

# Business Plan



## Grow-Well

Owner: Jennifer Growell

Address: 11 Well Street, Toronto, Ontario, Canada M1C 2V2

Phone: 416-111-2222

Email: [jennifer@grow-well.com](mailto:jennifer@grow-well.com)

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# 1.0 Executive Summary

Grow-Well offers custom-made organic baby food and healthy baby food cooking classes.

Grow-Well stands out from others in the baby food industry as Grow-Well provides healthy, high-quality food tailored for different baby needs. The company provides transparent sourcing of ingredients and cooking methods. It helps busy mothers who want to save time while providing their babies with nutritious food, specialized recipes and healthier cooking methods. Grow-Well aims to meet the physical needs of babies and emotional needs of mothers.

Organic food consumption is rapidly growing in developed countries. In Canada, baby food is the fastest growing organic food sector. Grow-Well competes with many regular and organic baby food manufacturers and can potentially partner with baby product shops, nutritionists, baby-related bloggers to promote the products.

Grow-Well targets Toronto mothers who have at least one young child under the age of 3. These women are college/university educated and work full-time. They have an annual household income exceeding \$70,000. These women are very busy and need help providing their babies with the best care, starting with high-quality food. With higher incomes, they can and are willing to pay for custom-made organic baby food from a trustworthy source.

Grow-Well will attract customers by highlighting its customized service for each baby, high-quality food and strong support for mothers through website, social media, phone calls and other traditional promotions. The business will retain customers by consistently providing high-quality product and services and baby-related information to provide assistance to busy mothers.

The owner has been readying for the launch of Grow-Well, conducting market research, undertaking product development and establishing a network of potential customers and suppliers. Outstanding components are two pending certifications as well as a small business loan of \$2,070 to pay for part of the start-up costs. The projected sales for year 1 are approximately \$20,828 and the projected expenses are approximately \$20,444.

# 2.0 Business Profile

## Overview of Product or Service

Grow-Well will offer custom-made organic baby (and later toddler) food. In addition, it will hold healthy baby food cooking workshop as a secondary service for customers who want to prepare their own baby food.

The food will be healthy and created with high-quality ingredients. More importantly, the products will be customized for each baby and toddler. The company intends to build trust with customers through transparent ingredient sourcing and cooking methods. In turn, it will save customers time and efforts in sourcing good ingredients, designing recipes and cooking.

## History

The idea of Grow-Well started when the owner's cousin, a busy and health-conscious working mother, repeatedly expressed her desire for customizable organic baby food for her baby. She also highlighted that this was a common need repeated among her colleagues and friends who shared similar lifestyles.

The owner conducted market research to confirm that custom-made organic baby food businesses are an emerging trend in Canada and already widely popular and established in the United States. This is a strong indicator of the future expansion of the organic baby food market in Canada. General market analysis has consistently shown that the U.S. market is a viable comparator for the Canadian market, as it is similarly structured but leads the Canadian market in product trends and customer demand by a couple years. As the Canadian market often follows the U.S., popularity in the U.S. often signals the future trajectory of certain products and services in Canada.

The owner has also researched suppliers for resources, purchased some kitchen equipment and selected ingredient suppliers required to start the business. In addition, the owner is in the process of obtaining operating licenses for this business (business registration and food handler's certificate).

## Owner Profile

The owner has worked as a cashier in a health food store for two years and as a server in a restaurant for three years. The owner has been able to develop strong interpersonal and sales skills through these experiences. The owner has also gained knowledge of reliable organic food suppliers in Toronto as well as the operational aspects of a commercial kitchen production line.

The owner understands the necessary components of running a small business. In her capacity as a server in a restaurant, she worked closely with the manager the restaurant to learn about the food-service industry. These tasks included purchasing supplies, maintaining a smooth production line in the kitchen, planning server shifts based on customer flow and managing the cashier.

To supplement the above skills, the owner has a Bachelor of Arts degree in History and a Healthy Culinary Arts Certificate. She has excellent writing and communication skills and extensive experience and skills in healthy food cooking.

