount off of the first order. (See Appendix E: Sample Yellow Pages Ad & Direct Mail Piece.)

Miscellaneous - Business cards and point-of-purchase displays will be strategically placed in doctor's offices and clubhouses of 55+ adult only country clubs.

#### Public Relations

A public relations (PR) firm has been retained to create special events and solicit print and broadcast coverage, particularly during Phase Two - "Tis' The Season." Hiring a PR firm is an intensive, quick-start approach to getting all the pertinent information to participants in a highly effective manner. The PR firm will send media kits to all appropriate members of the local desert media. The local newspaper, *Desert Sun*, features local entrepreneurs weekly in its business section. A "front-page" write-up about the owners will be secured through a contact at the newspaper.

Additionally, printed announcement cards will be placed in key locations, such as physicians' offices, gyms and country clubs.

The marketing campaign will be divided into two phases, the opening and ongoing phase. The PR firm will handle the opening phase by distributing media packets to the appropriate contacts. In addition to the PR firm's efforts, co-owner Seena Kakar will be fostering relationships with the local physicians and personal trainers to recommend Nutrition On Wheels services to their patients and clients as part of an overall fitness program.

The on-going phase entails a regular assessment of the above-mentioned forms of mediums. The campaigns will be monitored for effectiveness and changes will be made accordingly in a timely manner. Finally, a well-trained staff will enhance the customer's overall experience, making word-of-mouth advertising a very important component of building a strong customer base.

### Market Entry Strategy

#### Phase One: Introductory Phase

"The Warm Market". The initial entry into the market or introductory phase will take place at the beginning of

spring. This phase will focus on tapping into the "warm market" (Lyden, 2003). The "warm market" would include those individuals in the owners' social or professional circles. The owners will tap into their network of friends, medical contacts, business associates, and members of networking groups that they belong to.

Research shows that acquiring the first few customers is vital to the success of any business for several reasons. For one, they legitimize the business' offering, showing that there is a market for the product and service. Secondly, they can provide valuable feedback to help improve the business operation. Lastly, the first few customers can give real testimonials, which can be employed in future marketing campaigns (Lyden, 2003). The

"Meet and Greet". The "meet and greet" sessions will take place from the spring until the late summer months (April-September), when businesses tend to slow down. Busy doctors and personal trainers will have more available time to meet with the owners. The doctors' offices and personal trainers will be provided with complimentary lunches as an incentive to endorse the services. Additional promotions, such as free lunches for referral business will help generate a quick word-of-mouth "buzz" about Nutrition On Wheels.

During this six-month period, the owners have a conservative goal of acquiring at least twenty customers on monthly meal plans. (See Appendix F: Sales Cycle Forecast: Fiscal Year 1 - Year 3.)

The business will participate in local community events, such as "The Desert Sampler." This annual event takes place in the spring and showcases various restaurants and food service businesses around the desert.

In addition to networking, the marketing efforts will concentrate on radio advertising and the public relations campaign during Phase One.

Since the service is new to the desert, the selling and advertising will focus on the basic business concept. Studies show that this is a very risky stage as profits for first-movers in a market, or pioneers, have been lower in the long run than for followers due to the high levels of investment required to build the market. However, studies also show that market pioneers often retain their leadership positions for decades (Winer, 2004).

There are strategic advantages to being first in the market and establishing a strong presence called the first-mover advantage. The concept is similar to the old adage, "the early bird gets the worm." The benefits of pioneering may result in market dominance and

higher-than-average profitability over time (Ettington, 2001).

#### Phase Two: "Tis' the "Season"

The second phase will strategically take place in the months of October thru December. It is at this time when the "snowbirds" begin to migrate back to the desert, signaling the start of the new "season."

The owners will continue to network and will focus primarily on marketing to country clubs, gyms and active 55+ adult communities. Free seminars will be held at these venues, allowing for food sampling and complementary consultations with the Nutrition On Wheels Dietician and Nutritionist.

During this three-month period, the owners have set a goal of adding an additional fifteen clients on monthly meal plans to the existing twenty. By the end of Phase Two, the business will have accumulated a total of thirty-five clients. (See Appendix F: Sales Cycle Forecast: Fiscal Year 1 - Year 3.) In Phase Two, the primary form of advertising will be television, radio, yellow pages and print magazines.

#### Phase Three: "It's a New Year"

Phase Three will strategically occur at the beginning of the New Year extending to March. Again, the owners will

continue to network and focus marketing efforts in the above-mentioned venues. Nutrition On Wheels will be the solution to those experiencing post-holiday weight gain and New Years' resolutions to eat better and exercise.

During this three-month period, the owners have set a goal of acquiring an additional fifteen clients on monthly meal plans. By the time the business reaches its one-year anniversary, they will have acquired a total fifty monthly-plan customers. The projected number of total clients does not include those clients ordering by the week. (See Appendix F: Sales Cycle Forecast: Fiscal Year 1 - Year 3.)

#### Long Term Goals

After one full year in business, the owners will evaluate their position in the market as well as the financial objectives. If the business is operating as planned, the owners will begin marketing the pre-made boxed "spa lunch" product sometime in Year 3. By this time, they plan to have established a strong presence in the medical community and will be able to leverage that experience to eventually market Nutrition On Wheels to a much wider market.

## Summary

Chapter Three presented pertinent information about the Nutrition On Wheels market entry strategies and the marketing mix.

The market entry strategies were divided into three phases: Phase One ("The Warm Market" & "Meet & Greet"), Phase Two ("Tis' the Season) and Phase Three ("It's a New Year.") The advantages to being a pioneer or first-mover to market were also discussed.

The Nutrition On Wheels marketing mix was explained, detailing the 4 P's of marketing: product, price, place (distribution) and promotion strategies.

There are two products being offered: 1) Nutrition On Wheels meal plans delivered to the customer's doorstep and 2) In Year 2, pre-made boxed "spa lunches", which will be available in various outlets, such as gyms, health food stores, spas and beauty salons.

The pricing strategy will be a skimming, or prestige pricing strategy. This strategy was implemented because typically the target customer is not price-sensitive and he or she places a significant value on convenience over price.

The distribution of the products and services was outlined along with a thorough promotion plan. The



promotion plan includes a mix of advertising mediums and a PR campaign. Television advertising will be utilized minimally due to the high costs. However, there will be an aggressive radio and print campaign. The PR firm will help in creating a "buzz" about the business and the products and services offered.

6

## CHAPTER FOUR

### MANAGEMENT, COMPANY CULTURE AND OPERATIONS

#### Introduction

Included in Chapter Four is a description of the firm's infrastructure and each individual's duties and responsibilities. Secondly, the corporate culture is described along with the owner's vision for the company and commitment to corporate social responsibility. Lastly, the operational plans are described.

#### The Business Team

##### The Management Team

The management team of Nutrition on Wheels consists of the principal owners, Amit and Seena Kakar.

Seena Kakar, Chief Executive Officer, will handle all day-to-day operations aspects of the business. This will include marketing, sales and new business development.

She will be responsible for the strategy and tactics to create interest for the product. She will also be responsible for bringing recognition to Nutrition On Wheels and its services through the use of PR, advertising and creating strategic relationships. Seena will be the primary person responsible for planning, organizing, staffing, training, and managing all marketing functions

to achieve the business' objective of sales, growth and profits.

