

GROCERIES R US



BUSINESS PLAN:

SHANNON LOWERY

ERIN FAIGHT

CHRISTINA RULLO

ALEC ROBERTSON

LEGAL NAME:

Groceries-R-Us

BUSINESS DESCRIPTION:

Our company will offer the service of delivering groceries to people who are unable to conveniently grocery shop themselves.

We will take orders via phone and online and fulfill the orders before delivering the items to customers. For a *la carte* orders, customers will pay the fee of the groceries plus a percentage of interest which will be the profit for our service.

We also will offer special packages for target groups such as a family-friendly, college focused, and health-enthused customers.

FORM OF BUSINESS OWNERSHIP:

Multi-Partner Partnership

LOCATION:

One Oxford Center, 301 Grant Street, Suite 4300, Pittsburgh, Pennsylvania, 15219

VISION AND MISSION STATEMENT:

Groceries-R-Us will strive to provide the most affordable and convenient service to our customers in Allegheny County who will also receive the highest quality customer service. We take the hassle out of shopping in store, while still bringing the same great quality of your favorite products right to your front door.

COMPETITIVE MARKET ANALYSIS

WAL-MART

Strengths

- A huge brand name
- Already have a well established customer base.
- Already own and distribute groceries in store, so they will not be a middle man for the grocery delivery process
- Inexpensive
- Great social media following

Weakness

- Not well advertised
- Limited selection of groceries and brands
- Not able to focus marketing efforts specifically on groceries because they have a wide selection of products and product categories

NETGROCER

Strengths

- Very inexpensive
- Simple website layout
- Solid social media integration
- Service all 50 states

Weakness

- Unknown company
- Very limited brand selection
- Delivery outsourced by FedEx
- Does not service Allegheny county

BEST GROCERY DELIVERY

Strengths

- Large selection of brand name products
- Wide variety of product choices and categories of products
- Simple easy to use website
- Services exclusively to Western PA

Weakness

- Unknown company
- Ugly website design
- No social media
- Very limited delivery areas
- Expensive

INDUSTRY PROFILE

SWOT ANALYSIS

Strengths

- Our company will be unique because unlike our competitors we also will offer special packages for target groups such as a family-friendly, college focused, and health-enthusiast customers. This will provide a quicker and more effective buying process for our target market that will fit in well with their busy lifestyle.
- Another great selling point for our business is the fact that the products that we are distributing will be purchased from Foodland, this grocery store already has a loyal customer base and a reputation for reasonably priced products. Our service will add on to the benefit that Foodland already provides its customers.
- Finally we will sell exclusively to Allegheny County ensuring our customers that our focus is local and not like a corporation who can sometimes forget about segments of its geographic market.

Weakness and Planned Resources

Our biggest anticipated challenge is getting Foodland on board with the partnership. We hope that our business model along with the fact that we will provide service for only their customers will sway them into accepting our offer. The biggest resource we have in this case is exclusivity for Foodland.

Our next concern is whether or not people will choose to use our business over that of a national chain like Wal-Mart because we are the middle man for Foodland, while Wal-Mart already has access to its own product. Our hope is that the added benefit of the packaging/ bundling option will make our company stand out above that of our competition. The resources that make this a challenge we can overcome is the fact that the delivery process is not outsourced like our competition, we have our own trucks and delivery equipment making the prices comparable.

Opportunities:

The biggest opportunity that we see is being able to provide healthy lifestyle bundles, based on statistics and sociocultural analysis we have concluded that consumers want healthier food options but it is clear to us that they don't have the time to research what is healthy or not so we step in and do the legwork for them.

Threats:

The largest environmental factor for our company is the rising gas prices, it is hard to determine where gas will be at the end of every quarter therefore it is hard to determine our costs. If we are paying extremely high gas prices we will have to raise our delivery charge for customers in order to make any sort of profit and this will cause a loss of business.