The owner's family members are fully supportive of this business idea. There are several family members with growing families who have indicated their interest in forming the initial client base. They will also provide referrals to the business. In addition, the owner's mother will be assisting with food preparation to meet client demand as the business expands.

## Vision

Within the next five years, Grow-Well aims to be a major organic baby food provider in Toronto with annual revenue of \$500,000. Grow-Well will provide high quality baby food that mothers can trust and a clean, well-equipped kitchen for mothers who want to cook healthy foods for their babies in workshops.

## Legal Structure

The owner is a 29-year-old female with a Certificate in Healthy Culinary Arts. She is also the manager who plans and operates the business. The owner has started developing her products in her own kitchen. However, once she begins production, she will sublet space on an as-needed basis from a commercial kitchen in a local community centre.

The current legal structure is a sole proprietorship but the owner would consider incorporating as the business grows in the future. At this point of business development, this is the best fit as the owner will retain control over all operations. The owner will fund the business through her current savings and a small business loan. The owner will take on the responsibility for all debts and liabilities (in this case, a small business loan) and will be investing much of the profits back into the business.

## 3.0 Market Research

### Industry Overview

Baby food is primarily seen as a nutritional supplement to breast milk for babies from birth to three years of age. Consumers with babies and toddlers seek convenience and simplicity. Understandably, customers also hold companies to a strict standard of complete honesty and open communication about the content of and the process behind their baby food products. From understandable ingredient lists to complete transparency regarding the origin of the ingredients, consumers are looking to know exactly what is going into their children's mouths. The global baby food market is forecasted to reach US\$55 billion by 2015. Organic baby food accounted for one quarter of all new baby food products launched in 2009.

The STEEP Analysis of the industry revealed the following major trends. Organic food consumption is rapidly growing in developed countries. In Canada, baby food is the fastest growing organic food sector. In the next five years, the growth trend will continue.

Currently, consumers are more health-conscious when choosing food for their babies. More mothers are busy full-time professionals, resulting in less time for cooking but more income for purchasing pre-cooked healthy foods, including customized baby foods. However, the economy is still slow.

These external factors indicate that there will be continuous demand for baby food, especially for organic baby foods. Custom prepared baby food market is emerging and competitors in this segment will appear. Women have more purchasing power to make purchases but tighter consumer budget may negatively impact sale of these premium products.

Overall, Grow-Well faces a growing market with strong revenue opportunities if it can secure target customers and manage future competition effectively.

## Competitors and Partners

Grow-Well competes with regular and organic baby food manufacturers who have established brands, competitive pricing and wide availability in grocery stores.

Grow-Well plans to differentiate itself through custom-made food to fit the needs of individual babies and mothers. It will offer individualized flavour choices and cooking options with high-quality organic ingredients. The food will be freshly cooked using recipes custom-created by nutritionists for individual babies.

The company can partner with baby product shops, nutritionists and baby-related bloggers to benefit from cross referrals and cross promotion.

## Target Market

The owner has conducted primary market research with ten mothers who each have a child between the ages of 4-12 months and five mothers who each have a child between the ages of 1-3 years. All mothers are professional women who live in Toronto and come from diverse ethnic backgrounds.

The company used in-depth interviews to ask the ten mothers about tips, challenges, preferences and needs in preparing food for young children. It also conducted field observations by shadowing three mothers, each for one full day.

The research revealed that all mothers led a very busy lifestyle and wanted fresh and healthy food for their babies. Most mothers identified trustworthiness as a key factor when choosing baby food suppliers/brands.

The ideal customers for Grow-Well are mothers who have at least one young child under the age of 3. They live in Toronto and are college/university educated. They work full-time and have household income of greater than \$70,000/year.

According to the 2011 Canadian Census, there are 108,626 mothers with a child under the age of 3 in Toronto. 21.4% of Toronto families have a household

income of \$70,000 and above.

