

A Business Plan

presented to

The Faculty of the Agribusiness Department  
California Polytechnic State University, San Luis Obispo

In Partial Fulfillment

Of the Requirements for the Degree  
Agricultural Business; Bachelor of Science

By

Scott Silverman

June, 2011

## Contents

Foreword and Material Review:.....	3
Problem Statement: .....	4
Hypothesis: .....	4
Objectives: .....	4
Business Plans in General .....	5
Importance of Business Planning .....	5
Components of a Business Plan .....	6
How to Implement a Business Plan.....	7
Business Planning Example.....	7
SWOT Analysis.....	8
Net Present Value.....	9
Objectivity .....	9
Financial Forecasting .....	10
Mission and Vision Statements .....	11
Balanced Scorecard.....	11
Natural Product Trends .....	12
Executive Summary: .....	14
Mission Statement: .....	16
Vision Statement:.....	17
Product Description:.....	17
SWOT Analysis:.....	17
External Factors:.....	18
Internal Factors: .....	21
Target Market and Demographics:.....	23
Strategy Formulation:.....	24
Opening Juicy Boost: .....	30
Economic Analysis:.....	31
Financial Analysis: .....	34
Risks:.....	38

Sources and Uses:.....	39
Assumptions and Limitations:.....	40
Sources and References:.....	41
Appendix:.....	45
External Factors:.....	45
Internal Factors.....	48
SWOT Matrix: .....	49
Cost Itemization: .....	50
Break Even Analysis: .....	52
Depreciation Table:.....	53
Amortization Schedule: .....	55
Juicy Boost Financial Summary: .....	57
Income Statement:.....	58
Cash Flow Statement:.....	59
Balance Sheet:.....	60
Ratio Analysis: .....	60
Strategies:.....	61
Cost Itemization: .....	50
Break Even Analysis: .....	52
Depreciation Table:.....	53
Amortization Schedule: .....	55
Juicy Boost Financial Summary: .....	57
Income Statement:.....	58
Cash Flow Statement:.....	59
Balance Sheet:.....	60
Ratio Analysis: .....	60
Strategies:.....	61

**Foreword and Material Review:**

This Senior Project has been altered from AGB 460 to 461. While a business plan is still the basis of the project, the premise of the business has changed. This project will focus on creating a functional business plan for a juice bar in Paris, France. The name of this potential enterprise is *Juicy Boost*. This Senior Project measures the economic potential of *Juicy Boost* in Paris and offers numerous strategies on how to make the most profitable business.

Problem Statement:

Is a Juice Bar a viable business venture in Paris, France?

Hypothesis:

By focusing on low cost operational production, strategic business planning, and in depth market analysis, *Juicy Boost* will be determined as a profitable business venture. *Juicy Boost* owners and investors should expect \$50,000 annual net income within the first 4 years of operation.

Objectives:

- 1) Calculate the profitability of the product *Juicy Boost* in the Paris markets.
- 2) Develop a system of business strategies to maximize the profitability of *Juicy Boost*.
- 3) Feasibly price *Juicy Boost* so that it is competitive with that of major industrial companies in the market in both cost of production and retail price.
- 4) Utilize NPV calculations to rank the effectiveness of the business strategies.
- 5) Develop roll-up financial statements including Balance Sheets, Income Statements, and Statements of Cash Flows for 5 years of forecasts.
- 6) Measure the results via financial benchmarks.

In order to understand the processes of the business plans, it is vital to understand the core structure of business plans in general. All of these topics will provide the necessary background knowledge to understand and carry the detailed methodology components.

### Business Plans in General

A business plan is this most systematic and detailed tool in determining the feasibility of a business. Business plans, often referred to as strategic plans, offer numerous financial and non-financial benefits to the companies that use them (David 2010). “Strategic management allows an organization to be more proactive than reactive in shaping its own future; it allows an organization to initiate and influence activities—and thus to exert control over its own destiny” (David 2010). Fred David’s text, *Strategic Management: Concept and Cases*, identifies the main purpose of business planning—a tool that allows companies to act rather than react. Many companies that fail to conceive a coherent strategic plan find themselves *firefighting* (David 2010). This is the exact situation that companies want to avoid; *firefighting* is a purely responsive company operation that deals with each problem as it occurs. Companies that *firefight* generally expend all of their resources quick-fixing issues that arise rather than planning ahead to take preventative measures against the problem occurring in the first place. Companies that plan extensively will be better prepared for external threats that may arise during business operations (David 2010). Financially speaking, businesses that perform strategic management tend to be more successful and have increased profitability than those that do not (Schwenk 1993). Implementation of strategic management is noted for significant improvements in numerous financial aspects of the business, including sales, profitability, and productivity (David 2010).

### Importance of Business Planning

“For any business, strategic planning is a necessity” (Price 2009). Ron Price describes in his article, published by *Industrial Engineer*, that a business plan permits companies to intentionally direct their company’s future. However, the majority of companies fail to implement successful methods of strategic planning, while still valuing its importance (Price 2009). The most efficient strategic planning takes place in a three-part process: develop the purpose of the business, long-range comparative planning, and operational implementation (Price 2009). Strategic planning centers around this core structure and when used correctly, can increase corporate efficiency as well as raise awareness of corporate issues. When an entire division acknowledges the everyday issues that represent a potential threat to the company, employees will be more proactive in reducing the severity of any divisional weaknesses.

#### Components of a Business Plan

Business plans can vary greatly depending on the given industry; however, most plans consist of the same core components. A typical plan will contain an Executive Summary, Product Summary, Market (Economic) Analysis, Financial and Operational Analysis, and often times an Exit Strategy (Thompson 2005). An Executive Summary is always written last, but is the first item that investors will read. It should sum up the following business plan, providing key figures and strategies, while not surpassing two pages in length (Thompson 2005). The Product Summary should describe the product, its associated costs, and its projected revenues (Thompson 2005). The Economic Analysis consists of supply and demand, break even analysis, and price analysis for the product (Thompson 2005). The Financials of the business must include at a minimum Balance Sheets, Income Statements, and Cash Flow Statements. While the financials may take up the fewest pages, they will often reveal the most about the overall strength and accuracy of the business plan. The final section, the Exit Strategy, should explain the owners end goal with the company (Thompson, p. 200). Often times the exit strategy is to

remain competitive in the market, so it is not unusual for firms to replace the “Exit Strategy” with long term goals and objectives.

### How to Implement a Business Plan

The successful implementation of a formulated strategic plan requires participation at all levels (Breyfogle 2009). By maintaining strong leadership practices, executives can motivate their employees and encourage the adoption of newly developed business strategies. Positive leadership, a focus on small victories, forbidding complaints, and modeling good work behavior will fulfill employees with a sense of empowerment (Breyfogle 2009). Empowered employees carry out daily operations in a manner more beneficial to the company. Managers can easily motivate their workforce with leadership tactics that unite corporate goals with individual ones.

An interview with an esteemed professor from the Wharton School, University of Pennsylvania, argues that happy workers translate to higher stock prices (Edman 2009). In the case of *Juicy Boost*, a privately owned company, happy workers will improve overall profitability. By encouraging employees to put forth more effort in everyday operations, businesses more readily adopt strategic plans that further stimulate company profits.

### Business Planning Example

Stephanie M. Smith’s (2010) article, *Succession Planning for Family-Owned Business is Critical for Rural America*, discusses the value of strategic planning. This article identifies a potential threat to family-owned businesses—succession. Via strategic planning, Smith recommends incorporating an executive succession plan to prevent this threat from ever negatively affecting the company (Smith 2010). Smith identifies a potential threat, creates a solution, implements the strategy, and frees up the company to focus on other short term external and internal factors. This example encompasses the essence of a business plan—a premeditated solution to foreseeable future opportunities or threats.

Determining the external and internal factors that will influence companies in the future is not always as straightforward as shown in Smith's article. Often times, more impending factors exist than can actually be addressed. In order for companies to understand which externalities are most prevalent, an in-depth SWOT analysis must be performed.

### SWOT Analysis

"Implicit in the SWOT analysis is the aim of achieving the optimum match of a firm's resources with the environment in order to gain sustainable competitive advantage by: building on a firm's strengths; reducing weaknesses; exploiting opportunities; countering threats" (Friend 2009). Companies acknowledge SWOT analyses as a tool to effectively plan for the future. SWOT analysis promotes awareness of company strengths, weaknesses, opportunities, and threats—this aids the company even before the implementation of strategies (Camden 2009). Strategic planning, and SWOT analysis, should include all levels of employment (David 2010). This inclusive principle promotes further employee understanding of how a given company can be improved.

Fred David's text, *Strategic Management: Concept and Cases*, provides an easily adoptable SWOT template to create business strategies. Begin by listing major strength, weaknesses, opportunities, and threats (David 2010). Then, assign weights to each of the factors—this may sound subjective, but supporting evidence must justify each weighted value (David 2010). With these weighted values, take four to six of the most influential factors in each category and develop a SWOT matrix (David 2010). A SWOT Matrix is comprised of a four-box chart. This matrix simplifies strategic planning, by organizing external and internal factors in a way where solutions present themselves (David 2010). Realistically speaking, only five to six strategies can be implemented at any given time, use Net Present Value to determine which strategies create the most wealth for the company (David 2010).



## Net Present Value

Net Present Value measures the current value of future cash flows (Brigham 2008). Generally, strategies include initial investments and the future cash flows (income or expenses) associated with them. Net Present Value is most easily calculated via excel spreadsheets. Enter in the Weighted Average Cost of Capital, or the loan rate, the initial investment (a negative value), and the projected net cash flows for each year. The product of the equation will place a present value on the strategy, so that multiple options may be compared at once.

Paul R. Gradl presents a practical example of how Net Present Value can measure the costs factors associated within engines (Gradl 2009). Companies apply Net Present value when determining the future impact of any business decision. This equation tells business owners what a strategic plan is worth to the company *today* and remains to be one of the most commonly used forecasting tools of financial analysts (Brigham 2008).

## Objectivity

Many business planners push objectivity when creating business decisions. Multiple Objective Programming stresses the importance of math in unbiased decision making (Decision-maker's Preferences 2009). Objective mathematical measures, like Net Present Value, reduce the chances of personal bias causing financial blunders (Decision-maker's Preferences 2009). Start-up businesses also find mathematical decision making extremely valuable (Fuzzy Goal Programming Model 2009). Start-up businesses face countless threats and opportunities in miniscule periods of time, making it nearly impossible to allocate resources appropriately for profit maximization. With mathematical tools at a start-up business's disposal, "fuzzy goals" become clear (Fuzzy Goal Programming Model 2009). The math involved in processes like Net Present Value provides a ranking system in which external factors may be

addressed (Fuzzy Goal Programming Model 2009). Net Present Value will provide *Juicy Boost* with an objective tool in determining the most lucrative strategic plans.

