

TABLE OF CONTENTS

<u>EXECUTIVE SUMMARY</u>	2
<u>THE COMPANY CONCEPT</u>	3
<u>MARKET RESEARCH & ANALYSIS</u>	7
<u>MARKETING PLAN</u>	26
<u>DESIGN AND DEVELOPMENT PLAN</u>	32
<u>MANUFACTURING AND OPERATIONS PLAN</u>	33
<u>MANAGEMENT TEAM</u>	41
<u>SUSTAINABILTY AND IMPACT</u>	43
<u>OVERALL SCHEDULE</u>	45
<u>CRITICAL RISKS, PROBLEMS & ASSUMPTIONS</u>	45
<u>THE FINANCIAL PLAN</u>	48
<u>PROPOSED COMPANY OFFERING</u>	50
<u>APPENDIX</u>	51

EXECUTIVE SUMMARY

The Better Baking Company LLC (herein “BBC”) is a new venture that will offer high-quality, gluten-free baked goods. Gluten is a protein found in baked goods containing wheat, rye, and barley. Consumers with gluten intolerances such as those with celiac disease have a need for gluten-free products for health reasons. Increased awareness of gluten allergies has resulted in growing demand for gluten-free food. Currently, there is a limited amount of gluten-free options in the marketplace and consumers have expressed that existing products are dissatisfactory. The BBC can provide good tasting, moist, and pliable gluten-free bread through their proprietary dough recipe.

One out of every 133 people in the United States suffers from celiac disease, making it impossible for them to digest gluten. Roughly 1.4 percent of the general population has been diagnosed with moderate to severe gluten allergies with another 12.8 percent living undiagnosed. Another 12 percent of the population has a preference to cut down on gluten consumption because they view gluten as unhealthy. Therefore, the target market for a gluten-free bakery in the Portland and Salem area contains approximately 49,000 people. The BBC bakery will be located in Salem and distribute to Salem and Portland area grocery and health food stores, with the expectation of eventually expanding into Eugene. BBC will focus on wholesale distribution, but will also maintain a small retail storefront at the bakery’s location in Salem.

The current competitive landscape of the Oregon gluten-free market is altogether lacking. The sparse product options are unsatisfying to consumers because they do not taste good and most have a poor shelf life. Grocery stores in the area carry mass produced gluten-free bread that is dry, crumbly, dense, and vinegary. *New Cascadia Traditional* is a dedicated gluten-free bakery in Portland that offers slightly better tasting bread with only a twenty-four hour shelf life. Other Portland area bakeries sell both regular and gluten-free bread, however gluten-free consumers worry about cross contamination.

The BBC has a competitive advantage in that it is a completely gluten-free bakery that offers fresh baked bread that is available through its storefront and third party grocery stores. The BBC products will be priced competitively among gluten-free products. The breads produced at the bakery will have a suggested retail price ranging from \$6.50-7.99. The desserts offered at the retail storefront will be priced under \$1.50. BBC expects that each of its customers will buy an average of 1.5 loaves of bread each week. With these assumptions, the BBC estimates market share to be 1.5 percent by year one, growing to 3.5 percent by year five. Payback in this scenario will occur after 2.71 years with an internal rate of return of 55 percent.

The BBC requires a capital investment of \$140,000. Jan Taborsky, the founder and CEO of the BBC will invest \$15,000 of his own money into the business. Bryce Hanson will act as a silent partner and finance an additional \$25,000 in exchange for 20 percent equity. Outside investors Colin Sabastian and Chris Morscheck will finance \$20,000 and \$30,000 for 16 percent and 24 percent equity respectively. The remaining \$50,000 will be obtained through an SBA loan with a 12 percent interest rate.

THE COMPANY CONCEPT

Mission Statement

The Better Baking Company (BBC) will bring back fresh baked bread for everyday use to the tables of those who avoid gluten. We seek to exceed customer expectations in terms of service and product quality. We are proud to use wholesome all-natural ingredients and environmentally sustainable practices.

Vision Statement

The Better Baking Company's products will raise the bar for the taste of gluten-free baked goods and set a new benchmark for the industry.