The following is a profile for a typical Grow-Well customer:

**Name: Busy Betty**  
**Age: 33**  
**Job: Banker**  
**Married with 2 children**



**About me:** I am a banker and a mother of a 4 year old and a 7 month old baby. My daily routine starts with fixing breakfast for the family. Morning is always hectic with crying children and getting ready for my work. Luckily my mom takes care of the kids while I am at work. I am back home by 5 usually. On evenings, I am busy with feeding the kids, playing with them and putting them to bed. It's hard to find free time even on weekends because of house chores and taking the 4 year old to soccer games and birthday parties. For the younger one, I make big batches of baby foods myself on weekends because I want to make sure she gets all the nutrients she needs to develop properly. I don't trust those pre-made baby foods. I feel exhausted and overwhelmed. I love my career but I also want to be a good mom. I wish there were more help I can trust.

**My Needs:**

**SOCIAL** I need helpers I can trust and reach out to.

**PHYSICAL** I want healthy and nutritious baby foods made with best quality ingredients.

**EMOTIONAL** I want peace of mind when it comes to my baby's health.

**COMMUNICATION** I need to know exactly what goes into my baby's body.

## 4.0 Market Strategy

### Positioning Statement

For busy mothers who care about their babies' health, Grow-Well is the custom organic food manufacturer that provides healthy food options for babies and toddlers. Grow-Well provides individual consultations to create recipes that fit the needs of individual babies and mothers. It uses only high quality organic ingredients and transparent cooking processes that mothers can trust.

### Product or Service Presentation

The food produced by Grow-Well will meet the nutritional and taste requirements for babies, with natural organic ingredients and textures that fit babies' tastes. It will include visually appealing ingredients carefully selected with considerations of colour and shape, and will be packaged in reusable and durable glass containers. These containers are more environmentally-friendly and will be easier



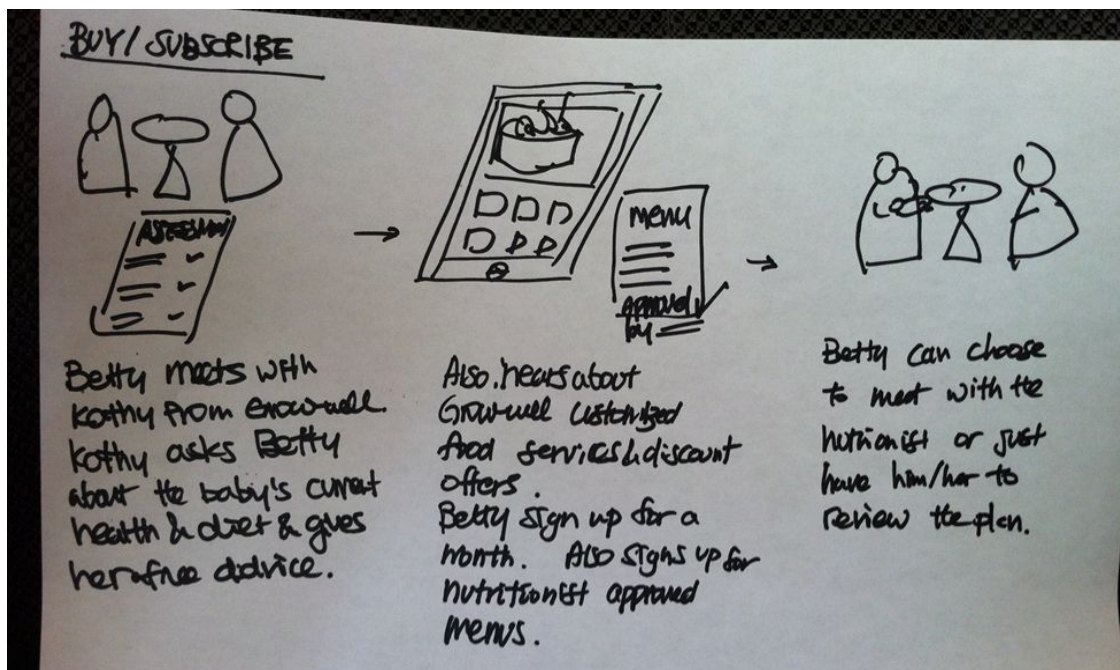
to heat up. Other packaging may include compostable plastic bags.