### Financial Forecasting

In order to determine the profitability or potential success of any company, a financial analysis must be conducted. There is nothing more important in business planning than accurately estimated future revenues. Forecasting can operate simultaneously as a business planning tool and as a method to increase the accuracy of corporate planning (Mason 2010). Forecasting can predict what types of strategies a business should implement (Mason 2010). If the future holds economic losses, a business should focus on defensive strategies, such as downsizing (David 2010). Likewise, if future sales are projected to increase, a company can set in motion expansionary strategies. Also, by increasing the accuracy of corporate planning, any future decisions made by managers will have more relevance. For example, if a company plans to increase employment, yet total revenues decrease—all resources expended in the development of the failed strategy become lost. By having more knowledge of future circumstances, companies can more effectively engage in strategic planning.

### Benchmarking

Benchmarking is potentially the most vital piece of information that investors will look at when reviewing business plans (David 2010). This involves the comparison of financial ratios to that of other top companies or to industry averages. The most important financial ratio is Return on Equity—what the owners receive per dollar invested in the company (Brigham 2008). Other key business ratios include Return on Assets—how much income company makes relative to its total assets—and Profit Margin—what percentage of sales converts to net income (David 2010). These financial benchmarks allow investors to rate one company's performance to another's.

Benchmarking is the best way to measure the success of strategic plans because it immediately reveals the financial strength of any operation.

### Mission and Vision Statements

An easily overlooked aspect of business planning deals with the company's purpose. A firm should create mission and vision statements—Christopher Morphew and Matthew Hartley argue the importance of a mission statement in any given company throughout *Mission Statements: A Thematic Analysis of Rhetoric Across Institutional Type*. The article stresses that “those charged with constructing or refining mission statements will benefit from a greater understanding of the purpose of these documents” (Morphew 2006). A mission statement can act as more than an informational tool for consumers, it can provide individual employees with a sense of purpose within the company. The mission statement plainly identifies why the given company is in existence, and employees can associate and identify with the purpose. A mission statement in its most basic form includes a value proposition and the company's operational aims (David 2010).

Similar to the mission statement, a vision statement can also instill employees with a sense of ownership regarding the firm. While a mission statement answers what the firm is, a vision statement addresses what owners want the firm to become (David 2010). The mission and vision statements hold a vital place in the minds of company personnel, but at the same time they are some of the most accessible information regarding company operations available to the public, so it is crucial to compose meaningful statements.

### Balanced Scorecard

Centering business planning solely on financial means can result in a total disregard of company values expressed in mission and vision statements. Mikko Hakola (2010) stresses the importance of a “Balanced Scorecard” in any business setting. A Balanced Scorecard is the

term that describes company goals that contain both financial and non-financial objectives (Hakola 2010). Financial objectives have already been explained and consist of benchmarking measures and financial ratios. Non-financial goals correspond more directly with mission and vision statements. Non-financial goals may include: improving customer satisfaction, sustainability, or increasing employee retention rate (David 2010). Financial means cannot directly measure these types of goals, yet 50% of Fortune 1,000 companies utilize the Balanced Scorecard system (Hakola 2010). Harvard Business School praises the Balanced Scorecard as one of the most vital business management tools in the past 75 years (Hakola 2010). A Balanced Scorecard does just what it implies, finding equilibrium between company financial and non-financial goals.

### Natural Product Trends

All-natural, “green” products have seen huge sales spikes in recent years (Howard 2005). “Marketers are seeing green over green” (Howard 2005). The financial benefits of producing and marketing green products are substantial. Start-up cleaning company Method, based in San Francisco, experienced sales increases of 250% after moving to “green” products (Howard 2005). “Green” is a blanket term that encompasses all products composed of all natural materials or that are created in environmental beneficial ways. The media regularly cites the benefits associated with herbal and other natural products; concurrently, sales have increased dramatically over the last decade (Kelly 2005). Large corporations recognize the advantages accompanied with going green, Wal-Mart has begun constructing eco-centric stores to promote their environmentally-friendly values and attract more customers (Howard 2005). Frito-Lay also intends to profit off this all-natural phenomenon—50% of its

### Summary

The importance of business plans have been discussed in this section, detailing the financial and non-financial benefits that companies may expect from strategic planning. Financial processes and benchmarks were also broken down, and their significance justified through real life examples and studies. The non-financial side of business planning and goal setting was explained and justified through the statements of intellectual institutions, namely Harvard Business School. Finally, the trends associated with “Green” products were addressed and examples of companies responding to the opportunities associated with going green were provided.

### **Executive Summary:**

This business plan describes in detail Juicy Boost's entry into Paris, France. Juicy Boost is modeled after proven US companies, such as Jamba Juice. Juicy Boost emphasizes nutritional value, coupled with attractive pricing. An in depth SWOT analysis was performed in determination of major external and internal factors facing the company.

Key external factors include seasonal sales, direct competition, tourism, marketing and promotion, location, labor, and social trends. The main internal factors consist of seasonal sales, nutritional value, employee satisfaction, introducing a new concept, healthiness, and reliance on tourism. These core factors were applied into a SWOT matrix to formulate Juicy Boost's key strategies.

All strategies developed for use in this business plan were ranked according to Net Present Value. The defensive strategy of Labor Cost Reduction resulted in a savings of \$43,863.34. This reduces the greatest threat facing businesses operating in France—labor expense. The most profitable offensive strategy was expansion. This strategy essentially doubles the sales and total assets of Juicy Boost. The Net Present Value of this strategy is \$164,278.20 over a 5-year period. This strategy will also act as a marketing tool because consumers are more likely to find the store as it expands throughout Paris. The next two strategies that yielded the greatest Net Present Values, were coffee sales and health bar sales. These items have contribution margins of \$1.23 and \$1.08, respectively. These strategies are designed to supplement the revenue generated by smoothie sales and to diversify Juicy Boost's product line.

Juicy Boost's pricing strategy is to sell a premium product at a value price. Price levels are notoriously high in Paris, and Juicy Boost's sales prices are set at €4.50 for a 16 oz smoothie and €3.30 for a 10 oz smoothie. Compared to local competitors, these prices are relatively low and will attract positive attention from both locals and tourists. There is an excess supply of food and beverage retailers in Paris, and Juicy Boost's value-pricing strategies will ensure a strong smoothie demand. Juicy Boost Advertisement will be done through posters, radio, samples, word of mouth, and social networking websites. All input

costs in this document are derived from prices listed by online retailers via Amazon.com and Google Shopping.

Juicy Boost's target market is large—12-million people inhabit the Paris region, and over 30-million tourists visit each year. Due to this large consumer potential, Juicy Boost needs a very small market penetration to produce profits.

Based on fixed costs of €35,491.25 each year, Juicy Boost must sell 63 smoothies everyday day to break even. Comparing this requirement to data collected from Jamba Juice's Foothill location—this minimum sales quantity per day is easily achievable. Jamba Juice at Foothill sold an average of 377.9 smoothies per day in the cold winter month of February, 2011 in San Luis Obispo. Juicy Boost will operate in a much larger city and have a much greater sales potential than the Jamba Juice on Foothill.

Juicy Boost's projected financial ratios maintain competitiveness with industry averages. This business plan is designed to reduce unnecessary debt, while maximizing sales potential. Due to the relatively small asset and debt figures, Return on Equity and Return on Assets appear to be inflated. During year-5 of operations, Juicy Boost is projected to have a Profit Margin of 12%—33% greater than industry averages.

Juicy Boost ownership will supply \$20,000 for startup expenses and require a loan of \$34,062.31 for the purchase of property, equipment, and plant fixtures.

#### **Mission Statement:**

Juicy Boost's primary responsibility lies with its customers, to whom we offer delicious and healthy smoothies that epitomize true refreshment. With an emphasis on employee satisfaction, we pride ourselves on creating a friendly environment for our



customers. Juicy Boost is dedicated to providing people with a healthy alternative to fast foods. Our value comes from supplying the people of Paris and tourists alike, with the refreshing, one-of-a-kind taste that is Juicy Boost. With superb smoothies and a resolute commitment to the customer, Juicy Boost aims to maintain high profitability, so that it can serve customers for many years to come.

### **Vision Statement:**

Juicy Boost aspires to be the leading healthy smoothie producer in Paris and for our logo to be synonymous with delicious and nutritious.

### **Product Description:**

Juicy Boost will sell quality smoothies at competitive market prices in Paris, France. Our smoothies are blended from a variety of fruits, juices, sorbets, and yogurts. As our company name suggests, each smoothie comes with a free “Boost” made to supplement the consumer with the nutritious benefit of his choosing. The smoothies will be offered in 10 oz and 16 oz serving sizes, this is largely due to the fact that French portions are much smaller to those in the US. Juicy Boost provides delicious smoothies to tourists on the go, as well as a relaxing environment that caters to the French custom of social dining. Juicy Boost is an evolution of proven US companies that has been fine-tuned to match the French lifestyle. Jamba Juice, a major inspiration for Juicy Boost, receives annual revenues of \$301.6 million.

### **SWOT Analysis:**

In determining our business strategies, we have implemented the use of a SWOT analysis to develop a list of the factors most crucial to the success of Juicy Boost. These factors are broken down into External (Opportunities, Threats) and Internal (Strengths, Weaknesses). They are then given weights according to their relevance to Juicy Boost's success and charted onto a list of manageable key factors from which business strategies were derived (David, *Strategic Management*). The appendix provides an in depth list of the weights and factors utilized in Juicy Boost's SWOT analysis.

### **External Factors:**

#### Weather/Seasonal Sales:

The most pertinent threat to the success of Juicy Boost is Paris's weather cycle, and more directly, seasonal sales. Weather peaks in summer months and drops substantially during winter months (UK Weather). In the beverage industry, cold weather is an obvious deterrent to overall sales, and requires the most attention from strategic plans.

#### Competition:

The next largest threat facing Juicy Boost is competition. The direct competition is relatively small and in one major case, very weak. The two most known juice bars in Paris are Bob's Juice Bar and Zumo Juice. Bob's Juice Bar is a one retail location and is recognized more for its actual custom juices than smoothies (Paris: Where to). Bob's Juice Bar has been open for several years, yet owners seem content on keeping it a small business, so the threat posed by this company is minimal. Zumo Juice on the other hand, is the leading smoothie chain in Europe with over 100 locations scattered across the continent (Zumobars.com). Fortunately, the Ireland-based company has been undergoing severe financial issues dealing primarily with debt management (High Court Approves Survival

Plan). The company reported losses of \$452,000 in 2008 and \$697,000 in 2009. This is essentially Juicy Boost's biggest competition, and its financial shortcomings stem from debt management issues as well product reputation of mediocrity (High Court Approves Survival Plan).