Industry Description

- Our business is a grocery delivery company in the service industry because we provide the service of grocery delivery as well as bundling groceries for different individual or family needs and wants. Our growth potential is very high because based on a study by seekingalpha.com, focus on consumer health is one of the leading trends in 2012. Our bundling service provides the consumer with the option of choosing a healthy lifestyle bundle. Being able to offer the consumer healthier options at the click of a button, without the hassle of doing their own research into healthier food options will give us a huge edge in the grocery delivery industry.

ORGANIZATIONAL CHART

Business Owners:
Christina, Erin, Alec and Shannon
-Create vision of business, oversee operations, handle hiring of management

FINANCIAL MANAGER:
regulates cash flow; keeps records of revenue, expenses, assets, and liabilities; advises owners on business operations based on financial status; manages assistants

OPERATIONS MANAGER:
oversees how the business is working to achieve the mission statement in the areas of customer service, use of resources, service operations, and promotional activities

Assistants to the Financial Manager: Offer help and assistance to the financial manager with in-office tasks (filing, answering phones, etc.); assistant with building annual cash flow statement and budget statement

PROMOTIONS: This area will strive to spread the name and mission of the business under the direction of the operations manager. Tasks of this part of the business may include public relations and promotional events as well as advertising.

Online: Under the direct management of the operations manager, the workers of the website will build and update the website as well as manage online orders.

Phone: Under the direct management of the operations manager, the in-office phone operators will take orders via telephone.

CUSTOMER SERVICE: This area of the business is directed by the operations manager. Customers can call the office with any questions or concerns regarding the business and its services/products. Customer service will also keep polls and statistics of customer satisfaction ratings regarding the business.



3 year goal:

- To be recognized as the area's premier provider for grocery delivery service.
- To increase company size to 12 employees (4 owners and 8 delivery drivers) over the first 3 years of operation.
- To increase delivery vehicle fleet to 8 vehicles.
- To make a profit of \$500,000 during year 3 operations.
- To expand service area to include a 30 mile radius around the City of Pittsburgh.

5 year goal:

- To expand delivery hours to include 7 days per week.
- To increase delivery vehicle fleet to 12 vehicles.
- To increase company size to 16 employees (4 owners and 12 delivery drivers) over the first 5 years of operation.
- To make a profit of \$1,500,000 during year 5 operations.

CODE OF ETHICS

1. Respect, honesty and fairness must be maintained with the highest priority in all working relationships
2. All delivery commitments must be handled promptly and courteously by our staff.
3. We will continue to make the business grow through common goals and teamwork.
4. Employee safety will be held in high priority

SOCIAL RESPONSIBILITY

- Hybrid Delivery Vans
- Reusable Shopping Bags
- Recycling Program

MARKET RESEARCH AND PLANNING

Target Market

Busy working professionals

College Students

Seniors on a fixed income

Product Feature

Customers will be able to choose their products by simply checking a box on our website

Customers can request specific packages- health food- diabetic diet-food allergies

Product Differentiation

Comprehensive list for packages to create a customer profile

Phone orders

Delivery time will be predetermined by the customer

Pricing

Pricing is a straight 30% gratuity added to the total grocery bill

Prices are higher than other grocery delivery services in the city

Higher price for a higher level of service and leave room for discounts

Advertising and Promotion

ValuPak- Coupon distribution service that has the ability to deliver up to 10,000 homes in your particular target market for a fee.

Flyer distribution- Senior centers, collage campuses, and grocery stores

Google, Yahoo, and Bing profile

Google ADWORDS

Distribution

Our service will be available online and over the phone.

The products will be delivered straight to the customers door.