Seena has nearly ten years of marketing and advertising experience and strong management skills. She has a deep commitment and devotion to nutrition and bringing the business to the Coachella Valley community. Along with the completion of her Masters in Business Administration (MBA), she is in the process of acquiring her nutritionist certification.

Amit Kakar, Vice President of Finances, will handle the financial well-being of the business. This would include general budgeting and accounting functions. He currently owns and runs two profitable pharmacies. Amit has a strong sense of entrepreneurship and he is willing to take risks.

#### Key Employees

The Gourmet Chef/Caterer. The 5-star chef, who chooses to remain anonymous, will be responsible for food production and packaging. He will be responsible for creating innovative menus and abiding by the health and nutritional guidelines set forth by the dietician. He has signed a two-year contract and will be paid a competitive salary in addition to a year-end bonus if financial objectives are exceeded.

The Dietician. The dietician is Kiran Kakar, a retired dietician with over twenty five years experience with Kaiser-Permanente Hospital. She will work on meal planning and menu creation in conjunction with the chef. She has volunteered her time to the business in Year 1. She will be placed on salary at the beginning of fiscal Year 2.

#### Support Staff

The support staff will consist of call center employees and a delivery person. From the onset, the business will begin with one full-time employee who will answer phone calls and one delivery person. As the business progresses, adequate additions to the staff will be made.

#### Compensation and Incentives

Nutrition On Wheels will offer competitive wages and salaries to all employees with a benefit package available to the chef.

#### Company Culture

A company's organizational culture provides the key to strategy implementation because it is such an influential force for providing focus, motivation, and standards. The company culture includes standards such as

customer first, excellent quality food, respect for fellow team members, community involvement and a positive work environment.

The company culture at Nutrition On Wheels can be described as an entrepreneurial culture. It thrives off of innovation, creativity and new opportunities. Amit and Seena will engage in daily activities to empower all staff members and will encourage an open-door policy. One of the goals of the owners is to be hands on and engaged in the business and to try and improve their products and services everyday.

Amit and Seena understand the connection between driven employees, satisfied customers, and increased profits and market share. They will strive to implement excellent training and ongoing refresher courses.

Customer service is a top priority. The business is dealing with a more discriminating customer who demands a higher level of service. The goal is to make certain when a customer calls in or is greeted by a delivery person, that he or she receives the five-star treatment. Satisfied customers are more likely to recommend the services to friends and family.

## Corporate Social Responsibility

The owners will take a proactive role within the community. They will be involved in many programs and projects that are designed to strengthen the health and well being of the local community. These programs and projects include nutrition education, health screening, exercise as therapy programs, and involvement in the local American Diabetic Association, American Heart Association, and the American Cancer Society. With roots in the Coachella Valley, Amit and Seena hope to have a significant positive impact on the local community.

Research indicates that socially responsible management can create long-term profitability. Generally speaking, people want to have a relationship with good people who can be trusted and are genuinely concerned about the environment and community in which they live in (Aaker 2005).

## Operations

### Facilities and Offices

All cooking and packaging will be done at the caterer's kitchen facility in Palm Desert. Kiran Kakar, the dietician, will work closely with the chef at his facility. Management will initially work from their home

offices where they will oversee ordering and billing but will move to their office in Palm Desert soon thereafter.

#### Hours of Operations

The toll free phone number, 1-800-CALL-NOW and the website will be available for taking orders seven days a week, twenty-four hours a day. A staff member will be available to speak with customers Monday thru Friday from 8 a.m. until 6 p.m. A message center will take all calls after business hours.

#### Employee Training and Education

Employees will be trained not only in their specific operational duties but also in the philosophy of the business mission. They will receive extensive information from the chef and will be updated on the latest nutritional guidelines from the dietician. A code of ethics will be prominently displayed in the office for all employees to view. The code of ethics will state the business' ethical values and expectations regarding employees' ethical behavior (Gibson, 2003).

#### Systems and Control

The Dietician will work closely with the caterer to maintain and regulate nutritional standards in regards to the menu. An emphasis is placed on extensive research into the quality and integrity of the products. They will

constantly be tested for high standards of freshness, nutritional values, and taste. Food costs and inventory control will be handled by computer system and checked daily by management.

#### Food Production

All food production will be performed at the catering kitchen facility. The kitchen is designed for high standards of sanitary efficiency and cleaned daily. Food will be made mostly to order and stored in refrigerators.

#### Delivery and Catering

Delivery personnel will pick up the food at the catering facility and deliver to customers on Mondays, Wednesdays, and Fridays. Once deliveries have been made, delivery vans will be returned to the office. Eventually, as the business grows, catering services will be available for parties up to 500.

#### Summary

The chapter began with a description of the team members and each individual's responsibilities. The team consists of the principal owners, Amit and Seena Kakar, the gourmet chef, the dietician, Kiran Kakar, and the supporting staff members.



Next, a description of the company's culture was given, as well as the dedication to Corporate Social Responsibility (CSR) and the understanding that CSR can bring long-term profitability to a business. Lastly, the operational aspects of the business were detailed such as facilities, hours of operations, employee training and education, systems and control, food production, delivery and catering.

## CHAPTER FIVE

### STRATEGIC MANAGEMENT

#### Introduction

Chapter Five utilizes strategic management to analyze the business' core competencies – its resources and capabilities. A Value, Rarity Imitability, and Organization (VRIO) framework and a Value Chain analysis will be provided (Peng, 2006), along with growth strategies, and critical risks.

#### Resources and Capabilities

The internal capabilities of Nutrition On Wheels will provide a sustainable competitive advantage. Their core competencies reside in tangible and intangible resources and capabilities.

#### Tangible Resources

Nutrition On Wheel's financial resources are dependant upon the capital investment by the company owners, Amit Kakar and Seena Kakar. They will be providing the initial financial capital of \$200,000 to launch the business. As shown in Appendix F: Financial Highlights: Cash Flow Projections - Year 1, Projected Income Statement Year 1 - Year 3, Nutrition On Wheels will reach break-even point in Year 3. If necessary, the owners have the

capabilities to acquire up to an additional \$500,000 through personal credit line.

The physical resources and capabilities consist of a local office centrally located in Palm Desert. This office will be home to the Nutrition On Wheels call center and administrative activity. Customers will be able to meet with the dietician and/or nutritionist at this location.

The office will be located in close proximity to the target customers, who typically resides in Palm Desert, Rancho Mirage, La Quinta, Indian Wells or South Palm Springs. All cooking and packaging will be outsourced to the 5-star chef, who will be operating from his own kitchen catering facility. However, the costs associated with food preparation and packaging will be handled by the owners. Facility overhead costs will be the chef's responsibility.

The owners will be extremely hands on in the organizational dynamics of Nutrition On Wheels. They have a clear vision for the direction and strategic path they would like to take the company in. They understand the importance of empowering employees and satisfying customer needs. The 5-star Nutrition On Wheels chef plays a very crucial role in the success of the company. He will be

compensated with a competitive salary along with a year-end incentive bonus.

There will be specific protocols for delivery persons consisting of customer service training and strict guidelines in food handling. All meals will be insulated in temperature controlled, reusable storage coolers. Delivery persons will report to the office in the mornings to pick up Nutrition On Wheels delivery vans and return them in the evenings. Random surveys will be given to our customers to monitor actual delivery service experience.