Despite the direct competition being relatively weak, Paris boasts over 8,000 restaurants, which all serve as competitors to Juicy Boost (Paris Digest). Paris is filled with bars, cafes, and bistros, making it difficult for any one company to obtain a significant market share. However, the reason so many food and beverage companies thrive in Paris is due to the huge population and tourism that the city receives each year.

#### Population/Tourism:

The Paris region is home to nearly 12 million people and over 30 million tourists come to Paris making it the most visited city in the world (Paris Region: Key Figures). Paris's huge inflows of tourism and large inhabitant population enable businesses to stay profitable with extremely low market shares.

#### Marketing/Promotion:

A major external factor that coincides with this large market for food and beverages is marketing and promotion. This factor doubles as an opportunity and a threat, if marketed properly Juicy Boost can boast high profits. Within the confines of Paris, Juicy Boost must utilize available marketing means to attract a strong consumer base consisting of locals and tourists. The potential profitability of Juicy Boost will revolve around obtaining local recognition—marketing and promotion is an external factor of utmost importance.

#### Location:

At 105.3.9 km<sup>2</sup>, Paris is an enormous city, making location a vital factor towards the success of Juicy Boost (Paris – World's Most Visited City). This size makes it easy to be overlooked as a small business, which causes location to be a major opportunity or threat for any company looking to open in Paris. This property will be rented because the purchase of property would push Juicy Boost deep into debt, substantially increasing the company's breakeven point. As displayed by direct competition, like Zumo Juice, debt can be the end of a smoothie chain.

#### Labor:

A more immediate threat to Juicy Boost is the extreme cost of labor in France. French minimum wage is an astounding €9.00, which equals \$11.88 (Starting a Business in France). Additionally, France levies a 35% tax on all wages paid increasing the cost considerably.

#### Social Trends:

Finally, a major opportunity that corresponds with Juicy Boost's potential success in Paris is the country's current social and health trends. French citizens have begun to adopt similar eating patterns to Americans and are now facing an imminent obesity problem (France head for US obesity). French obesity levels are at roughly 10% and nearly 30% of the population is overweight (Health Habits). The French Government has advertised the importance of nutrition through marketing programs, which is essentially free promotion for Juicy Boost. The French School System has also taken steps towards fighting obesity by educating youth on nutrition early on (Global Post). With the obesity epidemic reaching the forefront of French social issues, Juicy Boost will provide all consumers with healthy alternatives to fast food—the opportunity for success is substantial.

## **Internal Factors:**

### Seasonal Sales:

In addition to being a threat and an opportunity, seasonal sales can become a major strength of Juicy Boost. As tourism spikes in the summer months, Juicy Boost's total revenue potential increases as well. Successful summer sales can easily negate any low grossing winter months due to the vast amount of consumers that flood Parisian streets (Paris Region: Key Figures). Similarly, Juicy Boost's reliant on tourism may be a potential weakness. Maintaining profitability solely on summer sales is not an efficient strategic plan, and when the actual strategies are discussed, it will become apparent how Juicy Boost will overcome the cold winter months in Paris (UK Weather).

### Nutritional Value:

A major strength of Juicy Boost is the health content in each beverage. Each smoothie is packed with fruit, juice, low-fat yogurts or sorbets, and free boosts that provide consumers with healthy on-the-go alternatives contrasting products that other retailers offer. Juicy Boost controls everything that goes into each frosty smoothie and will strive to maintain the nutritional value of each beverage, keeping our consumer critiques positive.

### Employee Satisfaction:

Along with healthy beverages, Juicy Boost will focus on maximizing the customer experience by maintaining a high level employee satisfaction. Not only will customers be more willing to revisit the store, but overall efficiency will rise due to a more motivated workforce (Edmans). An interview with an esteemed professor from the Wharton School, University of Pennsylvania explains in detail the numerous ways "happy employees" lead to higher stock prices, or in Juicy Boost's case—a greater Return on Equity.

Unlimited Variety:

Another strength that Juicy Boost will utilize while in operation is its unlimited variety. Juicy Boost can alter smoothie compositions and flavors to cater to wide ranges of consumers to maximize profits.

Given that Juicy Boost is not yet in action, the strengths that were discussed in this section are intended to be carried out when the business opens.

### **Target Market and Demographics:**

With 2 million people living in France and over 30 million tourists visiting each year, our target market will be admittedly large. However, Juicy Boost will require a small market penetration to achieve profitability (Paris Region: Key Figures). Smoothies appeal more to younger populations; thus, Juicy Boost's target market will involve younger populations. There are 588,700 students in higher education living in Paris (Paris Region). Fruit smoothies also appeal to the young adult generation that is mindful of their health as well as their children's. According to Eurostat, a large European Union statistical database, there are 766,690 people ranging from ages 20 to 39 that fit this description. This brings the grand total of Juicy Boost's target market to 1,355,390. This figure represents the potential for repeat customers; however, the 30 million tourists that travel to Paris each year can also be a huge contributor towards Juicy Boost's annual revenues and should be considered as part of the target market.

### **Strategy Formulation:**

Using a basic SWOT matrix, the major internal and external factors were taken into consideration and applied to create strategic plans that aim to take advantage of opportunities and strengths, while preventing threats and weaknesses. Each strategy will be ranked via NPV. The Weighted Average Cost of Capital was calculated at 6.57% with a debt component of 3.24% and an equity component of 3.3%.

#### Labor Cost Reduction:

Labor in France is extremely expensive, due in large part to the country's social welfare system. The minimum wage is €9.00, or \$11.88, and all wages paid require an additional 35% tax (l'entreprise). This essentially means that workers require \$15.68 per hour at minimum wage. In order for Juicy Boost to operate at maximum employment, a weekly wage expense of \$6,028.90 for 86 labor hours would result. In order to minimize this threatening cost, owners will take over the majority of the work shifts. As shown in the appendix, this amounts to a savings of \$43,863.34 each year and a net present value of \$164,278.20 over a 5 year calculation period (p. 45). Limiting the labor expenses in the early stages of Juicy Boost will greatly reduce a major threat facing the company. The savings created by reducing labor costs is an effective way to increase overall profitability and to protect the financial well-being of Juicy Boost.

#### Expansion:

When current debts are reduced and cash levels are high, Juicy Boost will hire more employees and take on the next highest NPV-rated strategy of expansion. Expansion will



increase the labor costs of Juicy Boost by \$94,949.73 the first year. This expansion will allow Juicy Boost to be run with minimal owner labor hours, yet with greater net income. In order to expand, all costs essentially double. There will be a required purchase of Property, Plant, and Equipment of \$34,062.31 for the new location. Additionally, expenses such as rent and utilities will also double. However, the potential for sales for Juicy Boost also increases by 200% with the new location.

This strategic plan forecasts a beneficial time for expansion in the 4<sup>th</sup> year of operations (2014). An expansion strategy is offensive, in that it also operates as a marketing tool and requires elevated spending. With two retail locations, Juicy Boost will attract more locals as well as tourists. This will aid Juicy Boost with the internal strength or weakness of introducing a new concept. An additional store location will better familiarize consumers with the Juicy Boost brand and logo. This expansion will also benefit Juicy Boost in relation to competition, Bob's Juice Bar is a one store competitor, and by simply expanding our business, competitive pressure will be applied to Bob's Juice Bar.

On an ownership standpoint, this expansion will allow Juicy Boost creators to maintain a more executive role within the company, while increasing profitability. This expansion will increase sales and set the foundation for future expansion or real estate purchases, something that a one retail store location lacks the capital to do.

Sales are projected to increase by about 70% during the first year of opening the expansion. The figure is not perfectly doubled simply because it will take time for the new location to become common customer knowledge. Similar to revenues, Costs of Goods Sold will increase at a 70% rate. Other expenses are projected to be 230% of the previous year's figures, due in large part to labor. However, this rise in expense is offset by the new

volume of sales, which results in a higher net income. With the projected cash on hand, which will be discussed later, the expansion can be done without a bank loan—further increasing the profitability of this business strategy.

#### Coffee Sales:

In order to aid in seasonal sales Juicy Boost require a product that can be sold year round, especially during winter months. Coffee is an ideal solution—it is extremely cheap product, and a French cultural favorite. This strategy also helps diversify Juicy Boost product offerings, and with diversification comes financial security (Brigham).

A commercial grade coffee machine that produces 70 cups in one batch costs a mere \$84.70. Individual input expenses are detailed in the strategy section of the Appendix and results in a contribution margin of \$1.23 and a breakeven point of 69 coffees. All expense information was gathered from online stores and the coffee considered for use was Pete's French Blend. Each cup of coffee costs \$0.33 to produce and will sell for a pre-tax price of \$1.56.

This strategy is extremely low cost, yet has a NPV of \$42,754.93. There is very little downside to this strategy, but it will manage to bolster sales during cold months while smoothie sales may drop. Overall, this strategy requires a small start-up investment that produces an increase in revenues with high margins of profitability. The projected sales of coffee were determined via a percentage basis with larger sales occurring in winter months. Winter sales will calculated as 15% of smoothie sales, 12% in spring, 10% in summer, and 14% in fall. These rates essentially correspond with temperatures in France, and it is more likely that people will purchase warm beverages during cold months (UK Weather).

#### Health Bar Sales:

The NPV of this strategy was calculated at \$28,073.16 over a 5-year period. The NPV is less than Coffee due to a higher Contribution Margin Ratio. The prices were determined by the bulk purchasing of Cliff Bars. The quantity sold was determined by asking Jamba Juice employees how often customers purchased a food item to go along with their smoothie. The employees revealed that about 10% of consumers purchase an additional item with their smoothies. The sale calculations on the Income Statement assume that 8% of sales are made with the purchase of a smoothie during the first year, 9% during the second year, and 10% thereafter.

Yet again, this strategy is a low cost option intended to diversify Juicy Boost's overall revenues, while providing consumers with nutritionally valuable snacks. The average cost per bar \$1.375, with a sales price at \$2.46. In the Appendix, (p. 45) the costs are given in Euros in addition to US dollars. This makes the contribution margin \$1.08. This strategy is incredibly easy to implement and can help strengthen the financial stability of Juicy Boost.