Founding principles

- Gluten-free dedicated
- Quality
- Taste
- Customer satisfaction
- Community involvement
- Environmental sustainability

The Industry

Gluten, a protein found in wheat, rye, barley, and other grains, enhances texture and makes baked products stretchy, pliable, light, and moist. This binding agent has recently been linked to certain health problems. One out of every 133 people in the United States suffers from celiac disease: a chronic failure to digest food triggered by hypersensitivity of the small intestine to gluten¹. In addition, roughly 14 percent of the United States population has moderate to severe gluten allergies, and another 12 percent cuts down on gluten consumption because they view it as

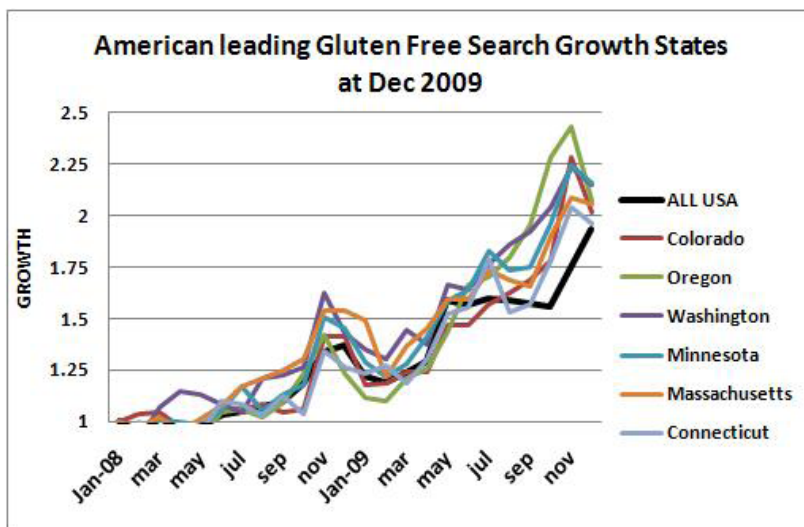
¹ <http://www.glutenfreepages.com.au> (“Gluten-free growth-trends”)

unhealthy². The gluten-free trend has also become common in those with autism, multiple sclerosis (MS), attention deficit/ hyperactivity disorder (ADHD), repetitive strain or stress injury (RSI), and irritated bowel syndrome (IBS)³.

As awareness of gluten-intolerance increases and more people are diagnosed with these sensitivities, consumer spending on gluten-free products has also substantially risen. From 2004-2005, consumers spent over \$600 million on gluten free products (a growth rate of 14.6 percent from the previous year). Gluten-free spending is estimated to reach 1.7 billion in 2010⁴.

As seen in **Chart 1.1**, there is substantial market potential in Oregon, since it is one of the leading states for growth in the gluten-free market. While Portland offers almost fifty gluten-free bakeries and restaurants, there is only one gluten-free bakery in Salem, which means there is potential for early entry into the gluten-free market.

Chart 1.1⁵



² *Id.*

³ *Id.*

⁴ <http://www.glutenfreepages.com.au> (“Gluten-free expense”)

⁵ <http://www.glutenfreepages.com.au> (“High demand of gluten-free in the United States”)

There are several threats posed when attempting to enter the gluten-free industry, and the first is price. Gluten-free products cost approximately 79 percent more than their non-gluten-free counterparts⁶. For example, general-brand wheat bread averages at about \$1.09 per loaf, whereas gluten-free wheat bread averages at about \$6.00 per loaf⁷. Chocolate chip cookies sell for approximately \$2.69 per pound, and gluten-free chocolate chip cookies sell for approximately \$12.83 per pound⁸. Despite the growth in gluten-free sales, the struggling economy could adversely affect the gluten-free industry, as Americans attempt to reduce grocery budgets. There is also the potential threat that the gluten-free “health craze” could falter, resulting in a reduction of customers and sales.

The Company and the Concept

The BBC will be a completely gluten-free bakery, offering a selection of three breads and three desserts. Principle customers will be people who are celiac, gluten-sensitive, or removing gluten from their diet for lifestyle or health reasons. The BBC was founded on January 19, 2010, and was originally a healthy bakery that had gluten-free, fat-free, and low-fat products. It developed into a strictly gluten-free concept when it was discovered that cross-contamination could become a fatal issue. Customers with celiac and gluten-intolerance could suffer allergic reactions if even a small amount of gluten is mixed with the gluten-free ingredients. The concept behind the BBC is to provide quality, gluten-free options to customers without having to sacrifice taste. The unique claim of the BBC is a better tasting and longer lasting product for the celiac, gluten-sensitive, and gluten-conscious market.

⁶ *Supra* glutenfreepages- “Gluten free expense”

⁷ *Id.*

⁸ *Id.*

The Products

The bread of the BBC was developed to address the main expectations of the target market that current products are not providing: taste, consistency, moisture and shelf life. The products that the BBC will sell include: white bread (rice and potato blend), original recipe bread (wheat-equivalent), deluxe bread (seed-based), cupcakes, cookies, and brownies. While other gluten-free breads are dry and crumbly, the BBC's secret family recipe results in bread that is moist, spongy, flavorful, and fulfills the need for good-tasting gluten-free bread for the target markets⁹. Products will be baked and sold in a storefront located in Salem, OR, and will be distributed in three ways: (1) in-store sales, (2) health food grocery stores between Salem and Portland, Oregon, and (3) through catering companies.