The owners understand the importance of follow-up. They do not want let customers go after one purchase. Some follow-up tools that can help build customer loyalty include: thank-you notes, postcard mailings, E-mail updates and post-sale feedback such as the random surveys mentioned above (Lyden, 2003). Taking the time to use these follow-up methods will show the customer that the management and staff members genuinely care and appreciate their business.

Although consistent follow-up requires a lot of effort and time, the business will reap the benefits of a steady stream of repeat business and referrals. After all, it takes far less time and money to sell to an existing customer than a new one.

## Intangible Resources

A key intangible resource Desert Nutrition has is the strong network connection to the medical community. In addition to endorsements from the community physicians, Amit is a pharmacist who is in daily contact with patients and doctors. He is in an ideal position to endorse Nutrition On Wheels to his patients and fellow medical associates.

Principal owner, Seena Kakar, is currently working for an independent yellow page publisher and is in contact with local medical professionals on a daily basis. She is also actively involved in various networking groups such as local rotary clubs and all nine chambers of commerce around the valley.

Additionally, the on-staff dietician is a family member with twenty-five years of experience as a registered dietician for Kaiser Permanente Hospital.

The menus themselves will be innovative without sacrificing flavor and freshness. It will be a top priority to maintain a variety of new and exciting meals. Turnover of all menu items will be monitored and quickly replace those that are not in demand.

The owners have worked very hard to become involved in the community through participation in the local

chambers of commerce and various networking groups. We plan on leveraging our networking efforts and social capital to gain reputational resources and capabilities advantages.

### The Value Chain

Business process outsourcing (BPO) will be a crucial contributing component to the business' success. By outsourcing the food production to the local gourmet chef, we will be able to achieve a leaner and meaner infrastructure (Peng, 2006).

The primary activities will consist of the research and development of company products, delivery logistics, marketing and sales service. Even though food preparation will be outsourced to the chef, the owners will be thoroughly involved with selecting menu items and ensuring the freshness and quality of the food. Biweekly meetings will be held with the chef and dietician in order to discuss customer feedback and preferences, menu planning, and efficiency measures. They will be required to meet at length to create a symbiotic menu planning system that is cohesive in addressing the nutritional guidelines and palate preferences of each customer, while merging those

needs with the chef's catering efficiency in terms of cost and time.

Research and development of the company goals and direction will be crucial to the longevity and ultimate success of the company. By being local and small, Nutrition On Wheels is well positioned to respond to market changes and potential competition.

By nurturing and maintaining the close ties to the medical community and being actively involved in various local organizations such as the American Diabetes Association (ADA), American Heart Association (AHA), and the American Cancer Society (ACS), the owners will be able to network within the community and develop a strong medical brand image. This medical brand image will be essential to Nutrition On Wheel's success due to the aging population in the Coachella Valley and their reliance on local medical professionals for health and wellness guidance.

Delivery logistics will be coordinated from the company headquarters in Palm Desert. This will allow the owners to maintain control over the service and delivery that will be provided.

While on the job, the delivery person will be required to wear a uniform, be well-groomed and

well-mannered. Seena will ride with the driver once a week to assure that specified criteria are being met. These criteria include food handling, superb customer service, and attentive service with a smile. It will stress that the driver go the extra mile. If there is a newspaper on the driveway, the driver will bring it to the customer's door. This is the level of service that will be provided to the customer, many of who will expect this level of service.

Each meal delivery will include a self-addressed postcard that will allow customers to place comments that pertain to the food, delivery, and service of the business. The driver will be financially rewarded monthly on the level of service provided.

Marketing and sales will be a significant activity that is handled by Seena. She will leverage their medical contacts, being local pharmacists and physicians, to promote their service and to gain access to the target customer base. "Boutique" physicians will be primary targets as they see only cash patients and will likely lead the business to potential customers. Free samplings will be held in these key target offices.



## The Value, Rarity, Imitability, and Organization Framework

### Value

In analyzing Nutrition On Wheel's resources and capabilities over the value chain, it is apparent that the business venture fills an unmet need for customers in the area. They provide the customer with a tasty, customized and healthy solution for their specific dietary needs. Overall, Nutrition On Wheels provides the luxury of having a personal chef/nutritionist cooking meals at a reasonable price.

### Rarity

Nutrition On Wheels provides a rare and unique service that is simply not available locally. By providing meals that can be customized to specific dietary needs and adhere to the guidelines set forth by the AHA, ACS and ADA, they provide the customers with an affordable and health conscious luxury.

### Imitability

When looking at the question of imitability, it is apparent that the intangible resources will be hard for new competitors to replicate. The personal relationships developed with local customers and referral sources will be hard for local and non-local competition to imitate. By

being the first to market, they will benefit from time compression diseconomies and the learning curve that a me-too competitor will have to undergo.

However, as the saying goes, "the early bird gets the worm" . . . but "the second mouse gets the cheese" (Author unknown). It is important to recognize that often times there are first-mover disadvantages. "Copy-cat" competitors can enter the market later and achieve far better results to those achieved by the first-mover business. First-movers typically invest a significant amount of time and money into familiarizing customers about the product or service. Later entrants would benefit from informed buyers without having to spend as much on education and awareness. Also, later entrants may be able to avoid mistakes made by the first movers. Often times, first movers become complacent with customers needs and later entrants may take advantage of changing customer needs (Ettington, 2001).

It will be crucial for the Nutrition On Wheels team members to stay focused and committed to providing impeccable service and quality to every customer. They will secure customer loyalty based on the firm's personalized and attentive approach to service, ultimately leading to a strong word-of-mouth business.

## Organization

The organizational structure will support its success. By being centrally located in Palm Desert and having the chef's facilities within close proximity, the owners will be able to maintain close control and efficiency amongst the primary and support activities.

There will be bi-weekly meetings with the chef and the nutritionist to keep lines of communication open and maintain a team-focused approach within the firm. Since Nutrition On Wheels will be a small tightly knit and heavily owner involved business, the firm will be able to act quickly and modify features and services to gain customer approval along the way.

## Growth Strategies and Strategic Alliances

The business-level strategy can be classified as an entrepreneurial venture. From a resource-based perspective, the entrepreneurial resources and capabilities the business has will create value for the customer.

The close ties the owners have with the medical community will be one of the strongest resources the business possesses.

Social capital is built by design, not chance. It is a deliberate accumulation of resources developed through personal and professional networks. Research shows that it "pays" to invest in social capital when building one's business. Social capital is acquired through networking because successful networking is all about building and maintaining solid, professional relationships (Misner, 2004).

The owners' capabilities in regards to their combined education, work experience and passion for bringing the business to fruition is the other successful ingredient in bringing value to this venture. According to Wayne Baker, author of *Achieving Success Through Social Capital*, "Studies show that lucky people increase their chances of being in the right place at the right time by building a 'spider web structure' of relationships that catch information. He also said, "Success is social; all ingredients of success that we customarily think of as individual—talent, intelligence, education, effort and luck—are intertwined with networks (Baker, 2000)."

A network strategy, in conjunction with a growth strategy, will be pursued from the onset (Peng, 2006). The first year will focus on maintaining and building relationships with the medical community. The owners'

personal networks will unfold into value-adding organizational networks. By convincing well-known physicians to partner with them, it will allow them to jump over the liability of newness hurdle they may face. It will be crucial to maintain the strong ties that have been formed and cultivate new ties from the onset.