#### Catering Service:

This promotional delivery service serves as a strategy to increase sales and spread product awareness. The NPV of this strategy is \$9.111.74. Paris is the leading destination for meetings, events, and trade shows (Paris Region). 10 million people go to Paris for these reasons each year, generating more than 10 billion Euros for the local economy (Paris Region). To aid in marketing, Juicy Boost will strive to supply these shows and business meetings, or even other special events such as birthdays, with our delicious smoothies. This will allow people to sample Juicy Boost and give us a potential to attract new customers.

The calculations for the catering services were done conservatively. In year 1, it was assumed that we would book four 30 smoothie jobs. In year 2, Juicy Boost should have a larger consumer base and will be able to book at least one job per month with an average size of 45 smoothie orders. As each year progresses, the requirements for minimal orders do as well, and by year 5 Juicy Boost will supply one large and one medium order of smoothies each month.

#### Interest Payments:

This strategy requires minimal effort, but can reduce the term of Juicy Boost's 5-year business loan by an entire year. By paying off additional principal at each payment date, Juicy Boost will reduce its overall interest payments by \$1,405.23 and become debt free 20% sooner. Debt management is a huge issue that the industry as a whole; firms have struggled with long term debts assuming over 43% of equity and liabilities (Industry Norms). Zumo Juice is a prime example of the dangers of high debt in the smoothie business (High Court Approves Survival Plan). By reducing the time that Juicy Boost is in debt, it allows the company to expand in the 4<sup>th</sup>-year of operation greatly increasing assets and overall revenues.

#### Advertisements:

Shown as an expense on the Income Statement (p. 41), Juicy Boost's advertisement costs will consist of posters, radio ads, and free samples—all of which are designed to increase consumer awareness of our products and to reach our maximum sales potential. An advertisement prototype is provided in the Appendix section of this business plan. An When tourists line up for lunch in Paris nearly all fast food restaurants have line out the door, it may only take a few free samples to encourage mobs of costumers to venture through our doors. Jamba Juice exhibits this strategy as well, offering free samples to

people outside their stores whenever business has “slowed.” Providing tourists and locals with free samples is a minimal cost, but can positively position Juicy Boost in consumer mindsets and encourage increased sales to tourists.

A study by author Colin Benjamin expresses the importance of word-of-mouth marketing (Always have a plan). WOM marketing can work with extreme efficiency by utilizing social networking systems to promote Juicy Boost’s brand.

#### Frozen Fruit:

Juicy Boost will make use of frozen fruits saving from 20%-50% on fruit inputs (Perfect Smoothie). Frozen fruit will significantly reduce the risk of having high inventory levels due to the fact that they do not spoil. A major risk associated with smoothies is the perishability of the fruit. By eliminating this issue, Juicy Boost will not receive financial losses due to the spoiling of inputs because of a lack of sales.

## Opening Juicy Boost:

### Entreprise Individuelle:

Juicy Boost will be opened as an Entreprise Individuelle—this is the French equivalent to a sole proprietorship. The company will be opened in the name of Cecile Farah, a co-founder and French citizen. This will allow Juicy Boost to circumvent any international business taxes imposed upon the company if an American citizen were to open it.

Juicy Boost is scheduled to open April, 2011. This allows Juicy Boost to miss the winter months of January through March and open at a time where smoothies are more likely to sell. The rental location was provided through a listing at lesiteimmobilier. The monthly rent is \$1,886.60, which is a prime price for any Parisian store, and it comes with a fixed utility expense of \$278.59 per month. The location is situated close the major attractions, namely the Eiffel Tower, as well as near French businesses. Juicy Boost will renovate the store into operable conditions. Based on an interview with Luis Ramiro Cadiz, construction manager based out of San Francisco, these fixtures will cost around \$20,000.

In addition to the fixtures, Juicy Boost will purchase \$14,000 worth of equipment as detailed in the appendix. Due to the strategy that reduced labor cost, few workers will be required— they will undergo training during normal work hours.

## **Economic Analysis:**

### Pricing:

Paris price levels are notoriously high and essentially every type of beverage is direct competition towards Juicy Boost, which was considered when pricing our smoothies. Coca-Cola sodas typically cost €3.50-€4.50 each. Zumo Juice and Bob's Juice Bar charge €3.90-€5.50 per smoothie depending on size (Paris: Where to get a smoothie). Specialty coffee drinks vary from €3.50-€6.00, and can sell as high as €12.00 at famous locations.

With so much competition in Paris, the elasticity of demand is very high—consumers will simply go next door if they feel one store's prices are a bit excessive. Additionally, French laws make it difficult for restaurants and beverage venues to make money due to high taxation and labor costs, so equilibrium must be met in order for Juicy Boost to find a balance between Supply and Demand. As displayed in the appendix, the total input price for a 16 oz smoothie is \$2.75 (€2.09) and a 10 oz smoothie is \$1.91 (€1.45). The sales prices for these items are \$5.63 (€4.50) and \$4.13 (€3.30) respectively. Once compared to price averages in Paris, it becomes apparent that Juicy Boost's premium smoothies come at a very cost-competitive price. Due to the use of frozen fruits in our smoothies, Juicy Boost minimizes production costs and still maintains high contribution margins of €2.18 for 16 oz and €1.68 for 10 oz smoothies.

With this cost competitive price, Juicy Boost can expect a relatively high demand for its product. Juicy Boost smoothies offer a great consumer value at a relatively low price.

The supply of foods and beverages in Paris is very high, given the 8,000 restaurants, but these cost competitive prices should shift demand in favor of Juicy Boost (Paris Digest).

#### Break Even Analysis:

Juicy Boost will be open for 9 months during its first year of operations, from April to December, incurring a total fixed cost of €35,491.25. With an average contribution margin ratio of €2.05, assuming 75% sales are 16oz smoothies and 25% are 10 oz smoothies, 17,313 smoothies must be sold to break even. This is equivalent to 1,924 smoothies sold each month, 441 smoothies each week, 63 smoothies each day, and 8 smoothies each hour. Given gathered information from San Luis Obispo's Jamba Juice on Foothill, this breakeven point is easily achievable.

#### Jamba Juice—Foothill San Luis Obispo:

After speaking with numerous employees and managers at the Jamba Juice on Foothill, a basis for Juicy Boost's sales projections became available. During the cold 2011 month of February in San Luis Obispo, Jamba Juice averaged 377.9 smoothies per day. Employees also mentioned that hot summer days often result in over 1,000 smoothies sold, whereas a typical sunny day falls around 500 smoothies. These numbers shape explain the huge profit potential of Juicy Boost. This Jamba Juice location is a small operation, in a small city, yet producing high amounts of smoothies. If Juicy Boost sold the minimum amount of 377.9 smoothies in Paris each day, it would end the year with 103,922.5 smoothies sold in one year (assuming 275 operational days). This is 6-times the breakeven point, which is a huge indication of the success to come from Juicy Boost in one of the most populace cities worldwide (Paris Region: Key Figures).

#### Sale Projections:



Juicy Boost's sales projections can be viewed in the Appendix. The seasons coincide with their given months, winter—January, February, March, spring—April, May, summer—June, July, August, fall—September, October, winter—November, and December. The first two years sales projections were based of the breakeven point. Year 1 sales in the winter months averaged 60%-80% of the required breakeven point. Sales in the spring and fall months consisted of 100%-120% of the breakeven requirements. Summer, easily the most profitable month due to tourism inflows, varies from 150%-175% of the breakeven value.

Going into the 3<sup>rd</sup> year, the sales were based off of the information gathered from the Jamba Juice on Foothill. Going from year 2 to year 3 there is a large increase in total revenues, yet the company only averages 177.26 smoothies per day, making it a relatively conservative number. At this rate, Juicy Boost is selling only half the amount of smoothies as Jamba Juice does on its most unproductive days. Year 3 to 4 also involves large increases in sales, and this is due to the expansion of Juicy Boost to another location. Year 5 continues with a 5.6% increase, averaging 315 smoothies each day. Provided that the Jamba Juice on Foothill typically sells 500 smoothies a day, the sales per day during year-5 is only operating at a 60% of the potential measured by a smaller juice bar location. Juicy Boost can very well expect greater sales than 500 smoothies per day by being in Paris rather than San Luis Obispo; however, conservative numbers were used to stress the profitability of Juicy Boost even with less than average production.

## Financial Analysis:

### Summary:

Year-5 projected revenues are at \$655,043.20. The breakdown of units sold each year was previously explained and justify the sharp increases to units sold over the 5-year period. Cost of goods sold maintains a constant relationship with sales and ends at \$336,672.10 during year-5. Expenses increase rapidly from year 2 to 3 and 3 to 4 due to increases in employment. These increases are offset in profits due to an overall greater volume of goods sold. Interests rate diminish over the 5-year forecasts due to interest paying strategies. Taxes, as expected, increase as does EBIT from a year to year. Total assets decrease in the first few years as depreciation accumulates, and then increases after Juicy Boost is expands in year 4. Retained earnings increases each year; however, 3<sup>rd</sup> year values are low due to excess profits being used to open a new Juicy Boost location, rather than being added into retained earnings. The appendix offers a detailed, year-by-year summary of all the financial measures.

### Income Statement:

As viewed in the Appendix, the income statement provides sales of smoothies, Coffee, and Health Bars as well as the cost of goods sold for each of these items. It also provides a listing of the major expenses incurred each year: Wages, Rent, Advertising, Utilities, and Depreciation. Net incomes, as will all income statements, are posted at the bottom of the data.

### Cash Flows Sheet:

The cash flow statement captures the personal income that owners personally take out each year. The first three years are relatively low, but when Juicy Boost expands so do owner salaries. Year 3 could potentially produce a personal income 300% greater than currently listed, but excess cash is used to expand the business without the need of a bank loan. This sheet reviews all net cash inflows and outflows each year.

#### Balance Sheet:

The balance sheet matches industry average proportions as gathered from *Industry Norms & Key Business ratios 2008-2009*. In year 4, loan payments are paid off within the first month of the year, greatly reducing total liabilities. Cash Reserves in shareholder equity represent the left over cash from owners at the company start-up.

In year 5, there is a massive amount of excess cash, which can either be used for personal income or for further Juicy Boost expansion. This decision exceeds the forecasting period of 3-5 years and will be reevaluated later on by the company.

#### Personal Income:

Personal income suffers during the first three years of Juicy Boost's operations, as displayed in the statement of cash flows. Year-3 can produce higher personal income, but it is better for long term profitability to reinvest excess funds into the expansion of another store location.

#### Amortization:

With the business strategy of advanced principal payments, monthly payments cycle between \$1,000 and \$666.47. The calculated interest was provided by Bob Silverman, Certified Financial Planner and advisor to many small business clientele. His projected

interest rate was at 6.5% for a 5-year business loan. Both the risk of business loans and the loan amount factor into the value of this interest rate.