Because the owner brings a secret family recipe to the business, the product is already completely developed and there is no need to develop and test the product until the bakery decides to expand its menu (as popularity of original products increases, the product line can be expanded).

Entry and Growth

The BBC is riding the health trend in the U.S.; therefore it is a good time to enter the market, even with a relatively low marketing budget. Although The BBC does not have a head start that would make it a market leader in the industry, the company's competitive advantage lies in its secret recipe that gives its products a better taste at comparable prices to its counterparts.

Before opening the storefront to the public, six months will be allocated to selling at trade fairs, farmers markets, and to celiac groups to attract a following. This is an opportunity to

⁹ See Appendix D.

attract consumers with perceptions that gluten-free products taste bad and give the company an edge over competitors with inferior tasting products. Having a better tasting product will allow people who had negative preconceived notions about gluten-free products to become followers, which will generate hype for the product and create a successful opening. Also, word-of-mouth marketing is crucial in the gluten-free industry, as most gluten-free consumers gather information about gluten-free products from websites of large national gluten-intolerant organizations, gluten-free blogs, and word of mouth from other gluten-intolerant people. As the company grows through word-of-mouth marketing, it can then begin to distribute to specialty health food grocery stores, restaurants, and caterers.

Although the fizzling of health fads serves as a potential threat to the health-food industry, the BBC can avoid this market threat by mainly catering to people who have a serious disease or allergy to gluten, so it does not run the risk of losing its main customer base. This will keep the BBC thriving regardless of whether the health-food craze fades out.

MARKET RESEARCH & ANALYSIS

Overview

In order to fully understand the gluten-free market, including celiac, gluten-sensitive, and health-conscious Americans, extensive research on the gluten-free market was conducted, including two focus groups, six informational interviews, and six personal interviews.

Research on the gluten-free industry indicates dissatisfaction with current products on the market, with many costumers being disappointed with taste and selection¹⁰. Current gluten-free products are poor quality, extremely expensive compared to regular baked goods, and have a

¹⁰ *Id.*

shorter shelf life. Overall, gluten-free consumers are frustrated with having to pay high prices for a dry, tasteless product, and are eager for market expansion and better quality products¹¹.

Research conducted clearly supports the theory that the gluten-free market is in desperate need for better quality baked goods. The market is clearly ripe with opportunity for a new, revolutionary gluten-free bakery that finally offers quality-baked goods. With an increased awareness about the health implications of gluten-intolerance, the BBC advisory board¹² (herein “advisory board”) has a good-sized market to attract and satisfy the needs of the target market. The advisory board strives to create bakery items full of taste, consistency, and moisture.

Customers and Market Segmentation

The initial target market resides in the cities of Portland and Salem, Oregon. There are two segments within the target market: (1) individuals with Celiac disease or gluten sensitivity, and (2) households who consider gluten-free options as a healthy alternative.

Segment 1: Celiacs & Gluten-Sensitivity

Celiacs

Celiac disease is an autoimmune illness that results in patients being unable to process gluten. When gluten is consumed, it causes internal inflammation triggering severe stomachaches, diarrhea, chronic fatigue as nutrients cannot be absorbed, and potential damage to internal organs. The only known treatment of celiac disease is a strict life-long gluten-free diet. Celiacs are extremely concerned about cross-contamination, which frequently occurs when making gluten-free products on equipment that also process products containing gluten. Celiacs

¹¹ See Appendix D.

¹² The BCC advisory board will consist of the ten members of the JEBAMS Consulting Group of Willamette University, who have no executive power but assist Jan in marketing research.

are often sensitive to the degree that more than 1 gluten particle per 3 million particles will result in a severe allergic reaction¹³.

Gluten Sensitivity

While the effects of eating gluten for gluten-sensitive people are not nearly as severe as Celiacs, this segment still has problems with processing gluten, such as decrease in stamina, compromised immune system, digestive problems, minor skin rashes, and over 200 other issues associated with internal inflammation¹⁴.

The typical customer from this segment is anyone who has been diagnosed with celiac disease or gluten-intolerance at any age. The benefit profile of this segment is safety, strictly gluten-free certified products, taste, and shelf life.