Although the business model can be imitated, they will have the first mover's advantage by establishing a strong initial entry into the market. In addition to the current trend towards eating healthier and the desire for a more holistic lifestyle, the entrepreneur-specific resources and capabilities Nutrition On Wheels has will be the platform for the firm's success in the health food industry. However, being overly confident and over-aggressive can be detrimental to any entrepreneurial venture. Financial milestones will be implemented to ensure the business does not suffer from any losses.

By strategically aligning themselves with the medical community and health experts, it will give them more credibility and leverage their existing reputation. It will be crucial to align themselves with those in the community who will help grow the Nutrition On Wheel's name rather than harm it.

Companies often get "stuck" with the wrong partners. Although the chef hired is well-respected in the food industry and the owners have established a relationship with him, there is some risk involved with "partner" opportunism (Peng, 2006). For this reason, the customer database will be secured as proprietary information. Our firm specific competitive advantages will be difficult to observe and imitate.

#### Critical Risks

Studies show that 25 percent of businesses close down in their first year (NFEA/Barclays Tracking Study, 2001). With any new venture, there is risk involved. However, while it is inevitable that every new business will face some level of risk, there are steps that can be taken to manage that risk. A few critical risks that the owners may possibly face are market risk, operational risk and financial risks.

#### Market Risk

A way to mitigate market risk is to be knowledgeable about the market. Through research and development of this project, the owners are well aware of the market-specifics of the Coachella Valley, as well as the growing trend towards eating healthier in general. The combined growth

of new residences and the aging population makes the area an ideal, untapped location for the Nutrition On Wheels product and services. Because the service is currently unavailable in the market, there is a risk of uncertainty to the market's reaction. The success of Nutrition On Wheels is based on the strength and acceptance of this fairly new market.

After some time, they will face the risk of copycat competition in some form or another. Nutrition On Wheels will have to set the local standard and create a solid barrier to entry. It is possible for a competitor to enter the market and offer significantly lower prices or additional services. Although, the typical Nutrition On Wheels target customer is not price-sensitive, a less expensive alternative may be attractive to some. Nutrition On Wheels will stay committed to providing the best customer service possible, along with the freshest quality food in order to create and maintain customer loyalty.

On the contrary, a copycat competitor can be perceived as an asset. The combined efforts and presence of Nutrition On Wheels and competitors can help to solidify and validate the need for the gourmet diet-food delivery service in the area.

### Operational Risks

There are operational concerns and risks that the owners are aware of. In terms of operations, the food creation, packaging and labeling will be outsourced to the 5-star chef. Although the owners will be extremely hands on in all logistical matters, a simple mistake by the chef and his staff such as incorrect labeling or partially uncooked foods can be harmful to the business.

In terms of logistics, there is risk involved with the delivery and overall effective use of the support staff. In addition to the owners' interaction with customers, the delivery person and call-center employee will be dealing with the customers on a daily basis. They are on the frontlines and are responsible for ensuring the customer has a pleasant experience. The owners have taken steps to ensure quality customer service by utilizing random surveys and "ride-alongs" with the delivery person.

### Financial Risks

The owners are conscious of the financial risks involved with the business. Although they were conservative in their sales cycle forecast, there is a potential risk that the business will not work due to the projected financial numbers. Projections are just that, projections. The main cost drivers of the business are



materials, labor and advertising. The owners will have to ascertain effective use of the above-mentioned costs. The outsourcing of the food production to the chef, who will be operating from his own kitchen facility, aids in minimizing a fraction of the financial risk.

#### Summary

Chapter Five took a strategic management approach to evaluating the business' internal resources and capabilities. It was made clear that a large component to the success of the business is reliant upon the principal owners' ties to the medical community.

The value chain and VRIO framework were also presented. The VRIO framework illustrated the Value, Rarity, Imitability and Organization of the business. Along with the business' strengths, the disadvantages to being a first-mover to market were discussed. Lastly, growth strategies and the importance of social capital were discussed, followed by the critical risks.

CHAPTER SIX  
FINANCIAL PLAN

Introduction

Included in Chapter Six is a financial analysis for Nutrition On Wheels. Developing an effective financial plan is imperative to ensure that finances meet short-term and long-term goals. It is a systematic approach to keeping a steady pulse on the business.

The chapter begins with the business' sales goals and projections, which are further detailed in Appendix F: Sales Cycle Forecast: Year 1 - Year 3 and Appendix G: Financial Highlights: Cash Flow Projections-Year 1 and Projected Income Statement: Year 1 - Year 3. Next, the limitations that were faced, along with assumptions that were made are offered. Lastly, the chapter will detail the key uses of the financial funds.

Financial Plan and Sales Goals

Principal owners, Amit and Seena Kakar, will provide the initial start-up capital of \$200,000. The first fiscal year, which begins in the month of April, will concentrate on building the monthly database.

A conservative goal has been put into place of acquiring an average of five monthly-plan (28-30 days

worth of food) clients per month. Since the first few months will be focused on networking, the first five monthly-plan customers have been projected in June of the first fiscal year. Customers who are ordering by the week have not been taken into the financial projections. As shown in Appendix F: Sales Cycle Forecast: Year 1-Year 3, by the end of fiscal Year 1, the business will have acquired fifty monthly-plan clients.

Projections show that the business' sales revenues will grow 81.8 percent from end of Year 1 to end of Year 2, due in part to the marketing efforts and goals. From end of Year 2 to end of Year 3, projected growth is 41 percent. Based on the sales projections, average clients per month from Year 1 to Year 3, equates to 23, 42 and 59. Once again, these projections do not include customers ordering on a weekly basis.

Since Year One is focused on building the customer database, customer attrition is not a factor. The seasonality of the business has been taken into consideration for Year 2 and Year 3. Year 2 will be about maintaining the customer database and growing the business. However, a slight change in the peak summer months should be expected.

Once operations begin, a close eye will be kept on sales and profits. As shown in the below diagram, break-even point will be reached during the middle of fiscal Year 3. The launch of the boxed "spa lunch" product has not been taken into consideration until some time in Year 3.

Table 4. Financial Highlights

	FISCAL YEAR 1	FISCAL YEAR 2	FISCAL YEAR 3
SALES	\$280,500	\$510,000	\$719,100
COST OF GOODS SOLD	(\$68,200)	(\$81,840)	(\$109,666)
GROSS PROFIT	\$212,300	\$428,160	\$609,434
OPERATING EXPENSES	(\$157,280)	(\$210,570)	(\$249,550)
NET INCOME	\$31,196	\$123,374	\$204,055

(Reference Appendices F & G for financial data)  
(Author, 2006)

#### Limitations and Assumptions

Due to the lack of available industry specific data and the business being first-to-market in the area, sales forecasts and projections have been estimated. There were limitations due to the difficulty in benchmarking activities against the customer needs and the actual potential market share.

The sales projections are based on assumptions about the Coachella Valley market. Moreover, the projections are

supported by assumptions about sales, channels and the market reaction. Expenses were simply formulated through research. The Key Uses of Funds section below will detail assumptions and how projections were estimated.