The labels will be simple and elegant in design and colour. All products will come with information sheets with elegant design, diagrams and font to present easy-to-read information about the food, and its benefits and user instructions.

Grow-Well will also provide customers with a baby food log book or app which is ease to use and consistent with labels to enable mothers to track the progress of their babies through easy journaling.

The high-quality food will meet the physical needs of the babies. The well-designed label and information sheet will meet the emotional needs of the mothers who want to provide their babies with the best food while having peace of mind. The baby food log book or app provides mothers with a peace of mind and helps them feel empowered with knowledge and control.

## Customer Experience



The customized baby food will provide customers with assurance that their babies are getting the best care in feeding. The cooking workshop allows the mothers to access knowledge, build trust, and see the process of production behind each food item. Consultation sessions with nutritionists will produce recommendations for individual babies and mothers to help create customized

recipes for food that fits the babies' needs and the mothers' desires.

Food delivery option and reusable container washing service provide customers with convenience they need. The Grow-Well website/blog enables mothers access to extensive information on baby foods and baby health from respected sources. The online forum allows mothers to ask questions, discuss with other mothers about the progress of their babies for relationship and peer support community.

## Pricing

Custom-made fresh purees and cereals will be sold by servings of 128mL/5.4 oz/142g at CDN 2.80/serving. Cooking workshop will cost \$40 per 2-hour session, ingredient cost will be included in the final food price.

The market price for mass-produced, non-customized organic baby food is \$1.99 /serving. An example is Baby Gourmet, an established organic baby food brand.

Grow-Well's price is justified by high quality ingredients, customized recipes for individual babies and producing fresh food in small batches for individual customers.

## Marketing Activities

Activity	Implementation	Content	Goals	Materials needed	Cost
Set up a Twitter account	Tweet 2 times a day; engage in conversation with followers	Baby food and health tips, new product info	Increase website hits (to 50/day)	Computer (already obtained); Graphs already created	\$0
Create a website	Update once a month	Baby food and health tips, new product info	Receive 5 inquiries and secure 1 customer	Website template	\$0
Create a marketing post card	Distribute to 500 local households	Benefits of the product, visuals, coupon, contact info	Receive 5 inquiries and secure 1 customer	Computer & software to design post card (already own). Send to printer.	\$250
Attend local festivals/ shows	Book a table and prepare booth display	Benefits of the product, samples, contact, info, coupon	At each show, sell to 20 customers and get 30 names on mailing list	Event fee, signage, table cloth, display items, sample food	\$1800
Follow up call	Give a monthly check up calls	Discuss progress, new information, get feedback	Once a month call to all customers	Customer data	\$0