#### Taxation:

Since Juicy Boost is essentially a sole proprietorship all EBT is taxed based on income tax—French tax law works similar to that of the US (French Taxes). This income tax chart is provided in the appendix and involves five-segmentations of a progressive tax system (French Taxes). In France, Value Added Tax and sales tax are unanimous—it makes up 5.5% for food retail vendors like Juicy Boost (French Taxes). These sale taxes are factored into all sales prices as displayed under Cost Itemization and New Strategies of the Appendix.

#### Currency Values:

Currency exchange rates were calculated off a 12-month average of 1.32 US dollars per Euro (Google Finance).

#### Depreciation:

Depreciation tables are provided in the Appendix (pg 35). All depreciable items fall under two categories of the IRS tax table with 10 year and 4 year lives. France permits straight-line depreciation, which is utilized in Juicy Boost's calculations (Chapter 4. Taxation).

#### Benchmarking:

Benchmarks can be found in the Appendix as "Ratio Analysis" and are measured according to data presented in *Industry Norms & Key Business ratios 2008-2009*. Given that Juicy Boost is a small start-up, it is difficult to perform ratio analysis against companies as large as Jamba Juice. Return on Equity and Return on Assets seem to be highly inflated,

but that is due to the fact that Juicy Boost's assets and equity are relatively low as related to Net Income. The Profit Margin seems to be more in line with industry averages. Juicy Boost's projected Profit Margin in year-5 is 4% greater than that of the industry average. Total Asset Turnover, like Return on Assets, is inflated because of Juicy Boost's low asset level. After expansion, the Quick Ratio normalizes with industry averages. Finally, by year-5, the Inventory Turnover normalizes with industry averages.

### Risks:

As with opening any food service business, the first year chances of failing are high. Juicy Boosts combats this by focusing strategies on reducing early-on expenses and tuning advertising to attract locals and tourists alike. The chance of suffering losses during the first year of operations is evident, but will be prevented by further cost reduction measures including: reducing store hours, firing hired help, increases in sales price, and by raising promotional budgets to produce a greater Juicy Boost consumer base.

Juicy Boost's business strategies have maintained a minimization of borrowed money to afford the company more time to generate adequate sales to break even. Juicy Boost is profitable on a very small scale—so if monthly projections are not being met, downsizing can help the company operate in the green.

All sales projections were based off breakeven points and units sold data provided from a small-sized Jamba Juice—Juicy Boost's potential for sales is much higher than the projected values and may be an even more profitable enterprise than estimated.

### **Sources and Uses:**

Juicy Boost's cost itemization is recorded in the Appendix. Owners will supply \$20,000 for the initial start-up and require a loan of \$34,062.31 for fixtures as well as property, plant, and equipment costs. The owner-investment of \$20,000 will be gathered from personal funds in addition to friend and family fundraising. Juicy Boost requires very little initial investment to begin operations and can manage to continue with low breakeven points, while having high profit potential.

### **Assumptions and Limitations:**

This Senior Project's research was done with a store opening date of April, 2011. Even though the financial figures and forecasts are associated with past dates, they are still very much applicable to a later opening date. All cost estimates can be applied to any month; April of 2011 serves as the example starting point for the purposes of this project.

In regards to the organizational structure, a typical business plan is comprised of written material at the beginning of the document and of graphs and financial information in the back. To put charts in the middle of the text would be to ignore the professional guidelines of a standard business plan.



### Sources and References:

Allianz Home Insurance. "Paris - World's Most Visited City - Leisure and Statistics."

*BizAims*. Web.

Aouni, Belaid, Amal Hassaine, and Jean-Marc Martel. 2009. "Decision-maker's Preferences Modeling within the Goal-Programming Model: A New Typology." *Journal of Multi-Criteria Decision Analysis*. Decision Aid Research Group, School of Commerce and Administration, Faculty of Management, Laurentian University, pp 163-179

Aouni, Belaid, Amal Hassaine, and Jean-Marc Martel. 2009. "Fuzzy Goal Programming Model: An Overview of the Current State-of-the Art." *Journal of Multi-Criteria Decision Analysis*. Decision Aid Research Group, School of Commerce and Administration, Faculty of Management, Laurentian University, pp 149-161.

Benjamin, Colin. "Always Have a Plan." *BRW* 25.41 (2003): 108-10. *My.Calpoly.edu*. Web.

Breyfogle, Forrest W. "Next-generation Management." *Industrial Engineer: IE* 41.12 (2009): 25-29. Print.

Brigham, Eugene F., and Michael C. Ehrhardt. *Financial Management: Theory and Practice*. 12th ed. Mason: South-Western, 2008. Web.

Camden, Chantal, Bonnie Swaine, Sylvie Tetreault, and Sophie Bergeron. "SWOT Analysis of a Pediatric Rehabilitation Programme: A Participatory Evaluation Fostering Quality Improvement." *Disability & Rehabilitation* 31.16 (2009): 1373-381. Print.

- "Chapter 4. Taxation." *Bordeaux-Region*. Invest in France Agency, 2006. Web.  
<[http://www.bordeaux-region.com/en/IMG/pdf/taxation\\_in\\_France.pdf](http://www.bordeaux-region.com/en/IMG/pdf/taxation_in_France.pdf)>.
- David, Fred R., 2010. "Strategic Management: Concepts and Cases." *Prentice Hall*. 13th Edition.
- Dun & Bradstreet Inc. *Industry Norms & Key Business Ratios*. Short Hills: Dun & Bradstreet, 2009. Web.
- Edmans, Alex. "HAPPY WORKERS, HIGHER STOCK PRICE." *Kiplinger's Personal Finance* 63.6 (June 09). *Kennedy Library*. Cal Poly San Luis Obispo. Web.  
<[My.Calpoly.edu](http://My.Calpoly.edu)>.
- "Euro: CURRENCY:EURUSD Quotes & News - Google Finance." *Google Finance*. Web.
- Fletcher, Anthony. "France Heading for US Obesity Levels Says Study." *Food Ingredients & Food Science - Additives, Flavours, Starch*. Web.
- "Food Companies; Frito-Lay Launches Products Made With All Natural Ingredient." *Marketing Weekly News* [Atlanta] 15 Jan. 2011: 1120. Print.
- FPSi: Specialist in French Property. "France Taxes." *French Property | Property in France | 20 000 Properties, Homes, Houses, Real Estate for Sale*. Web.
- Friend, Graham, and Stefan Zehle. *Guide to Business Planning*. New York: Bloomberg, 2009. Print.
- Global Post. "France Obesity | America Obesity | France Food." *International News | Global News from Around the World*. Web.  
<<http://www.globalpost.com/dispatch/france/100827/obesity-france-paris-food>>.

Hakola, Mikko 2010. "Balanced Scorecard as a Tool for Small Business Reorganisation." *International Journal of Management and Enterprise Development*. 10(December 17): 364.

Health Habits. "Future Trends in Global Obesity." *Health & Fitness Articles | Nutrition Tips | Health Habits*. Web.

Hoovers. "Jamba, Inc." Web. <[http://www.hoovers.com/company/Jamba\\_Inc/ssyhsi-1.html](http://www.hoovers.com/company/Jamba_Inc/ssyhsi-1.html)>.

Howard, Theresa. "Being Eco-friendly Can Pay Economically." *USA Today* (2005). Print.

Independent Newspapers Ireland Limited. "High Court Approves Survival Plan for Zumo Smoothie Chain." (2011). Web.

Institut D'Aménagement Et D'Urbanisme. "Paris Region: Key Figures 2010." Web <<http://www.iau-idf.fr/index.php?id=615&etude=663>>.

L'Entreprise.com. "Smic Et Smic Horaire : Les Montants à Partir Du 1er Janvier 2011 - L'Entreprise.com." *L'Entreprise.com - Création Et Gestion D'entreprise*. Web. <[http://www.lentreprise.com/smic-et-smic-horaire-les-montants-a-partir-du-1er-janvier-2011\\_11263.html](http://www.lentreprise.com/smic-et-smic-horaire-les-montants-a-partir-du-1er-janvier-2011_11263.html)>.

Morphew, Christopher C., and Hartley, Matthew. 2006. "Mission Statements: A Thematic Analysis of Rhetoric Across Institutional Type." *The Journal of Higher Education*, (77: 3) May/June.

Paris Digest. "Best Restaurants in Paris." *Paris City Guide for Tourism and Travel*. Web. <<http://www.parisdigest.com/menus/restaura.htm>>.

Price, Ron. "Following Strategies Less Traveled." *Industrial Engineer: IE* 41.3 (2009): 36-39. Print.

"Should I Use Fresh or Frozen Fruits in a Smoothie? - PerfectSmoothie.com." *Perfect Smoothie.com - Expert Advice, Reviews, and Recipes from a Smoothie Making Pro - PerfectSmoothie.com*. Web. <<http://www.perfectsmoothie.com/fresh-vs-frozen-fruit/>>.

Smith, Stephanie M. "Succession Planning for Family-owned Businesses Is Critical for Rural Americ." *Rural Cooperatives* 77.4 (2010): 9-46. Print.

"Starting a Business in France - AngloINFO Paris & Ile De France (France)." *AngloINFO Paris & Ile De France: Living in and Moving to Paris & Ile De France, France*. Web. <<http://paris.angloinfo.com/countries/france/business.asp#ei>>.

Schwenk, G. L., and Schrader, K. "Effects of Formal Strategic Planning in Financial Performance in Small Firms: A Meta-Analysis," *Entrepreneurship and Practice* 3, no. 17 (1993): 53-64

Thomson, Alan. 2005. "Business Feasibility Study Outline." *Entrepreneurship and Business*. pp. 185-198. Young, Denise. "Paris: Where to Get a Smoothie." *Eurocheapo*. Web. <<http://www.eurocheapo.com/blog/where-to-get-a-smoothie-in-paris.html>>.

*Zumo Juice and Smoothie Bars*. Web. <<http://www.zumobars.com/>>.