#### Key Uses of Funds - Year 1

##### Inventory and Raw Materials

The cost of sales, which includes inventory and raw materials, is projected to account for 24% of the total expected sales revenues in Year 1. Of that, roughly 20% will be spent on raw materials. Based on the chef's experience in the catering business, an average meal will cost approximately \$2.41. An average 30-day meal plan customer will have 84 meals per month. See Appendix F: Sales Cycle Forecast: Year 1-Year 3 for total Year 1 projections.

The remaining 4.5 % will be spent on packaging and labeling. Included in the packaging expense will be a total of fifty meal-storage coolers. A bulk order will be negotiated with a packaging company based out of Los Angeles.

##### Salary and Operating Expenses

Percentage wise, the largest use of funds has been allocated to payroll, which equals approximately 28% of

the expected sales revenue in Year 1. The chef will be given a salary of \$55,000 plus a bonus incentive if financial objectives are exceeded. The dietician has volunteered her time to the business for the first fiscal year.

The driver will be paid \$10 per hour and will work an average of 15 hours per week (delivery on Mon, Wed, Fri), totally to \$7200 a year. The driver's gas will be paid by the business as indicated in the income statement and cash flow projections. The call center operator will be paid \$8 per hour and will work an average of 45 hours per week equating to \$17,280 annually. The total payroll will equal the sum of \$79,480. The owners' withdrawal will be dependent on positive cash flow of the business.

Approximately 7% of the expected sales revenue in Year 1 has been allocated towards advertising. The rule of thumb for setting an advertising budget is typically 2% to 5% of the business' anticipated gross sales. However, businesses typically advertise more heavily when they first open for the grand opening launch (Lesonsky, 1998). Based on the specific advertising costs in the market and the target market Nutrition On Wheels is appealing to, the advertising budget in Year 1 has been allocated slightly

higher than 5 %. By Year 2 and 3 the advertising budget will be set to 5 % of expected revenue sales.

In Year 1, the total Public Relations (PR) expenditures will equate to \$4500. Four equal installments of \$1125 will be budgeted for the months of April, May, October and November. The remaining \$15,500 will be allocated to the various advertising mediums that were outlined in Chapter Three. Due to the discounted rates for radio advertising in the summer, advertising expenses for the months of June thru September will be significantly less. Additionally, the advertising dollars budgeted for December has been decreased due to the holiday season. Typically, customers are busy entertaining out-of-town guests and are often dining out more often this time of the year. Once the New Year begins in January, the advertising expenditures will increase notably.

The next largest use of monetary funds will be spent on leasing office space. Since the first few months will focus on networking and meet and greet sessions, the owners and dietician will schedule meetings in the client's place of residence. For this reason, the owners will begin leasing office space in the third month of the business' fiscal year. The clientele the business is targeting expects a certain level of service and the

office space will serve as a location for customers to receive one on one consultation with the dietician and nutritionist.

Projections for accounting services have been based on the owners' existing accounting firm fees. The accountant will prepare quarterly payroll deposits, profit and loss statements and year-end tax returns.

Other expenses include auto expenses, which includes gas and insurance, bank service charges and credit card processing fees. The business anticipates approximately 60 percent of sales to be credit card transactions. A contract will be secured with Aamonte Bankcard Processing Inc. for 1.5 percent service charge per transaction. Additionally, health insurance for the chef has been accounted for, along with taxes and licenses, telephone and utilities expenses.

#### Summary

Chapter Six provided information about the business' financial plans, projections and key uses of funds. Although financial planning is based on assumptions, it provides a financial roadmap and mentally commits the business owner to those assumptions. Once the financial projections and goals have been put into writing, business



owners can track their progress and adjust plans accordingly.

Creating projections can be a challenging and grueling task, but the discipline and understanding business owners develop will help in laying the foundations for a prosperous and healthy business.

## CHAPTER SEVEN

### CONCLUSION

#### Project Summary

This project provided an analysis of a business plan for a gourmet diet-food delivery business, Nutrition On Wheels. Each of the six chapters provided valuable research and strategic planning for the business owners.

The project began with a description of the Nutrition On Wheels business concept. Next, relevant information about industry and market trends were provided, along with plans on how to segment the market. Local and national competitors and non-direct competitors were also provided to illustrate to the reader that Nutrition On Wheels will fill an unmet need in the Coachella Valley. With 46 percent of the areas population between the ages of 45 and 65+, the business is certainly well-suited to reach its target market.

The project further explained the business' market entry strategies and marketing plans. An internal analysis of the business' operations, team management and culture, and financial plans were made available to the reader.

## Entrepreneurship in America

According to USA Today, more than 47 million Americans want to own their own business and another 44 million actually do. Entrepreneurs personify the American dream and have often been regarded as a defining characteristic of American life. They are the engine for fueling new jobs, generating revenue, moving forward with innovation, enhancing productivity and improving business models and practices in the business environment.

Americans are realizing now more than ever, the benefits of being self-employed and owning one's own business. Research shows that self-employment is among the fastest-growing segments of American business (Maravilla, 2006). According to the results of the Bureau of Census' Consumer Population Survey, the common characteristics of American entrepreneurs can be identified as:

- 74% of those entrepreneurs sampled were married.
- Males dominate the entrepreneurial landscape, accounting for 66 percent of the total number of self-employed. Women make-up the remaining 34 percent.
- Most of those who started their own business are well-educated. About 60 percent have received at least a college education and more than 13

percent have graduate school and/or professional school degrees (Maravilla, 2006).

The Small Business Administration predicted there would be approximately 4.7 million self-employed women by 2005-an increase of 77 percent since 1983 (Michaels, 2002). This is due in part to corporations being more willing and eager to work with women-owned businesses and the growing number of organizations that are helping them get up and running.

The late Peter Drucker, the father of Modern Management, believed that entrepreneurship is about taking risks. He is quoted as to saying, "Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation" (Drucker, 1985).

Famous American entrepreneurs such as Donald Trump, Bill Gates, Starbuck's Howard Schulz and McDonalds Ray Croc all shared common traits. All four individuals had

conviction, passion and a vision that surpassed the ordinary entrepreneur.

#### Value of the Assignment

The intent of this project was to provide valuable strategic planning for entrepreneurs starting a new business. It will be particularly helpful to the business owners of Nutrition On Wheels, as well as readers who have thought about or are planning to launch their own business. The value to the reader is an understanding that businesses today must put forth sustainable value propositions and establish a roadmap for achieving their sound objectives.

The completed assignment serves as an operational tool for the creation of the business, as well as future planning. In the end, it aspires to prepare the business owners in dealing with various components of a new business. Statistics show that ninety percent of new businesses fail in the first two years (Source: [http://vainteractive.com/inbusiness/editorial/bizdev/ibt/business\\_plan.html](http://vainteractive.com/inbusiness/editorial/bizdev/ibt/business_plan.html)). Failure is often attributed to a lack of planning. Nutrition On Wheels is confident that they will be amongst the ten percent who succeed due to their devoted efforts to continually prepare and plan for the

future. The owners will have to set the local standard and Nutrition On Wheels will have to become the Kleenex of tissue.

Almost one year ago, a valuable quote was recited to an entrepreneurial class and we would like to offer these final words to the reader in closing:

"Entrepreneurs are simply those who understand that there is little difference between an obstacle and opportunity and are able to turn both to their advantage."