Segment 2: The Gluten Conscious:

This segment includes households that want to reduce or eliminate their intake of gluten because they believe it is unhealthy. They are health-conscious and receptive to the current gluten-free trend presented in the media. The typical customer from this segment is younger (approximately 18 – 45), health and fitness conscious, and more likely to be a female. The benefit profile from this segment is taste and shelf life¹⁵.

Buying Habits

Based upon the results of focus groups (see Appendix A), it appears that the target segments have identical buying habits: they use health-food stores such as Whole Foods, New

¹³ Lapid, Nancy. "Celiac Disease Treatment: The Gluten Free Diet"

<http://celiacdisease.about.com>

¹⁴ Klay, Kristen- *Gluten Intolerance Group of Salem Chair (See Appendix E)*

¹⁵ See Appendix D.

Seasons, Life-Source, and other grocery stores with gluten-free sections such as Fred Meyer or Roth's. Gluten-free consumers can also purchase from gluten-free bakeries such as *New Cascadia Traditional* in Portland. Consumers are willing to travel an additional 30-45 minutes to purchase their favorite gluten-free baked goods. For example, Salem residents frequently travel 50 miles to *New Cascadia Traditional* because it is superior to what can be currently bought in Salem.

The buying decision is made quickly for both segments. Because availability of gluten-free products is limited, consumers are eager to try any new gluten-free product on the shelf regardless of taste expectation. When buying a gluten-free product for the first time, the purchase decision is not heavily influenced by price because customers are eager to try any new product¹⁶. Thus, product acceptance in the market should be rapid, as it is dependent on a one-time trial. Quality cannot be perceived until the product is tried and thus plays no role in the first purchase. For repeat purchases, however, quality and price play crucial roles¹⁷. For the consistent gluten-free consumer, the quality of baked goods is determined by the taste of the product, consistency, moisture, and shelf life.

Taste Preferences

One product that current gluten-free sellers fail to provide is fresh-baked goods for grocery and health-food stores, especially good-tasting bread. While non-gluten ingredients work as satisfying substitutes for pasta, cereal, deli meats, and seasonings, the absence of gluten is very noticeable in bread, resulting in a dry and crumbly product.

¹⁶ *Id.*

¹⁷ *Id.*

During two blind tests conducted for a total number of 14 potential consumers, the bread created from the BBC's secret recipe received an average taste rating of 8.5 out of 10, whereas the main competitor's bread received a score of 3.5 out of 10. All participants expressed interest in buying the BBC's bread once it is introduced to the market, because it matches the customers' perception of quality: taste, consistency, moisture, shelf-life, volume, and texture. The taste test indicates that the product has a clear advantage in taste over the competition.

Another finding during the blind test was that children under the age of 12 showed little interest in the sample bread. This was because the original recipe bread is dark and has a "healthy" look, while children prefer white bread. To overcome this barrier, the BBC will offer a white bread made from rice, sorghum, and potato starch.

Market Size and Trends

The combined population of Portland and Salem is 735,565 people with 274,413 households¹⁸. This population is segmented to establish the target market for the BBC (see **Table 1.1**). To estimate the approximate market size, these population numbers are multiplied by the estimated percentage of U.S. citizens with celiac disease (.75 percent¹⁹), gluten sensitive and diagnosed (1.429 percent²⁰), and those considering gluten-free options for health reasons (12 percent²¹). This creates a total market potential of 48,971.

¹⁸ *Census Bureau- www.census.gov*

¹⁹ *Celiac Disease Foundation*

²⁰ *Id.*

²¹ *General Mills Cereal Inc., Marketing research for gluten-free Chex Cereal.*

Table 1.1

Gluten Free Market Potential Estimates	households considering GF	Celiac	Gluten Sensitive and Diagnosed
	12%	0.75%	1.43%
Portland	26848	4377	8319
Salem	6081	1154	2193
Total	32930	5531	10511
CITIES Market Potential	48971		

*Market Trends*Potential Market Growth

The current market trend in the gluten-free market is driven by a 25 percent growth in sales between 2004 and 2008²². The growth for the coming years is expected to decline slightly, to approximately 22 percent per year up until 2012²³. However, this market has an extremely high growth potential, as 90 percent of people with undiagnosed gluten-intolerance will become aware of this sensitivity at some point in their lives.

The State of Oregon has one of the highest market demands for gluten-free products. Oregon ranks as the most “gluten-free aware” growth state, with its frequency of “gluten-free” searches increasing 300 percent from January 2008 to December 2009²⁴. Based on market size projections and Oregon’s dominant position in gluten-free awareness, the BBC advisory board is assuming a conservative 10 percent potential market growth for the next five years.