FINANCIALS

Source of Capital/Financing

| Source Of Capital | Responsible Party | Investment Amount |
|----------------------|------------------------|---------------------|
| Owner's Investment | Faight, Erin (25%) | \$25,000.00 |
| | Lowery, Shannon (25%) | \$25,000.00 |
| | Robertson, Alec (25%) | \$25,000.00 |
| | Rullo, Christina (25%) | \$25,000.00 |
| Bank Loan | Start Up Bank Loan | \$100,000.00 |
| Total Capital | | \$200,000.00 |

initial Start Up Costs

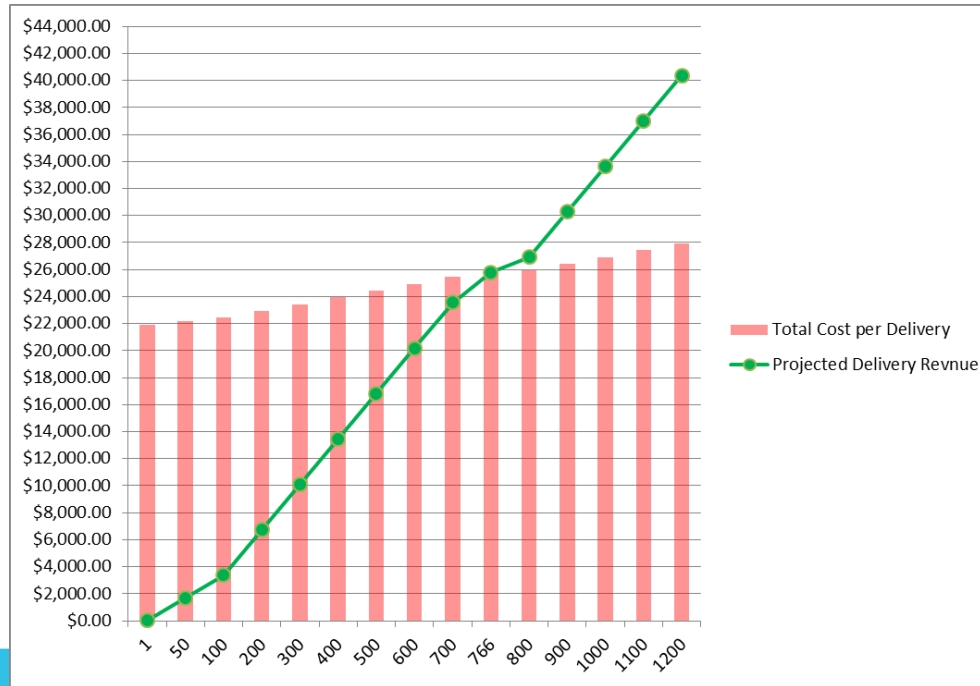
| Start Up Item | Estimated Cost |
|---|---------------------|
| Office Space (Deposit) | \$1,476.00 |
| Salaries & Wages | \$17,833.33 |
| Supplies: Technological, Equipment, Furniture, Other (computers, software, copy machine, desks, chairs, etc.) | \$10,000.00 |
| Advertising & Other Promotions | \$1,500.00 |
| Utilities: Telephone, Internet | \$800.00 |
| Insurance | \$800.00 |
| Deliver Vehicle Purchase | \$80,000.00 |
| Total Start Up Costs | \$112,409.33 |
| Total Capital | \$200,000.00 |
| Difference | \$87,590.67 |

Projected Order Cost/ Profit

| Age-gender groups | Weekly Cost | | |
|---|---------------|--------------------|-------------------|
| | Low-Cost Plan | Moderate-Cost Plan | Average-Cost Plan |
| Male: | | | |
| 19-50 | \$53.20 | \$67.40 | \$60.30 |
| 51-70 | \$50.70 | \$62.70 | \$56.70 |
| 71+ | \$50.50 | \$62.10 | \$56.30 |
| Female: | | | |
| 19-50 | \$46.70 | \$57.80 | \$52.25 |
| 51-70 | \$45.50 | \$56.50 | \$51.00 |
| 71+ | \$45.30 | \$55.90 | \$50.60 |
| Families of 2 | | | |
| 19-50 | \$110.50 | \$137.70 | \$124.10 |
| 51-70 | \$105.90 | \$131.10 | \$118.50 |
| Families of 4 | | | |
| Couple 19-50 and children 2-3 & 4-5 | \$160.10 | \$198.00 | \$179.05 |
| Couple 19-50 and children 6-8 & 9-11 | \$189.20 | \$235.70 | \$212.45 |
| Average store cost per order | | | \$96.13 |
| Average delivery charge per order | | | \$33.64 |
| Average expense per order | | | -\$10.00 |
| Average profit per order | | | \$23.64 |
| Data Recourse: http://www.cnpp.usda.gov/Publications/FoodPlans/2012/CostofFoodAug2012.pdf | | | |