## **5.0 Operations**

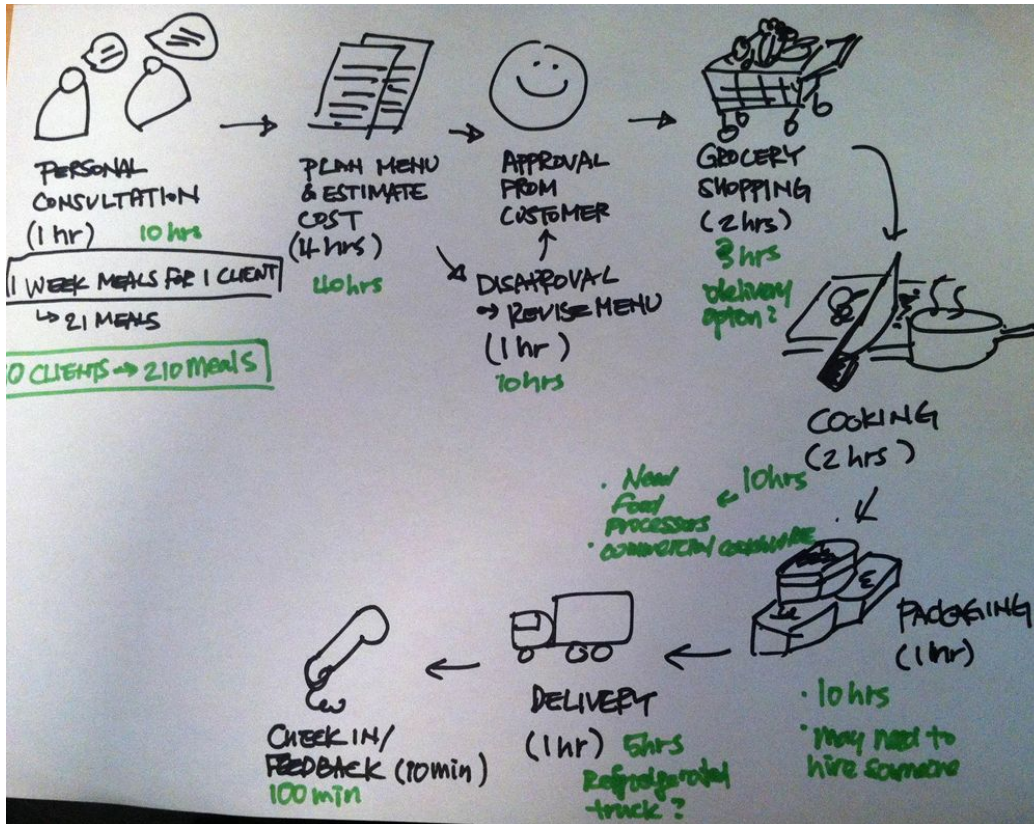
Grow-Well will be a home based business, with all production located at a local community centre with a licensed commercial kitchen. Administration and marketing will be completed from a home office located in the owner's rental apartment at 11 Well Street, Toronto, Ontario, M1C 2V2. The inventory of packaged baby food will also be stored in this space as required. The commercial kitchen has a spacious, clean and well-equipped kitchen which can be rented on an hourly basis for \$10 per hour. The space will be used to prepare baby food and provide small cooking workshops. As the business grows, the owner will rent a dedicated kitchen location for production.

### **Legal or Regulatory Issues**

The owner is in the process of applying for a Master Business License (\$60) and Food Handler Certificate (\$63.55). There is government regulation on food labelling. As such, Grow-Well will ensure strict ingredient sourcing, preparation process and accurate representation of information on label. The company will purchase liability insurance for \$750 to cover potential legal fees and small claims.

### **Process/Production**

The production process is depicted in the following image:



The food pricing of \$2.80/serving covers all costs with a profit margin of \$0.30 per serving. The cooking workshop price of \$40/class also covers all costs with a profit margin of \$10 per class.

When the business receives large orders, cooking time may become an issue due to limited kitchen resources. Larger processors and commercial size tableware will be needed to reduce time. The business currently faces some production limitations. Increases in orders may require the hiring of a delivery person. If so, a delivery fee may need to be added in order to recoup the associated cost of labour, which will impact pricing. Also, as individual recipe consultation can become time consuming with a larger client base, the business may need to consider offering group consultation. Customers may actually prefer this opportunity to meet other mothers and arrange playdates for their children in the community.

It is not anticipated that these issues will arise in the first year of business.

## Breakdown of Product/Service Costs

Cost breakdown of 1 serving of organic autumn pumpkin puree (5oz/142g)

- 120g fresh organic pumpkin \$1.0
- 2g fresh organic basil \$0.05
- 20g fresh organic carrots \$0.02
- Labour cost in cooking: \$0.24 (\$12/hour and 50 servings of puree/hour)
- Consultation cost: \$0.40
- Container: \$0.25
- Rental expense: \$0.14
- Delivery expense: \$0.20
- Marketing expense: 0.20

In total, it costs \$2.50 to produce one serving of food. This includes consultation fee, ingredient costs, rental expense, delivery expense and marketing expense. The cost will decrease as the volume of orders increase, especially with the additional option of group consultations.