Table 1.2

	2011	2012	2013	2014	2015	Annual Increase Rate
Market Size (Salem and Portland)	48,972	53,869	59,256	65,182	71,700	10%
Average Market Share	1.15%	3.50%	4.00%	4.50%	5.00%	
Our Estimated Customers	563	1,885	2,370	2,933	3,585	
Customers in Retail (Average)	480	600	750	900	1,050	

²² “The Gluten-Free food and Beverage Boom” – www.progressiveshopper.com

²³ *Id.*

²⁴ Dwyer, Bruce. “Gluten-Free American USA Demand Trends” -- www.glutenfreepages.com

Market growth is affected strongly by the awareness of gluten. In recent years, the awareness of gluten has greatly increased. Doctors and dieticians discovered that gluten causes more allergic reactions than previously thought, which set a gluten-free trend for the whole health-food industry.

Another significant factor to the gluten-free market is the health-food trend. “Gluten-free” was one of the hottest buzzwords at the largest health-food expos²⁵. In an analysis of all food expos in 2009, it has been stated that, *"of all the trends in evidence at the recent Natural Products Expo West -- including a proliferation of functional beverages, none was more pervasive than the presence of gluten-free foods, a category that was virtually unheard of a few years ago."*²⁶ The gluten-free trend is here to stay, as the market grew at a compound annual growth rate of 28 percent from 2004 to 2008, accounting for a total of \$1.6 billion in retail sales in 2008²⁷. Double-digit growth in gluten-free products is expected in the coming years due to many factors, most importantly the existence of more gluten-free products in the market through both product introduction and the conversion of existing products to gluten-free²⁸. The market is expected to reach about \$2.6 billion in sales by 2012²⁹. Gluten-free “buzz” is becoming pervasive even in mainstream media, especially as gluten awareness continues to increase. Mainly because of the quickly gained popularity, many marketers mistake the gluten-free diet for a fad diet. Unlike many fad diets, however, the gluten-free diet is addressing a real health-problem and thus is here to stay³⁰.

²⁵ www.progressivegrocer.com

²⁶ *The Gourmet Retailer*

²⁷ *“The Gluten-Free Food and Beverage Market: Trends & Developments Worldwide, 2nd Edition”* www.packagedfacts.com

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Bob’s Red Mill “Gluten-Free Diets: More than Just a Fad”*

Capture Rate

The assumed capture rate is 1.15 percent of the potential market at the end of first year. Significant increase in market share is expected at the first two years, beginning with 0.125 percent in the first month and finishing with 2 percent by the end of the second year as customers become more aware of the product. The capture rate is estimated to go up by 0.5 percent per year thereafter to reach 3.5 percent in 2015.

Estimated Sales

Based upon the results of focus groups³¹, it is estimated that each customer will purchase three loaves of the original bread, 1.5 loaves of white bread, and 1.5 loaves of the deluxe bread per month and one cookie, brownie, and cupcake per month. **Table 1.3** shows the units sold and profitability for years one through five.

Table 1.3

Year	2011	2012	2013	2014	2015
Units of Breads Sold	28,649	77,572	106,661	140,793	180,684
Units of Pastries Sold	6,400	51,714	71,707	93,862	120,456
Profit	\$(71,577)	\$127,570	\$246,967	\$ 391,797	\$ 558,621

Competition and Competitive Edges

There are three major competitors in the gluten-free industry: (1) whole-sale gluten-free dedicated bakeries, (2) dedicated gluten-free “café-style” bakeries only focusing on retail, and (3) “café-style” bakeries baking gluten-free as well as gluten-containing products and only focusing on retail.

³¹ See Appendix D.

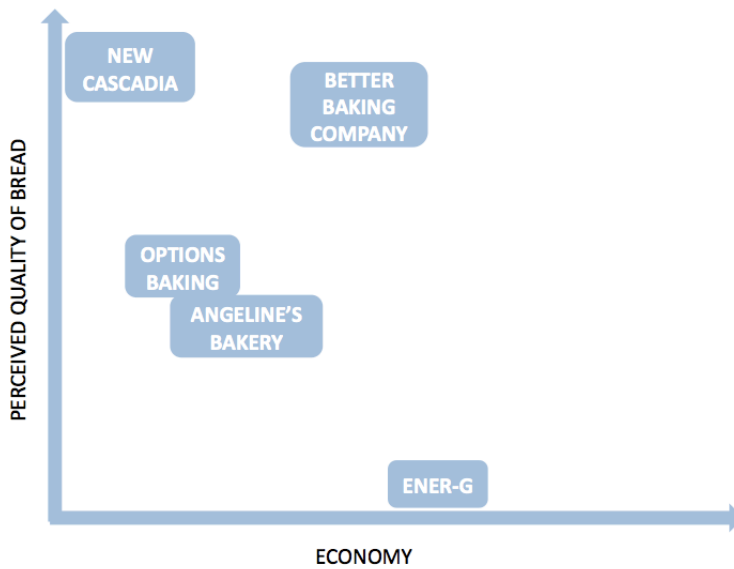
The major gluten-free dedicated bakery and a wholesale gluten-free bakery industry leader in the Pacific Northwest is *Ener-G* in Seattle. Another wholesale gluten-free bakery is *Angeline's Bakery* of Portland, and a very small wholesale bakery based out of Salem is *Options Baking Company*. There is only one dedicated gluten-free café-style bakery in Portland: *New Cascadia Traditional*.