- Nicolo Machiavelli.

APPENDIX A

GROWTH FROM 2000-2025, COACHELLA VALLEY

### **Growth From 2000-2025, Coachella Valley**

<b>Year</b>	<b>Population</b>	<b>Annual Rate</b>
1990	230,865	3.2%
2001	336,398	2.5%
2015	461,197	2.5%
2025	586,182	2.3%

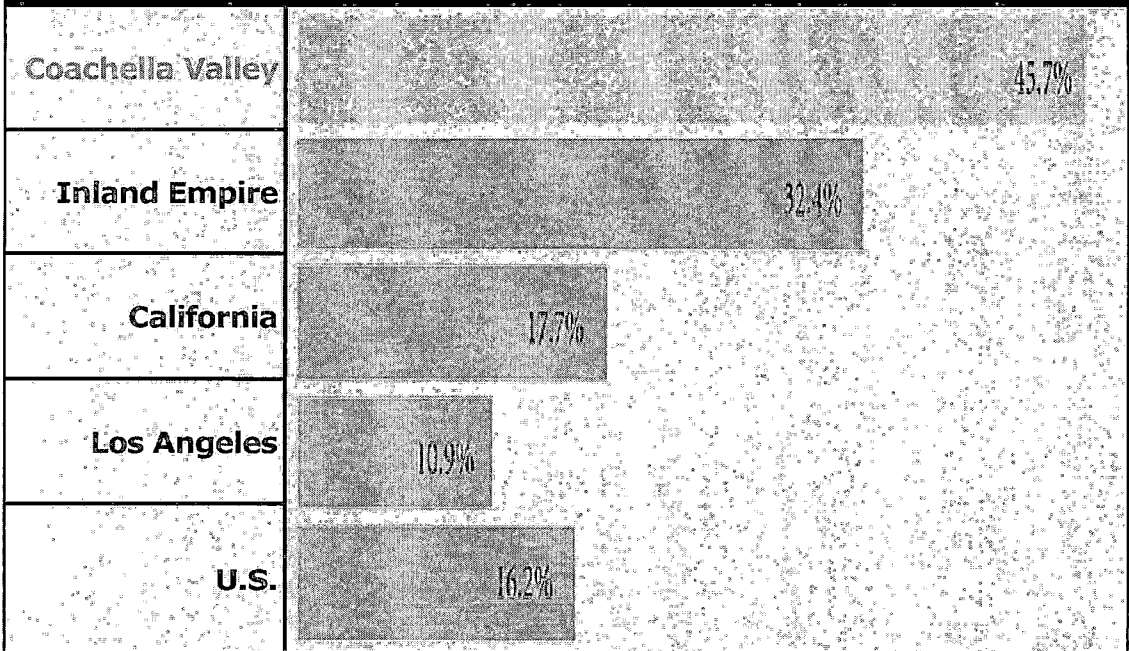
**Source: CA Department of Finance 1990, 2002, SCAG forecast**

Retrieved from Coachella Valley Economic Partnership website:  
<http://www.cvep.com/glance.htm#pop> 2005



APPENDIX B  
POPULATION GROWTH RATES COACHELLA VALLEY AND  
OTHER MAJOR AREAS 1990-2002

**Population Growth Rates  
Coachella Valley & Other Major Areas 1990-2002**

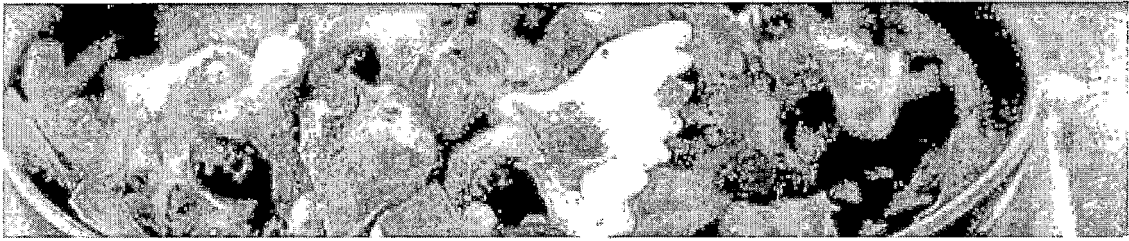


**Note: Assumes Coachella Valley unincorporated population grows at 23.3% of city rate.  
Source: CA Department of Finance, U.S. Census Bureau**

Retrieved from Coachella Valley Economic Partnership website:  
<http://www.cvep.com/glance.htm#pop> 2005

APPENDIX C

NUTRITION ON WHEELS SAMPLE MENU



## NUTRITION ON WHEELS SAMPLE MENU

(Choose from 12 exciting selections in each category-breakfast, lunch, dinner and snacks)

### Breakfast :

- Ham, Pepper and Swiss Cheese Omelet
- Lemon Poppy Seed Protein Muffin (Many mouth-watering varieties available!)
- Lemon Blueberry Pancakes with Vegetarian Sausage
- Blueberry Walnut and Low-Fat Ricotta Cheese Crepe (Many varieties available)
- Creamy quiche Florentine with sautéed spinach leaves baked with feta cheese in puff pastry
- Peaches and Oat Bran French Toast with Farm Fresh Scrambled Eggs
- Cranberry-Orange Breakfast Tea Scone
- Turkey Quesadilla with Tomatillo Salsa
- Swiss Chard and Mushroom Omelette & Fresh Pineapple Cup
- Scrambled Egg Whites with Fresh Tomato Cheese Sauce
- Oat Bran Bagel with Scrambled Eggs and Vegetable Cream Cheese
- Tomato Parmesan Frittata

### Lunch:

- Sautéed Chicken Breast w/ Shiitake Mushroom Teriyaki Glaze
- Caesar Salad w/ Grilled Chicken
- Zesty Italian Beef Burger w/ Mozzarella, turkey bacon, onion & side of coleslaw
- California Veggie Burger w/ Whole Wheat Pita and Tahini Peanut Sauce
- Thai Chicken Salad
- Seafood Antipasto
- Taco Salad
- Almond Crusted Chicken w/Spinach

- Chicken and Summer Vegetables
- Greek Style turkey Pita with Crunchy Grape Leaves, Feta Cheese and Dilled Cucumber Vinaigrette
- Grilled Salmon atop Field Greens and Orange-Pepper Oil Vinaigrette
- Breast of Duck over Spinach Salad w/ Raspberry Vinaigrette

#### Dinner:

- Lemon Rock Shrimp w/ Yellow Waxed Beans & Fingerling Potato Salad
- Baked Ziti with Sausage & Cheese, Served w/ Ratatouille
- Broiled Atlantic Salmon w/ Israeli Couscous and Scampi Sauce
- Vegetarian Fajita (Beans, Cheese & Onions)
- Lobster Tail w/ Garlic Mashed Potatoes
- Chicken Cacciatore w/ Grilled Polenta
- Chilean Sea Bass with White Bean Sauce
- Cajun Snapper w/ Vegetable Rice Pilaf
- Vegetable Lasagna
- Shrimp & Chicken Jambalaya
- Grilled Rack of Baby Lamb with Parmesan and Minted Au Jus
- Savory Steak w/ Red Potatoes and Asparagus