Cost breakdown of a cooking workshop

- Labour in teaching \$24 (\$12/hour)
- Labour in preparation and cleaning up \$6 (\$12/hour)

In total, it costs \$30 to provide a two-hour one-on-one cooking workshop session. This amount includes labour costs in preparation, teaching and cleaning up.

## 6.0 Financial Plan

### Current Assets

Business Assets	
Item	Value (\$)
Computer	\$400
Kitchenware	\$1000
Cellphone	\$200
Special recipes	\$150
<b>Total</b>	<b>\$1,750</b>

## Start-up Costs

Item	Cost (\$)	Owner Contribution	Rise Loan	Other (specify)
Food processor	400		400	
Ingredients inventory	213	213		
Camera	150		150	
Printer	70		70	
Post cards	250		250	
Festival/show booth	200		200	
Festival/show entry fees	1000		1000	
Business Registration	60	60		
Food Handler's Certificate	64	64		
<b>Total Costs</b>	2407	337	2070	

## Sales Forecast

Sales Forecast Assumptions	
Month	Sales Assumptions
January	No sales, getting business set up
February	\$290 from Thornhill Food Show food sales \$198 from regular sales (puree, cooking workshop)
March	\$624 from regular sales (puree, cooking workshop)
April	\$350 from Toronto Baby Show food sales \$802 from regular sales (puree, cooking workshop)
May	\$1,580 from regular sales (puree, cooking workshop)

June	\$420 from Harbourfront Family Festival food sales \$1,520 from regular sales ( puree, cooking workshop)
July	\$2,136 from regular sales (puree, cooking workshop)
August	\$420 from Toronto Zoo Festival food sales \$1,828 from regular sales (puree, cooking workshop)
September	\$280 from YMCA Family Event food sales \$1,940 from regular sales (puree, cooking workshop, cereal)
October	\$2,608 from regular sales (puree, cooking workshop, cereal)
November	\$560 from Markham Fair food sales \$2,272 from regular sales (puree, cooking workshop, cereal)
December	\$3,000 from regular sales (puree, cooking workshop, cereal)

#### Description of Key Sales:

##### Thornhill Food Show

- Smaller local event, draws about 25 vendors and 800 attendees (2011)
- Mostly younger families, people interested in local food vendors
- Opportunity to generate customer leads as smaller size enables longer customer interactions

##### Toronto Baby Show

- Larger event with about 40 vendors and 2000 attendees (2010)
- Attendees made up mostly of target market (mothers with young children)
- Difficult to make many sales due to strong competition and larger brand name booths
- However, will be an opportunity to generate interest and build brand recognition

##### Markham Fair

- Larger event with about 50 vendors and 5000 attendees (2011)
- Wider audience, as Fair brings together vendors from different industries (arts & crafts, food, apparel, jewelry etc.)
- Strong interest from both organizers and attendees in supporting local vendors
- Booth will be in section dedicated to organic or local items (traditionally the most popular section of the Fair)



## 7.0 Action Plan

In year one, Grow-Well aims to earn a total revenue of \$20,828. The business will develop its web presence by actively engaging with customers on social media, developing website content and leading traffic to the website through advertising and networking. By the end of the year, Grow-Well will have established an active online discussion forum of approximately 300 regular members and have accumulated 100 customer reviews on its website.

To achieve these goals, in the next three months, Grow-Well will obtain a Master Business License and a Food Handler Certificate, build a website, develop 20 unique recipes and test products with family and friends to ensure high-quality outputs.

## 8.0 Appendix

This section includes the following documents:

- Resume
- Images of baby food and packaging
- Workshop Outlines