Portland offers many café-style bakeries that offer both gluten and gluten-free products, yet none of these bakeries bake bread in-house and instead focus purely on the retail of sweet baked goods. These bakeries include:

- *Artemis Foods Café*
- *Back to Eden Bakery*
- *Besaw's Café*
- *Blossoming Lotus Cafe and Catering*
- *Buddha Bites Food Cart*
- *Coffee Plant on Corbett*
- *Piece of Cake Bakery*
- *Pix Patisserie*
- *Sweetpea Baking Company*
- *White Rabbit Bakery*.

Because these bakeries do not bake fresh bread and because many gluten-intolerant customers have to avoid them because of the danger of cross-contamination, none of these café-style bakeries pose as direct market competitors to the BBC of Salem.

Chart 1.2



The major competitors of the BBC are *Ener-G*, *New Cascadia Traditional*, and *Angeline's bakery*. The strengths of bakeries that do pose as market competition include: economies of scale, established distribution channels, and experience in bakery operation. Due to these factors, the competition is likely to have slightly lower production costs. The competitors' weaknesses include low brand loyalty, since there is no dominant brand³². Disappointment with the taste of current gluten-free baked goods is high and customers are eager to try new products and brands³³. Another weakness of the competition is the potential for cross-contamination with gluten.

Ener-G bread is the most available gluten-free bread, but performs the worst in taste, consistency, and moisture³⁴. Shockingly, this bread has been around for 15 years and neither the

³² *Id.*

³³ *Id.*

³⁴ *Blind taste test conducted by JEBAMS Consulting Group.*

product nor the packaging has changed. The main reason why customers buy *Ener-G* bread is because it is widely available in health food and grocery stores³⁵.

In comparison, *New Cascadia Traditional* bread performs best in taste, consistency, and moisture yet is the least available, most expensive, and has the shortest shelf life (24 hours)³⁶. *New Cascadia Traditional* is the only bakery that creates bread that consumers welcomed with excitement and continue to praise. *New Cascadia Traditional* has been approached by *Whole Foods* and *New Seasons* to supply their retail chains as they desire to broaden their gluten-free selections. *New Cascadia Traditional* declined this offer because they want to remain a small, family-owned café-style bakery, focusing on retail. In the words of Chris and Teresa, founders of the bakery: “we want to recreate a regular coffee shop experience for people with gluten intolerance.” The owners of *New Cascadia Traditional* have experience in baking, but their experience in business and marketing is very limited. In their own words: “We want to take our time, not jump into something we do not feel 100% sure about and make sure we do everything right³⁷.” *New Cascadia Traditional*’s business model leaves a large opportunity for a local wholesale gluten-free bakery with superior product and wholesale-focused strategy.

Another key competitor is *Angeline’s Bakery* in Portland, a gluten-free-dedicated wholesale bakery that offers multiple types of breads as well as sweets. Their products are offered frozen in health-food stores and in some Fred Meyer stores in Portland, Bend, Redmond, Sisters, Corvallis, Gresham, Lake Oswego and Vancouver. They are not represented in Salem. People buy from *Angeline’s* because the bread has a good taste, or at least a better taste than the *Ener-G* bread. The weakness of *Angeline’s Bakery* is selling a product that has a crumbly consistency, is dry, expensive, and can only be bought frozen in grocery and health-food stores.

³⁵ See Appendix D.

³⁶ *Id.*

³⁷ Informational interview with *New Cascadia Traditional* (See Appendix E)

Finally, *Options Baking Company* is a very small wholesale company based out of a home kitchen and distributed only through *Life Source* health-food store in Salem or baked to order.