BREAKEVEN ANALYSIS

| Break Even Analysis | | | | | | | | | | |
|---------------------------------------|---------------------|--------------------|--------------------|--------------------|----------------|-----------------|-------------------|-------------------|-------------------|--------------------|
| Number of Deliveries per month | 1 | 500 | 600 | 700 | 766 | 800 | 900 | 1000 | 1100 | 1200 |
| Fixed Cost Assumption | \$21,931.00 | \$21,931.00 | \$21,931.00 | \$21,931.00 | \$21,931.00 | \$21,931.00 | \$21,931.00 | \$21,931.00 | \$21,931.00 | \$21,931.00 |
| Variable Cost Assumption per Delivery | \$5.00 | \$2,500.00 | \$3,000.00 | \$3,500.00 | \$3,830.00 | \$4,000.00 | \$4,500.00 | \$5,000.00 | \$5,500.00 | \$6,000.00 |
| Total Cost per Delivery | \$21,936.00 | \$24,431.00 | \$24,931.00 | \$25,431.00 | \$25,761.00 | \$25,931.00 | \$26,431.00 | \$26,931.00 | \$27,431.00 | \$27,931.00 |
| Projected Delivery Revenue | \$33.64 | \$16,821.88 | \$20,186.25 | \$23,550.63 | \$25,771.11 | \$26,915.00 | \$30,279.38 | \$33,643.75 | \$37,008.13 | \$40,372.50 |
| Revenue | -\$21,902.36 | -\$7,609.13 | -\$4,744.75 | -\$1,880.38 | \$10.11 | \$984.00 | \$3,848.38 | \$6,712.75 | \$9,577.13 | \$12,441.50 |