## **Appendix:**

**External Factors:**

**External**

**Opportunities**

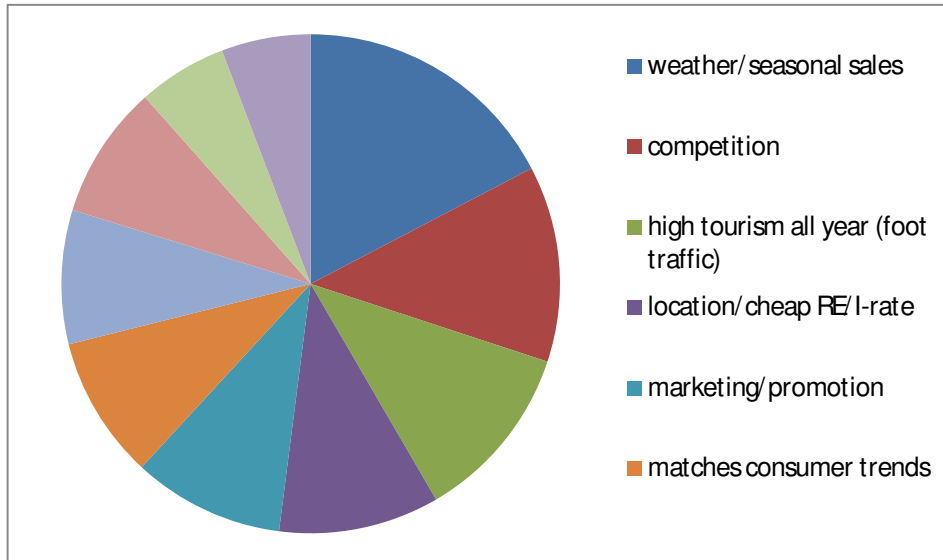
		Weight	Rating	Total
o	matches consumer trends	0.16	1	0.16
o	high tourism all year (foot traffic)	0.20	1	0.2
o	small sized direct competition	0.04	1	0.04
o	large target market	0.10	1	0.1
o	cheap financing/ real estate	0.07	1	0.07
o	lack of healthy fast food	0.10	1	0.1
o	promotion/ partner with local gyms	0.15	1	0.15
o	location/ cheap real estate market	0.18	1	0.18
		1.00		1.00

**Threats**

		Weight	Rating	Total
t	weather/ seasonal sales	0.3	1	0.3
t	economy	0.09	1	0.09
t	taxation/ employee costs	0.15	1	0.15
t	competition	0.22	1	0.22
t	marketing/ promotion	0.17	1	0.17
t	cost of borrowing	0.07	1	0.07
		1		1

weighted score

t	weather/ seasonal sales	0.150	
t	competition	0.110	
o	high tourism all year (foot traffic)	0.100	
o	location/ cheap RE/ l-rate	0.090	
t	marketing/ promotion	0.085	
o	matches consumer trends	0.080	
o	promotion/ partner with local gyms	0.075	
t	taxation/ employee costs	0.075	
o	large target market	0.050	
o	lack of healthy fast food	0.050	
t	economy	0.045	not in graph
o	cheap financing/ real estate	0.035	not in graph
t	cost of borrowing	0.035	not in graph
o	small sized direct competition	0.020	not in graph



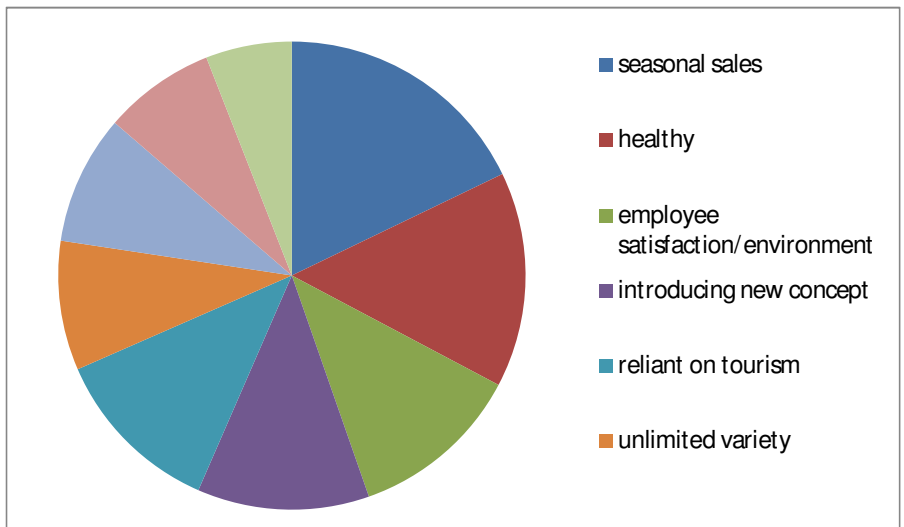
## Internal Factors

<b>Internal Strengths</b>		Weight	Rating	Total
s	non perishable	0.08	1	0.08
s	easy technology	0.1	1	0.1
s	unlimited variety	0.15	1	0.15
s	original concept	0.09	1	0.09
s	healthy	0.25	1	0.25
s	efficient/ few employees	0.13	1	0.13
s	employee satisfaction/ environ	0.2	1	0.2

<b>Weaknesses</b>		Weight	Rating	Total
w	introducing new concept	0.2	1	0.2
w	reliant on tourism	0.2	1	0.2
w	seasonal sales	0.3	1	0.3
w	small, no corp help	0.05	1	0.05
w	expensive/low capital	0.15	1	0.15
w	New business risk	0.075	1	0.075
w	sole proprietorship	0.025	1	0.025
		1		1

		weighted score	
w	seasonal sales	0.15	
s	healthy	0.125	
s	employee satisfaction/ environment	0.1	
w	introducing new concept	0.1	
w	reliant on tourism	0.1	
s	unlimited variety	0.075	
w	expensive/ low capital	0.075	
s	efficient/ few employees	0.065	
s	easy technology	0.05	
s	original concept	0.045	not in graph
s	non perishable	0.04	not in graph
w	New business risk	0.0375	not in graph
w	small, no corp help	0.025	not in graph
w	sole proprietorship	0.0125	not in graph





**SWOT Matrix:**

<b>SWOT MATRIX</b>	Healthy Employee Satisfaction <i>Strengths:</i> Unlimited Variety Few Employees	Seasonal Sales Intro New Concept <i>Weaknesses:</i> Reliance on Tourists Expensive/low Cap
<i>Opportunities:</i> Tourism Location/ Cheap RE Matches Cons. Trends	<ol style="list-style-type: none"> <li><b>1. sell healthy living snacks</b></li> <li>2. sell pedometer</li> <li><b>3. Advertising Campaign: radio/ signs</b></li> <li>4. Student ID Discount</li> <li>5. Eco-friendly cups/lids</li> </ol>	<ol style="list-style-type: none"> <li>1. Buy property rather than rent</li> <li>2. offer samples at tourist areas</li> <li>3. "Happy Hour"</li> <li>4. Supply youth sport leagues</li> <li><b>5. Expansion</b></li> <li><b>6. interest payment strategies</b></li> </ol>
<i>Threats:</i> seasonal sales competition Marketing/Promo	<ol style="list-style-type: none"> <li><b>1. offer coffee/ hot food line in winter</b></li> <li>2. shut down from Dec. 24th-Mid Jan to <b>reduce losses in cold months</b></li> <li>3. Raffle Promos/ Make your own Flavor competition for prizes</li> <li><b>4. Increase owner work hours to minimize labor expenses and maximize profitability</b></li> </ol>	<ol style="list-style-type: none"> <li>1. promote in local gyms</li> <li>2. website formulation</li> <li><b>3. use frozen fruits to reduce costs</b></li> </ol>

**Cost Itemization:**

<b>remodel/ start-up purchases</b>	<b>in USDollars</b>	<b>in Euros</b>				
general fixtures	20,000.00	15,200.00				
menu board	340.00	258.40				
tables x 8 (outside and inside)	352.00	267.52				
chairs x 16	831.84	632.20				
sink	759.98	577.58				
soap dispenser	26.00	19.76				
bathroom sink	213.20	162.03				
toilet	370.99	281.95				
blender +extra jar	489.95	372.36				
extra jar x 8	479.60	364.50				
refrigerator for fruit	1,000.00	760.00				
refrigerator	3,329.00	2,530.04				
freezer	1,058.00	804.08				
ice machine	1,689.00	1,283.64				
commercial juice dispenser x 3	1,122.75	853.29				
extra cost budget	2,000.00	1,520.00				
<b>total</b>	<b>34,062.31</b>	<b>25,887.36</b>				
<b>fixed cost per month</b>						
Rent	1,886.60	1,433.81				
Utilities	287.59	218.57				
Labor	2373.62	1,798.20				
6.5% notes payable	666.47	506.52				
<b>total cost per month</b>	<b>5,214.28</b>	<b>3,962.85</b>				
<b>input costs per pound</b>	units	\$/unit	inputs	16 oz drink	inputs	10 oz drink
stawberry	lb	5.32				
blueberry	lb	4.26				
raspberry	lb	5.32				
banana	lb	0.59				
peach	lb	2.17				
mango	lb	2.55				
<b>avg Fruit cost</b>	<b>lb</b>	<b>3.37</b>	.3 lbs	\$ 1.01	.2 lbs	\$ 0.67
supplements (protein, energy, etc.)	10g	0.176	10g	\$ 0.18	6g	\$ 0.11
sherbert/ sorbet	1 scoop	0.38	1.5 scoop	\$ 0.57	1 scoop	\$ 0.38
juices	6 oz	0.38	6 oz	\$ 0.38	4.5 oz	\$ 0.28
cups	16 oz	0.396	1 cup	\$ 0.40	1 cup	\$ -
cups	10 oz	0.276	1 cup	\$ -	1 cup	\$ 0.28
lids	n/a	0.090	1 lid	\$ 0.09	1 lid	\$ 0.09
straws	n/a	0.0048	1 straw	\$ 0.00	1 straw	\$ 0.00
ice	cups	0.0000	6 oz	\$ -	3.75 oz	\$ -
<b>sub total</b>				<b>\$ 2.62</b>		<b>\$ 1.82</b>
with shipping cost 5%				\$ 2.75		\$ 1.91
<b>total IC in Euros (.76 Euros/ USDollar)</b>				<b>€ 2.09</b>		<b>€ 1.45</b>
Sales Price:				€ 4.27		€ 3.13
<b>Price with Tax included: 5.5%</b>				<b>€ 4.50</b>		<b>€ 3.30</b>
Contribution Margin				€ 2.18		€ 1.68
Weighted Contribution Margin				€ 2.05		
Contribution Margin in Dollars				\$ 2.71		

## Break Even Analysis:

<b>Fixed Costs/ Year 1</b>	<b>Dollars</b>	<b>Euros</b>
Rent	16,979.37	12,904.32
Utilities	2,588.30	1,967.10
Labor	21,362.62	16,183.80
6.5% notes payable	5,836.86	4,436.02
<b>Total Fixed Costs/ Year 1</b>	<b>46,767.14</b>	<b>35,491.24</b>