#### Sweet Snacks:

- Brownies
- Chocolate Swirl Cheesecake
- Fruit Salad with Low-Fat Ginger Yogurt Sauce
- Chocolate Chip Cookies (and many other delicious varieties!)
- Chocolate Nut Squares
- Lemon Bars
- Rice Pudding
- Vanilla Bean and Hazelnut Custard
- Pumpkin Seed Granola w/ Honey-nut Yogurt
- Mini-Baked Deep Dish Apple, Cinnamon Cobbler
- Mini-Fresh Fruit Crepe with Mascopone Cheese
- Ginger & Nutmeg Peach Coffee Cake

#### Low-Fat Snacks:

- Mozzarella and Tomato Salad with Balsamic Dressing
- Vegetable Pot Stickers with Hoi Sin Dipping Sauce
- Egg Salad over Greens

- Turkey Meatballs with Zesty Marinara
- Chicken w/ Hummus
- Lentil Soup w/Chicken
- Baked Tofu Enchilada
- Stuffed Artichoke Hearts w/Fresh Mozzarella, Sun Dried Tomatoes and Shaved Parmesan
- Baby Spinach w/ Feta Cheese and Fresh Dill
- Edamame
- Bruschetta w/ Mini Baguettes
- Pastrami Rye Wrap w/ Honey Mustard

APPENDIX D  
MEAL PACKAGING

# MEAL PACKAGING





APPENDIX E

SAMPLE YELLOW PAGES AD AND DIRECT MAIL PIECE

# GOURMET FOOD DELIVERY



- Healthy, delicious meals delivered right to your doorstep in stylish cooler bags!
- Diet-specific meals available: Heart-Healthy, Low-Carb, Low-Sodium, High Protein and many more...
- 5 or 7 day plans available (3 meals + 2 snacks per day)
- Dietician and nutritionist on-staff for consultation

## Nutrition On Wheels, Inc.

Where Healthy Gourmet is Just a Phone Call Away. . . **225-5669**

(1-800-CALL--N.O.W.)

74-000 Highway 111 Ste. A  
Palm Desert



11

# GOURMET FOOD DELIVERY



- Healthy, delicious meals delivered right to your doorstep in stylish cooler bags!
- Diet-specific meals available: Heart-Healthy, Low-Sodium, High Protein and more...
- 5 or 7 day plans available (3 meals + 2 snacks per day)
- Dietician and nutritionist on-staff for consultation

## Nutrition On Wheels, Inc.

Where Healthy Gourmet is Just a Phone Call Away. . . **225-5669**

1-800-(CALL-N.O.W.)

74-000 Highway 111 Ste. A  
Palm Desert



Receive 15% off of your first order with this code: X0789

APPENDIX F

SALES CYCLE FORECAST: YEAR 1 - YEAR 3

# SALES CYCLE FORECAST: YEAR 1 - YEAR 3

Year 1	Phase One: "The Warm Market" & "Meet & Greet"						Phase Two: "Tis' The Season"			Phase Three: "It's a New Year"			TOTAL
	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	
No. of Clients	0	0	5	10	15	20	25	30	35	40	45	50	
Sales Revenue Generated*			\$5,100	\$10,200	\$15,300	\$20,400	\$25,500	\$30,600	\$35,700	\$40,800	\$45,900	\$51,000	\$280,500
Number of meals**			420	840	1260	1680	2100	2520	2940	3360	3780	4200	23100
Dollar value of meals (\$2.41 each)			\$1,012.20	\$2,024.40	\$3,036.60	\$4,048.80	\$5,061.00	\$6,073.20	\$7,085.40	\$8,097.60	\$9,109.80	\$10,122.00	\$55,671.00
Year 2	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	TOTAL
No. of Clients	50	50	30	30	30	30	30	50	50	50	50	50	
Sales Revenue Generated	\$51,000	\$51,000	\$30,600	\$30,600	\$30,600	\$30,600	\$30,600	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$510,000
Year 3	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	TOTAL
No. of Clients	65	65	50	50	50	50	50	65	65	65	65	65	
Sales Revenue Generated	\$66,300	\$66,300	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$66,300	\$66,300	\$66,300	\$66,300	\$66,300	\$719,100

\*Calculations are based on monthly programs costing \$1020 per client

\*\*Based on 30-day meal programs, each customer accounts for 84 meals per month

APPENDIX G

FINANCIAL HIGHLIGHTS: CASH FLOW PROJECTIONS -

FISCAL YEAR 1 PROJECTED INCOME STATEMENT -

FISCAL YEAR 1 -YEAR 3

**Cash Flow Projection -Fiscal Year 1**

	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	TOTALS
	1	2	3	4	5	6	7	8	9	10	11	12	
<b>CASH IN</b>													
<b>Beginning Cash Balance</b>	\$ -	\$188,018	\$176,036	\$169,196	\$164,098	\$163,042	\$166,027	\$170,554	\$179,124	\$192,936	\$209,589	\$231,284	\$0
New Investment by Owner	\$200,000	\$0											\$200,000
<b>Cash Received</b>													
Total Sales (Cash and Account)	\$0	\$0	\$5,100	\$10,200	\$15,300	\$20,400	\$25,500	\$30,600	\$35,700	\$40,800	\$45,900	\$51,000	\$280,500
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>TOTAL CASH-IN</b>	\$0	\$0	\$5,100	\$10,200	\$15,300	\$20,400	\$25,500	\$30,600	\$35,700	\$40,800	\$45,900	\$51,000	\$280,500
<b>CASH OUT</b>													
<b>Inventory Purchases</b>													
Total Inventory Purchases	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$12,504
Total Raw Material Purchases	\$0	\$0	\$1,012	\$2,024	\$3,037	\$4,049	\$5,061	\$6,073	\$7,085	\$8,098	\$9,110	\$10,122	\$55,671
Total Purchases Cash Out	\$1,042	\$1,042	\$2,054	\$3,066	\$4,079	\$5,091	\$6,103	\$7,115	\$8,127	\$9,140	\$10,152	\$11,164	
<b>Wages/Salaries</b>													
Payroll - General and Administrative	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$6,623	\$79,476
Employee Health Insurance	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$2,004
<b>Operating Expenses</b>													
Accounting Services	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$2,250	\$5,000
Advertising/Marketing	\$1,600	\$1,600	\$500	\$500	\$500	\$500	\$3,000	\$3,000	\$1,800	\$3,000	\$2,000	\$2,000	\$20,000
Auto Expense	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Bank Service Charges	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Credit Card Processing Fees	\$0	\$0	\$46	\$92	\$138	\$184	\$230	\$275	\$321	\$367	\$413	\$459	\$2,524
Gas Expense	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Insurance (Auto, Liability, Property)	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Lease/Rent/Building Payment	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$18,000
Taxes and licenses	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Telephone	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Utilities	\$0	\$0	\$0	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$2,700
Miscellaneous	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
<b>TOTAL CASH-OUT</b>	\$11,982	\$11,982	\$11,940	\$15,298	\$16,357	\$17,415	\$20,973	\$22,030	\$21,888	\$24,147	\$24,205	\$27,263	
<b>Net Cash Flow</b>	(\$11,982)	(\$11,982)	(\$6,840)	(\$5,098)	(\$1,057)	\$2,985	\$4,527	\$8,570	\$13,812	\$16,653	\$21,695	\$23,737	\$225,479
<b>Adjustments to Net Cash Flow</b>													
<b>Ending Cash Balance</b>	\$188,018	\$176,036	\$169,196	\$164,098	\$163,042	\$166,027	\$170,554	\$179,124	\$192,936	\$209,589	\$231,284	\$255,021	