Table 1.4

product	price	size
Ener-G	\$ 5.50	1lbs
NewCascadia	\$ 6.50	1.2lbs
Options BC	\$ 8.00	1.6lbs
Angeline's	\$ 7.50	2lbs
Rice Cakes	\$ 2.50	0.28lbs
Corn Tortillas	\$ 2.50	1.5lbs
Crackers/Corn Chips	\$ 2.00	0.8lbs

The advisory board expects the BBC to capture a percentage of the *Ener-G* and *Angeline's Bakery* market, due to their inferior tasting products. The key for this new venture will be securing a position on the shelves of health food and grocery stores and, becoming more available and visible. In addition, the advisory board expects to capture a percentage of *New Cascadia Traditional's* business, given the high price and low shelf life of their product, in addition to the inconvenience of traveling to Portland.

The most common substitutes for gluten-free bread are rice cakes, corn tortillas, corn-chips, and some gluten-free (usually rice) crackers. Advantages of these substitutes are relatively wide availability and lower price. Disadvantages are inconvenient consistency and packaging. Rice cakes are extremely fragile and break-apart easily. Corn tortillas also break-apart, unless steamed and served warm. Crackers are small and require the separate packaging of crackers and “filling³⁸.”

³⁸ See Appendix D.

Porter's Five Forces

To give the product a better chance at a successful start and to stay competitive in the future, the BCC advisory board has developed a Porter's Five Forces analysis to better understand the gluten-free industry. The analysis starts with an assessment of the threat of new entrants by looking at: (1) economies of scale, (2) product differentiation, (3) capital requirements, (4) switching costs, (5) access to distribution channels, (6) cost disadvantages independent of scale, and (7) government policy. These seven factors show that there is a very high threat of new entrants into the market. In an attempt to decrease the threat of new entrants, the BBC advisory board will need to change some of these factors. For example, the advisory board will need to increase market awareness through advertising and comparable taste-testing sessions. The best way to reduce the threat of new entrants is to establish the BBC as the brand that everyone wants and the first store people think of when they think of gluten free-bread. See **Table 1.5** for more detailed information on the seven factors and how they affect the threat of new entrants.

Table 1.5

Threat of New Entrants

Checklist Items	Impact on Force	Reasoning and Supporting Discussion
Economies of scale are low.	Increases threat of entry.	At this point in the product lifecycle, The BBC won't be producing large quantities of its products, and therefore will not be incurring high economies of scale.
Product differentiation is low.	Increases threat of entry.	The BBC is unable to put itself above on quality or added value than what others could be capable of doing. This will be a problem once new entrants get involved.
Capital requirements are low.	Increases threat of entry.	These types of startup products do require some start up investment, but in general they are very low. Almost any company would have the

		investment capabilities of following a business plan.
Switching costs are low.	Increases threat of entry.	The only cost to the consumer for switching products is the sunk cost of having bought the original product. No serious investment in itself.
Access to distribution channels is high.	Increases threat of entry.	A competitor could easily enter the distribution channel, and in fact may already be involved in it if they are already distributing other pet supplies.
Cost disadvantages independent of scale are low.	Increases threat of entry.	Entrants into the market will find it fairly easy to duplicate production, storage, distribution, etc. and may in fact have experience in several of these areas far above BBC.
Government policy is low.	Increases threat of entry.	With very little government involvement as to restrictions and requirements on the product, it is not difficult for anyone of the competitors to meet government standards.

To better understand the competitive rivalry of the industry, the BBC advisory board used seven factors and determined whether these factors increase or decrease competitive rivalry: (1) number of competitors, (2) balance of competitors, (3) industry growth rate, (4) fixed costs and storage costs, (5) product differentiation, (6) switching costs, and (7) exit barriers (see **Table 1.6**). Based on all these factors, the competitive rivalry at this stage in the product life cycle is low. However, this is only because of the large growth seen in this sector, and growth levels of competitive rivalry are expected to increase. As new competitors enter the market, the BBC will need to reassess competitive rivalry. Until then, the BBC advisory board needs to implement ways to decrease rivalry among new competitors as they enter. One way in which the BBC advisory board can do this is by making the product the flagship brand for gluten-free products.