### **Break Even Analysis:**

Fixed costs:	35,491.24
Contribution Margin Per Unit (75% 16 oz, 25% 10 oz)	2.05
BE (Yearly Basis)	17,312.80
monthly basis	1,924
weekly basis	441
daily basis (275 operational days in year 1)	63
hourly basis	8

## Depreciation Table:

item	value	10 years	SV 20% avg
<b>Office Furniture, fixtures, and equipment</b>			
general fixtures	20,000.00	10 years	4,000.00
menu board	340.00	10 years	68.00
tables x 8 (outside and inside)	352.00	10 years	70.40
chairs x 16	831.84	10 years	166.37
sink	759.98	10 years	152.00
soap dispenser	26.00	10 years	5.20
bathroom sink	213.20	10 years	42.64
toilet	370.99	10 years	74.20
refrigerator for fruit	1,000.00	10 years	200.00
refrigerator	3,329.00	10 years	665.80
freezer	1,058.00	10 years	211.60
ice machine	1,689.00	10 years	337.80
<b>total depreciable amount with 10 year life</b>	<b>29,970.01</b>		<b>5,994.00</b>
<b>manufacture of food and beverages-- special handling devices</b>			
blender +extra jar	489.95	4 years	97.99
extra jar x 8	479.60	4 years	95.92
commercial juice dispenser x 3	1,122.75	4 years	224.55
<b>total depreciable amount with 4 year life</b>	<b>2,092.30</b>		<b>418.46</b>
<b>manufacture of food and beverages-- special handling devices</b>			
Coffee Pot	\$ 84.70	4 years	16.94
<b>Office Furniture, fixtures, and equipment</b>			
extra blending jars x 4	239.80	4 Years	47.96

**Office Furniture, fixtures, and equipment**

Years	BV Beginning of Year	Dep. Exp	Accum Dep	BV End of Year
1	\$ 29,970.01	\$ 2,397.60	\$ 2,397.60	\$ 27,572.41
2	\$ 27,572.41	\$ 2,397.60	\$ 4,795.20	\$ 25,174.81
3	\$ 25,174.81	\$ 2,397.60	\$ 7,192.80	\$ 22,777.21
4	\$ 22,777.21	\$ 2,397.60	\$ 9,590.40	\$ 20,379.61
5	\$ 20,379.61	\$ 2,397.60	\$ 11,988.00	\$ 17,982.01
6	\$ 17,982.01	\$ 2,397.60	\$ 14,385.60	\$ 15,584.41
7	\$ 15,584.41	\$ 2,397.60	\$ 16,783.21	\$ 13,186.80
8	\$ 13,186.80	\$ 2,397.60	\$ 19,180.81	\$ 10,789.20
9	\$ 10,789.20	\$ 2,397.60	\$ 21,578.41	\$ 8,391.60
10	\$ 8,391.60	\$ 2,397.60	\$ 23,976.01	\$ 5,994.00

**manufacture of food and beverages-- special handling devices**

Years	BV Beginning of Year	Dep. Exp	Accum Dep	BV End of Year
1	2,092.30	418.46	418.46	1,673.84
2	1,673.84	418.46	836.92	1,255.38
3	1,255.38	418.46	1255.38	836.92
4	836.92	418.46	1673.84	418.46

**manufacture of food and beverages-- special handling devices**

Years	BV Beginning of Year	Dep. Exp	Accum Dep	BV End of Year
1	84.70	16.94	16.94	67.76
2	67.76	16.94	33.88	50.82
3	50.82	16.94	50.82	33.88
4	33.88	16.94	67.76	16.94

**Office Furniture, fixtures, and equipment**

Years	BV Beginning of Year	Dep. Exp	Accum Dep	BV End of Year
1	239.80	47.96	47.96	191.84
2	191.84	47.96	95.92	143.88
3	143.88	47.96	143.88	95.92
4	95.92	47.96	191.84	47.96

## Amortization Schedule:

	34,062.31 interest=6.5% 5-year loan				
	<b>beginning amount</b>	<b>payment</b>	<b>interest</b>	<b>repayment of principal</b>	<b>ending balance</b>
Mar-11	34,062.31	1,000.00	184.50	815.50	33,246.81
Apr-11	33,246.81	666.47	180.09	486.38	32,760.43
May-11	32,760.43	1,000.00	177.45	822.55	31,937.88
Jun-11	31,937.88	666.47	173.00	493.47	31,444.41
Jul-11	31,444.41	1,000.00	170.32	829.68	30,614.73
Aug-11	30,614.73	666.47	165.83	500.64	30,114.09
Sep-11	30,114.09	1,000.00	163.12	836.88	29,277.21
Oct-11	29,277.21	666.47	158.58	507.89	28,769.33
Nov-11	28,769.33	1,000.00	155.83	844.17	27,925.16
Dec-11	27,925.16	666.47	151.26	515.21	27,409.95
Jan-12	27,409.95	1,000.00	148.47	851.53	26,558.42
Feb-12	26,558.42	666.47	143.86	522.61	26,035.81
Mar-12	26,035.81	1,000.00	141.03	858.97	25,176.84
Apr-12	25,176.84	666.47	136.37	530.10	24,646.74
May-12	24,646.74	1,000.00	133.50	866.50	23,780.25
Jun-12	23,780.25	666.47	128.81	537.66	23,242.59
Jul-12	23,242.59	1,000.00	125.90	874.10	22,368.48
Aug-12	22,368.48	666.47	121.16	545.31	21,823.18
Sep-12	21,823.18	1,000.00	118.21	881.79	20,941.38
Oct-12	20,941.38	666.47	113.43	553.04	20,388.35
Nov-12	20,388.35	1,000.00	110.44	889.56	19,498.78
Dec-12	19,498.78	666.47	105.62	560.85	18,937.93
Jan-13	18,937.93	1,000.00	102.58	897.42	18,040.51
Feb-13	18,040.51	666.47	97.72	568.75	17,471.76
Mar-13	17,471.76	1,000.00	94.64	905.36	16,566.40
Apr-13	16,566.40	666.47	89.73	576.74	15,989.67
May-13	15,989.67	1,000.00	86.61	913.39	15,076.28
Jun-13	15,076.28	666.47	81.66	584.81	14,491.47
Jul-13	14,491.47	1,000.00	78.50	921.50	13,569.96
Aug-13	13,569.96	666.47	73.50	592.97	12,977.00
Sep-13	12,977.00	1,000.00	70.29	929.71	12,047.29
Oct-13	12,047.29	666.47	65.26	601.21	11,446.08
Nov-13	11,446.08	1,000.00	62.00	938.00	10,508.08
Dec-13	10,508.08	666.47	56.92	609.55	9,898.53
Jan-14	9,898.53	1,000.00	53.62	946.38	8,952.14
Feb-14	8,952.14	666.47	48.49	617.98	8,334.16
Mar-14	8,334.16	1,000.00	45.14	954.86	7,379.31
Apr-14	7,379.31	666.47	39.97	626.50	6,752.81
May-14	6,752.81	1,000.00	36.58	963.42	5,789.39
Jun-14	5,789.39	666.47	31.36	635.11	5,154.27
Jul-14	5,154.27	1,000.00	27.92	972.08	4,182.19
Aug-14	4,182.19	666.47	22.65	643.82	3,538.38

Sep-14	3,538.38	1,000.00	19.17	980.83	2,557.54
Oct-14	2,557.54	666.47	13.85	652.62	1,904.93
Nov-14	1,904.93	1,000.00	10.32	989.68	915.24
Dec-14	915.24	666.47	4.96	661.51	253.73
Jan-15	253.73	255.11	1.37	253.73	-
<b>totals</b>		<b>38,328.81</b>	<b>4,520.23</b>		



## Juicy Boost Financial Summary:

	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
<b>Revenue:</b>	106,812.82	169,684.68	368,150.00	619,734.08	655,043.20
<b>COGS:</b>	55,742.10	87,098.31	189,238.50	318,515.24	336,672.10
<b>Expenses:</b>	51,070.72	82,586.38	178,911.50	301,218.84	318,371.10
<b>EBIT:</b>	3,324.38	23,131.70	88,444.78	238,324.43	255,188.93
<b>Interest:</b>	1,495.49	1,526.80	959.41	354.03	1.37
<b>Tax:</b>	-	1,409.02	19,286.97	19,750.38	25,717.60
<b>Net Income:</b>	1,828.89	20,195.88	68,198.39	218,220.03	229,469.96
<b>Total Assets:</b>	62,180.73	56,672.76	41,896.62	81,881.43	94,511.39
<b>RE:</b>	-	1,828.89	2,024.78	53,223.17	72,497.93

### PROJECTIONS

data collected from Foothill Jamba Juice

#### Smoothies

SP=5.26, COGS= 2.39	winter	spring	summer	fall	winter	catering
potential sales/ day	350	475	800	475	200	
Year 1		3,847	8,500	4,402	2,564	120
Year 2	4,905	5,771	10,099	5,386	3,078	660
Year 3	9,500	13,000	24,000	11,000	6,000	1,200
Year 4	17,500	23,400	35,000	18,000	13,500	1,400
Year 5	18,000	24,000	37,000	21,000	13,500	1,500

#### Coffee

SP= 1.56, COGS= .33	winter	spring	summer	fall	winter
Year 1					513
Year 2	736	693	1,010	754	616
Year 3	1,425	1,560	2,400	1,540	900
Year 4	2,625	2,808	3,500	2,520	2,025
Year 5	2700	2880	3,700	2940	2025

#### health bars

SP= 2.46, COGS= 1.375	winter	spring	summer	fall	winter
Year 1		308	680	352	205
Year 2	441	519	909	485	277
Year 3	950	1,300	2,400	1,100	600
Year 4	1,750	2,340	3,500	1,800	1,350
Year 5	1800	2400	3700	2100	1350

Income Bands	Percentage
Up to €5,963	0
Between €5,963 and €11,896	5.5
Between €11,896 and €26,420	14
Between €26,420 and €70,830	30
In excess of €70,830	41