12-MONTH PROFIT & LOSS STATEMENT

| | Jan | Feb | Mar | Q1 | Apr | May | Jun | Q2 | Jul | Aug | Sep | Q3 | Oct | Nov | Dec | Q4 | Year to Date |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Revenue | | | | | | | | | | | | | | | | | |
| Deliveries | \$3,364 | \$6,729 | \$10,093 | \$20,186 | \$13,458 | \$16,822 | \$20,186 | \$50,466 | \$23,551 | \$25,771 | \$26,915 | \$76,237 | \$30,279 | \$33,644 | \$37,008 | \$100,931 | \$247,820 |
| Variable Expense | | | | | | | | | | | | | | | | | |
| Cost of Deliveries | \$500 | \$1,000 | \$1,500 | \$3,000 | \$2,000 | \$2,500 | \$3,000 | \$7,500 | \$3,500 | \$3,830 | \$4,000 | \$11,330 | \$4,500 | \$5,000 | \$5,500 | \$15,000 | \$36,830 |
| Fixed Expenses | | | | | | | | | | | | | | | | | |
| Office Space Rent (includes utilities) | \$738 | \$738 | \$738 | \$2,214 | \$738 | \$738 | \$738 | \$2,214 | \$738 | \$738 | \$738 | \$2,214 | \$738 | \$738 | \$738 | \$2,214 | \$8,856 |
| Salaries & Wages | \$17,833 | \$17,833 | \$17,833 | \$53,500 | \$17,833 | \$17,833 | \$17,833 | \$53,500 | \$17,833 | \$17,833 | \$17,833 | \$53,500 | \$17,833 | \$17,833 | \$17,833 | \$53,500 | \$214,000 |
| Advertising & Other Promotions | \$500 | \$500 | \$500 | \$1,500 | \$500 | \$500 | \$500 | \$1,500 | \$500 | \$500 | \$500 | \$1,500 | \$500 | \$500 | \$500 | \$1,500 | \$6,000 |
| Utilities: Telephone, Internet | \$160 | \$160 | \$160 | \$480 | \$160 | \$160 | \$160 | \$480 | \$160 | \$160 | \$160 | \$480 | \$160 | \$160 | \$160 | \$480 | \$1,920 |
| Insurance | \$800 | \$800 | \$800 | \$2,400 | \$800 | \$800 | \$800 | \$2,400 | \$800 | \$800 | \$800 | \$2,400 | \$800 | \$800 | \$800 | \$2,400 | \$9,600 |
| Bank Loan | \$1,700 | \$1,700 | \$1,700 | \$5,100 | \$1,700 | \$1,700 | \$1,700 | \$5,100 | \$1,700 | \$1,700 | \$1,700 | \$5,100 | \$1,700 | \$1,700 | \$1,700 | \$5,100 | \$20,400 |
| Delivery Vehicle Maintenance | \$200 | \$200 | \$200 | \$600 | \$200 | \$200 | \$200 | \$600 | \$200 | \$200 | \$200 | \$600 | \$200 | \$200 | \$200 | \$600 | \$2,400 |
| Total Fixed Expenses | \$21,931 | \$21,931 | \$21,931 | \$65,794 | \$21,931 | \$21,931 | \$21,931 | \$65,794 | \$21,931 | \$21,931 | \$21,931 | \$65,794 | \$21,931 | \$21,931 | \$21,931 | \$65,794 | \$263,176 |
| Net Profit / Loss | | | | | | | | | | | | | | | | | |
| Net Profit / Loss | -\$19,067 | -\$16,203 | -\$13,338 | -\$48,608 | -\$10,474 | -\$7,609 | -\$4,745 | -\$22,828 | -\$1,881 | \$10 | \$984 | -\$887 | \$3,848 | \$6,712 | \$9,577 | \$20,137 | -\$52,186 |

EMPLOYEE SALARY

| Employees | Hourly Salary | Estimated Monthly Salary | Estimated Yearly Salary |
|---------------------------|----------------------|---------------------------------|--------------------------------|
| Faight, Erin | \$17.07 | \$2,958.33 | \$35,499.99 |
| Lowery, Shannon | \$17.07 | \$2,958.33 | \$35,499.99 |
| Robertson, Alec | \$17.07 | \$2,958.33 | \$35,499.99 |
| Rullo, Christina | \$17.07 | \$2,958.33 | \$35,499.99 |
| Driver 1 | \$8.65 | \$1,500.00 | \$18,000.00 |
| Driver 2 | \$8.65 | \$1,500.00 | \$18,000.00 |
| Driver 3 | \$8.65 | \$1,500.00 | \$18,000.00 |
| Driver 4 | \$8.65 | \$1,500.00 | \$18,000.00 |
| Total Compensation | \$102.88 | \$17,833.33 | \$213,999.96 |

BALANCE SHEET

| Current Assets | | Liabilities & Net Worth | |
|-----------------------------------|--------------|---------------------------|--------------|
| Cash In Bank | \$87,590.67 | Current Liabilities | |
| Prepaid Expense | \$800.00 | Accounts Payable | |
| Total Current Assets | \$88,390.67 | Taxes Payable | \$17,833.33 |
| | | Total Current Liabilities | \$5,350.00 |
| Fixed Assets | | | \$23,183.33 |
| Delivery Vehicles | \$80,000.00 | Long-Term Liabilities | |
| Furniture & Equipment | \$10,000.00 | Bank Loans Payable | |
| Total Fixed Assets | \$90,000.00 | | \$100,000.00 |
| | | Total Liabilities | |
| Total Assets: | \$178,390.67 | | \$123,183.33 |
| | | | |
| Owner's Equity / Net Worth | \$55,207.34 | Balance Sheet | \$0.00 |