96

### Projected Income Statements - Fiscal Year 1 - Year 3

<b>Sales</b>	<b>YEAR 1</b>	<b>% OF SALES</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
Total Sales	\$280,500	100.00%	\$510,000	\$719,100
<b>Total Sales</b>	<b>\$280,500</b>		<b>\$510,000</b>	<b>\$719,100</b>
<b>Cost of Sales</b>				
Inventory Purchases	\$12,500	4.46%	\$15,000	\$20,100
Raw Material Purchases	\$55,700	19.86%	\$66,840	\$89,566
<b>Gross Profit Margin</b>	<b>\$212,300</b>	<b>75.69%</b>	<b>\$428,160</b>	<b>\$609,434</b>
<b>Expenses</b>				
<b>Salaries</b>				
Payroll - General and Administrative	\$79,480	28.34%	\$109,480	\$125,000
<b>Operating Expenses</b>				
Accounting Services	\$5,000	1.78%	\$6,000	\$8,040
Advertising/Marketing	\$20,000	7.13%	\$26,775	\$35,955
Auto Expense	\$6,000	2.14%	\$6,500	\$7,000
Bank Service Charge	\$1,200	0.43%	\$1,440	\$1,930
Credit Card Processing Fees	\$2,500	0.89%	\$5,355	\$7,550
Employment Health Insurance	\$2,000	0.71%	\$2,400	\$3,216
Gas Expense	\$6,000	2.14%	\$7,200	\$9,648
Insurance (Auto)	\$2,400	0.86%	\$2,880	\$3,859
Lease/Rent	\$18,000	6.42%	\$24,000	\$24,000
Miscellaneous	\$3,000	1.07%	\$3,600	\$4,824
Taxes and licenses	\$3,000	1.07%	\$4,500	\$6,000
Telephone	\$6,000	2.14%	\$7,200	\$8,640
Utilities	\$2,700	0.96%	\$3,240	\$3,888
<b>Total Expenses</b>	<b>\$157,280</b>	<b>56.07%</b>	<b>\$210,570</b>	<b>\$249,550</b>
<b>Net Profit Before Interest and Taxes</b>	<b>\$55,020</b>		<b>\$217,590</b>	<b>\$359,885</b>
<b>% of Sales</b>	<b>20%</b>		<b>43%</b>	<b>50%</b>
<b>Net Profit Before Taxes (EBT)</b>	<b>\$55,020</b>	<b>19.61%</b>	<b>\$217,590</b>	<b>\$359,885</b>
<b>Estimated Taxes</b>				
Federal	\$18,706.80	6.67%	\$ 73,980.60	\$122,360.76
State	\$ 5,116.86	1.82%	\$ 20,235.87	\$ 33,469.27
<b>Net Profit</b>	<b>\$31,196</b>		<b>\$123,374</b>	<b>\$204,055</b>
<b>% of Sales</b>	<b>11%</b>		<b>24%</b>	<b>28%</b>

## REFERENCES

- Aaker, D. A., (2005). Strategic Market Management. Hoboken, NJ: John Wiley & Sons Inc.
- American Journal Public Health. (2006). Statistics on health of Americans.
- Baker, W., (2000). Achieving success through social capital: Tapping hidden resources in your personal and business networks. San Francisco: Jossey-Bass Inc.
- Brigham, E. F. (2004). Intermediate financial management. Mason, OH: Thomson South Western.
- CA Department of Finance 1990, 2002. (2003). SCAG forecast. Retrieved from Coachella Valley Economic Partnership website.
- CA Department of Finance. (2005). U.S. census bureau. Retrieved from Coachella Valley Economic Partnership website.
- Chase, R. B. (2004). Operations management. New York: McGraw-Hill/Irwin
- Coachella Valley Enterprise Zone. (2006). Retrieved on January 22, 2006 from <http://www.cveza.com/lifestyle.htm>
- Del Webb Active Adult 55+ community stat. (2005). Retrieved on January 16, 2006 from [http://vainteractive.com/inbusiness/editorial/bizdev/ibt/business\\_plan.html](http://vainteractive.com/inbusiness/editorial/bizdev/ibt/business_plan.html)
- Drucker, P. (1985). Innovation and entrepreneurship: practice and principles. New York: Harper and Row, Publishers Inc.
- Ettington, D. R. (2001). First-mover advantage. Retrieved January 23, 2006, from <http://www.referenceforbusiness.com/management/Ex-Gov/First-Mover-Advantage.html>
- Foodservices.com. (2005). National restaurant association industry statistics. Retrieved on January 22, 2006 from [http://www.foodservice.com/industry\\_stats.cfm](http://www.foodservice.com/industry_stats.cfm)



Gibson, J. L. (2003). Organizations behavior structure processes. New York: The McGraw Hill Companies, Inc.

IRI Infoscan. (2005). Times & trends executive summary: 2004 new product pacesetters. Retrieved on January 22, 2006 from <http://www.gmabrands.com/publications/gmairi/2005/march.htm>

Lesonsky, R. (1998). Starting your own business: The only start-up book you'll ever need. Entrepreneur Press. <http://www.entrepreneur.com/article/0,4621,264911,00.html>- article on 2-5% ad budget

Lyden, S. (2003, November 25). Landing your first customers. Retrieved January 22, 2006 from <http://www.entrepreneur.com/article/print/0,2361,304812,00.html>

Maravilla, N. (2006). A profile of America's entrepreneurs. Retrieved January 25, 2006 from <http://www.powerhomebiz.com>

Marra, B. (2005, January 31). Wheelers Desert Newsletter, 47(2).

Michaels, N. (2002). Women entrepreneurs growing in numbers & importance. Retrieved January 27, 2006 from [http://www.score.org/m\\_pr\\_20.html](http://www.score.org/m_pr_20.html)

Misner, I. (2004, August 23). Investing in your social capital. Retrieved January 23, 2006 from <http://www.entrepreneur.com/article/0,4621,316822,00.html>

National Restaurant Association. (2006). Restaurant industry report. Retrived on January 25, 2006, from [http://www.restaurant.org/research/ind\\_glance.cfm](http://www.restaurant.org/research/ind_glance.cfm)

NFEA/Barclays Tracking Study. (2001). National federation of enterprises agencies. [www.entrepreneur.com](http://www.entrepreneur.com)

Peng, M. W. (2006). Global strategy. Taunton, MA: Thomson South Western.

Statistical Research Inc. (1998). Marketing sales tool from yellow book USA inc.

The Desert Sun. The state of real estate in the coachella valley.

USA Today. 44 million Americans want to start own business statistics. Retrieved on January 26, 2006 from <http://www.gcase.org/programs>

Winer, R. S., (2004). Marketing management. Upper Saddle River, NJ: Pearson Education, Inc.

www.NetMBA.com. (2005). The concept for market segmentation. Retrieved on January 2, 2006.

Zeisel, S. (2004). Chairman of nutrition department at university of North Carolina. Retrieved February 2, 2005 from Center for Food and Nutrition Policy <http://www.ceresnet.org/ViewEntry.cfm?ID=315&Section=outreach>