## Income Statement:

Income Statement  
Juicy Boost  
Forecasted

	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Sales - Smoothies	102,219.10	157,270.83	340,322.00	572,288.00	604,900.00
Sales - Coffee	800.28	5,940.25	12,207.00	21,025.68	22,222.20
Sales - Health Bars	3,793.44	6,473.60	15,621.00	26,420.40	27,921.00
<b>Total Sales</b>	<b>106,812.82</b>	<b>169,684.68</b>	<b>368,150.00</b>	<b>619,734.08</b>	<b>655,043.20</b>
COGS Smoothies	53,441.55	82,223.34	177,925.00	299,300.00	316,365.00
COGS Coffee	169.29	1,256.59	2,582.25	4,447.74	4,700.85
COGS Health Bars	2,131.26	3,618.38	8,731.25	14,767.50	15,606.25
<b>Total COGS</b>	<b>55,742.10</b>	<b>87,098.31</b>	<b>189,238.50</b>	<b>318,515.24</b>	<b>336,672.10</b>
<b>Gross Margin</b>	<b>51,070.72</b>	<b>82,586.38</b>	<b>178,911.50</b>	<b>301,218.84</b>	<b>318,371.10</b>
Wages	21,362.62	28,483.49	53,995.54	148,945.27	150,807.09
Rent	16,979.37	22,639.16	22,639.16	45,278.32	45,278.32
Advertising	4,000.00	2,000.00	7,500.00	5,000.00	5,000.00
Utilities	2,588.30	3,451.06	3,451.06	6,902.12	6,902.12
Depreciation	2,816.06	2,880.96	2,880.96	5,713.96	6,001.72
<b>Total Expenses</b>	<b>47,746.34</b>	<b>59,454.67</b>	<b>90,466.72</b>	<b>211,839.68</b>	<b>213,989.25</b>
<b>EBIT</b>	<b>3,324.38</b>	<b>23,131.70</b>	<b>88,444.78</b>	<b>89,379.16</b>	<b>104,381.85</b>
Interest Payments	1,495.49	1,526.80	959.41	354.03	1.37
EBT	1,828.89	21,604.90	87,485.36	89,025.14	104,380.47
Tax Payments	-	1,409.02	19,286.97	19,750.38	25,717.60
<b>Net Income</b>	<b>1,828.89</b>	<b>20,195.88</b>	<b>68,198.39</b>	<b>69,274.76</b>	<b>78,662.87</b>

## Cash Flow Statement:

	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Net Income	1,828.89	20,195.88	68,198.39	69,274.76	78,662.87
personal income	-	(20,000.00)	(17,000.00)	(50,000.00)	(80,000.00)
Add: Depreciation	2,816.06	2,880.96	2,880.96	5,713.96	6,001.72
(Increase)/ Decrease in:					
Accounts Receivable	(3,500.00)	1,250.00	(1,675.00)	(1,250.00)	(2,000.00)
Inventory	6,000.00	1,000.00	(2,225.00)	(3,500.00)	(4,000.00)
Purchases/ Sales Of:					
Property, Plant, and Equipment	(239.80)	0	(34,062.31)	(1,199.00)	0
Borrow/ Pay in:					
Accounts Payable	(1,500.00)	(6,500.00)	(2,174.19)	3,000.00	9,750.00
Short Term Loans Payable	(5,836.86)	(8,472.02)	(9,039.41)	(9,644.79)	(253.73)
Change to Cash	(431.71)	(9,645.18)	4,903.45	12,394.93	8,160.86
Beginning Cash	17,010.32	16,578.61	6,933.44	11,836.89	24,231.82
<b>Ending Cash</b>	<b>16,578.61</b>	<b>6,933.44</b>	<b>11,836.89</b>	<b>24,231.82</b>	<b>32,392.68</b>

## Balance Sheet:

Juicy Boost  
Balance Sheet  
In USDollars  
As of

	3/31/2011	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
<b>Assets:</b>						
<b>Current Assets</b>						
Cash	17,010.32	16,578.61	6,933.44	11,836.89	24,231.82	32,392.68
Accounts Receivable	-	3,500.00	2,250.00	3,925.00	5,175.00	7,175.00
Inventory	11,108.10	5,108.10	4,108.10	6,333.10	9,833.10	13,833.10
<b>Total Current Assets</b>	<b>28,118.42</b>	<b>25,186.71</b>	<b>13,291.54</b>	<b>22,094.99</b>	<b>39,239.92</b>	<b>53,400.78</b>
Property, Plant, and Equip.	14,062.31	14,302.11	14,302.11	28,364.42	29,563.42	29,563.42
Fixtures	20,000.00	20,000.00	20,000.00	40,000.00	40,000.00	40,000.00
Less Accum. Depreciation	-	2,816.06	5,697.02	8,577.98	14,291.94	20,293.67
<b>Total Long-term Assets</b>	<b>34,062.31</b>	<b>31,486.05</b>	<b>28,605.09</b>	<b>59,786.44</b>	<b>55,271.48</b>	<b>49,269.75</b>
<b>Total Assets</b>	<b>62,180.73</b>	<b>56,672.76</b>	<b>41,896.62</b>	<b>81,881.43</b>	<b>94,511.39</b>	<b>102,670.53</b>
<b>Liabilities and Owner Equity</b>						
<b>Current Liabilities</b>						
Accounts Payable	11,108.10	9,608.10	3,108.10	933.91	3,933.91	13,683.91
Short term Loans Payable	5,836.86	8,472.02	9,039.41	9,644.79	253.73	-
Long term liabilities	27,409.95	18,937.93	9,898.53	253.73	-	-
<b>Total Liabilities</b>	<b>44,354.91</b>	<b>37,018.05</b>	<b>22,046.03</b>	<b>10,832.44</b>	<b>4,187.65</b>	<b>13,683.91</b>
Retained Earnings	-	1,828.89	2,024.78	53,223.17	72,497.93	71,160.80
Reserves	17,825.81	17,825.81	17,825.81	17,825.81	17,825.81	17,825.81
<b>Total Shareholder Equity</b>	<b>17,825.81</b>	<b>19,654.71</b>	<b>19,850.59</b>	<b>71,048.99</b>	<b>90,323.75</b>	<b>88,986.62</b>
<b>Total Liabilities and Equity</b>	<b>62,180.73</b>	<b>56,672.76</b>	<b>41,896.62</b>	<b>81,881.43</b>	<b>94,511.39</b>	<b>102,670.53</b>

## Ratio Analysis:

Ratio	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	Ind. Avg
ROE	9.31%	101.74%	95.99%	76.70%	88.40%	19.50%
ROA	3.23%	48.20%	83.29%	73.30%	76.62%	19.30%
PM	1.71%	11.90%	18.52%	11.18%	12.01%	8.00%
TA Turnover	1.72	2.99	8.79	7.57	6.93	1.42
EM	2.88	2.11	1.15	1.05	1.15	2.65
Quick	1.11	0.76	1.49	7.02	2.89	3.10
Current	1.39	1.09	2.09	9.37	3.90	6.00
Inventory TO	20.91	41.30	58.13	63.03	47.35	46.10

## Strategies:

WACC		Debt Component	Equity Component
	6.57%	0.032456175	0.033254588

### Ranking Of Strategies Based On NPV:

Wages	\$	164,278.20
Expansion	\$	96,399.54
Coffee	\$	42,754.93
Health Bars	\$	28,073.16
Catering Service	\$	9,111.74
Interest	\$	192.32

Coffee	price per unit	serving size	cost per cup
<b>COGS:</b>			
Sugar	3.37/5lb	4.2g	0.006
Cream	12.48/188	1 unit	0.066
Cups/ Lids	60.58/1000	1 unit	0.061
Coffee	13.99/lb	1 bag for 70 cups	0.2
Filters	4 for 250	1 unit	0.0002
Total Input Cost			\$ 0.33
<b>ICIn Euros</b>			€ <b>0.25</b>
Sales Price			€ 1.19
<b>Sales Price After Taxes</b>			€ 1.25
<b>NPV</b>		42754.93	
Coffee Pot		84.70, 70 Cups	

### Break Even

Fixed Cost	€	64.37
Contribution Margin		0.93
Break Even		71.52
Break Even at 72 cups		

### Health Bars

<b>COGS:</b>			
Bar		1.375	
Cost in Euros	€	1.05	\$ 1.38
Sales Price	€	1.86	\$ 2.46
Sales Price After Sales Tax	€	2.00	\$ 2.64
<b>Profit/ bar</b>	€	<b>0.82</b>	\$ 1.08
<b>NPV</b>	\$	28,073.16	

**Catering Service**

1 Job/2 months

	Sales	Sales Price	COGS per delivery	Transport Costs	Net Profit/Year
	30	4.18	2.25	3 €	344.40
1 Job/month	30	4.18	2.25	3 €	691.80
2 jobs/ month (one large)	80	4.18	2.25	20 €	1,812.80

**Catering Sales (Profits)**

	year 1	year 2	year 3	year 4	year 5
	268	1560.4	2828	3316	3545
<b>NPV based on I/ S</b>		9111.74			

**Advertisements**

\$4000 1st year Budget	increase corporate awareness, contribute to growth rates			
Tourism Free Samples	COGS/ unit			
3 oz Cups	0.02			
Smoothies	0.42			
<b>cost per sample</b>	<b>0.44</b>			
Samples per month	100			
<b>cost per year</b>	€	<b>528.00</b>	\$	<b>696.96</b>
posters/ radio			\$	3,303.04

**Interest Payments**

	Total Payments	Interest Expense
Initial	39,988.20	5,925.76
Revised	38,328.81	4,520.23
Year 1 Difference	(1,667.65)	45.86
Year 2 Difference	(2,001.18)	181.03
Year 3 Difference	(2,001.18)	327.18
Year 4 Difference	(2,001.18)	483.12
Year 5 Difference	7,997.64	357.59
Year 6 Difference	1,332.94	
<b>total savings</b>	<b>1,659.39</b>	
reduces loan length by 14 months		

**NPV**

\$192.32

**Expansion**

loan	-
rent	22,639.20
utilities	3,451.06
total labor (12862 hours/yr)	-
input purchases	34,062.31
initial investment	34,062.31
<b>NPV</b>	<b>96,399.54</b>

Total Labor Costs Per Month with 86 total labor hours

Hours	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9	x	0	0	0	0	0	x
10	1	0	0	0	0	0	1
11	1	0	1	1	1	1	2
12	2	0	1	1	1	1	2
13	2	0	1	1	1	1	2
14	1	0	0	0	0	1	2
15	0	0	0	0	0	1	2
16	0	0	0	0	0	1	1
17	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0
<b>total</b>	<b>7</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>12</b>

Cost	Wage	Hours	Total	After 35% Tax
per week	€ 9.00	34	€ 306.00	€ 413.10
per month	€ 9.00	148	€ 1,332.00	€ 1,798.20

Difference:	total labor costs before strategy per year	total labor costs after strategy per year
€ 2,769.15 saved on labor each month	€ 54,808.20	€ 21,578.40
Savings/ Yr. 1	€ 27,691.50	
Savings/ Yr. 2	€ 33,229.80	
Savings/ Yr. 3	€ 33,229.80	
Savings/ Yr. 4	€ 33,229.80	
Savings/ Yr. 5	€ 33,229.80	

**Net Present Value of Savings Over a 5-year period**

€ 124,453.18  
\$164,278.20