Table 1.6

Competitive Rivalry

Checklist Items	Impact on Force	Reasoning and Supporting Discussion
Number of	Reducing competitive	There are not a large number of gluten free

competitors is low.	rivalry.	product producers. However, the number is growing. The BCC advisory board will need to establish barriers to entry to combat new entrants into the market.
Balance among competitors is low.	Reducing competitive rivalry.	The BBC advisory board will not have the same market share as its competitors right out the gate-- the market is very imbalanced and The BBC will most likely not be seen as a threat at first.
Industry growth rate is high.	Reducing competitive rivalry.	Gluten free products are experiencing a very high growth rate at this point, as people are looking to more natural healthy foods for their families. This means most competitors will focus on getting new people into the market rather than trying to obtain customers from a rival which is more costly.
Fixed costs and storage costs are moderately low.	Reducing competitive rivalry.	When fixed costs and storage costs are low, they do not have quite as big of problems with over-capacity, which requires them to compete harder.
Product differentiation is low.	Increasing competitive rivalry.	The BBC advisory board will need to focus on differentiating the product from competitors' gluten-free products through marketing and sales in order to decrease competitive rivalry.
Switching costs are low.	Increasing competitive rivalry.	Since customers are willing to change brands with a change in price, competitors will often cut their prices to increase sales. This causes high competitiveness in the industry.
Exit barriers are moderately low.	Reducing competitive rivalry.	There are not extremely high capital requirements. This means they are not required to stay in the industry if the company is hemorrhaging money.

The power of suppliers is another aspect of Porter's five forces, which will play a large part in the BBC's ability to compete within the industry. If there is a large amount of power being held in the hands of the suppliers, it will decrease the BBC's ability to have productive negotiations in its favor. The BBC advisory board analyzed the power of suppliers through six different factors: (1) concentration of buyers relative to suppliers, (2) switching costs of the buyer, (3) threat of forward integration by seller industry, (4) threat of backward integration by buyer industry, (5) proportion of total supplier industry sales that is purchased by buyer industry,

(6) product differentiation, and (7) availability of viable substitute products to the buyer (see **Table 1.7**). These factors reveal that a large amount of the power will be in the hands of the suppliers. This is because the BBC needs these suppliers, but the suppliers do not need the BBC. This will hurt the BBC's negotiation capabilities when working to get low material costs and increase the threat that suppliers will forward-integrate and become competitors. The best way the BBC advisory board can reduce the power of suppliers is to become a major player in the industry and become a buyer that suppliers want to keep for their own profitability. The BBC can then play limited suppliers off of one another to get the best price for raw materials. However, due to the limited number of major suppliers, the BBC has minimal power.

Table 1.7

Power of Suppliers

Checklist Items	Impact on Force	Reasoning and Supporting Discussion
Concentration of buyers relative to suppliers is low.	Increasing power of suppliers.	There are a limited number of suppliers the BBC can buy from to obtain the supplies it need to make its goods within a reasonable distance. This increases the power of suppliers do to the BBC as the buyer's limited ability to switch suppliers.
Switching costs of the buyer are low.	Reducing power of suppliers.	Although switching suppliers may require a change of distribution, there are no large fixed costs in the relationship that need to be established.
Threat of forward integration by seller industry is moderately high.	Increasing power of suppliers.	If the seller of the materials sees an obvious opening in the market, it would not be that difficult to create a similar good themselves. This limits the BBC's ability to negotiate, since if they don't like the terms, they can simply do it themselves or ignore the offer completely.
Threat of backward integration by buyer industry is low.	Increasing power of suppliers.	With the limited expertise in the agricultural sector that the BBC advisory board has, it would be very difficult for the BBC to produce the ingredients itself.
<i>Importance of the Buyer to the Supplier</i>		

<i>Group</i>		
Proportion of total supplier industry sales that is purchased by buyer industry is low.	Increasing power of suppliers.	Especially at this stage in this new product line, the BBC is not going to be representing a large portion of the supplier's market share. To lose the BBC's business is not going to affect them dramatically, at least in the short run.
<i>Importance of the Supplier's Product to the Buyers</i>		
Product differentiation is low.	Decreasing power of suppliers.	Although there are few suppliers, the average consumer will not know the difference between the different ingredients suppliers have to offer, so as a buyer, the BBC is able to switch to different suppliers without losing customer confidence.
Availability of viable substitute products to the buyer is low.	Increasing power of suppliers.	Since there are very few suppliers within the region, the availability of other suppliers is low.

The power of buyers is the fourth aspect of Porter's five forces, which will affect the BBC's negotiation capabilities with buyers. The way the BBC advisory board evaluates the power of the buyer is by looking at seven factors: (1) concentration of buyer's relative to suppliers, (2) switching cost of the buyer, (3) threat of forward integration by the supplier industry, (4) threat of backward integration by buyer industry, (5) proportion of total supplier industry sales that is purchased by buyer industry, (6) product differentiation, (7) availability of viable substitute products to the buyer (see **Table 1.8**). Based on these seven factors, the power between the BBC and the buyer lies mainly in the hands of the buyer. In order to increase power over buyers, the BBC will need to create a brand that the consumer will have a specific demand for the company's products. This will create an extra incentive for grocery stores to stock the BBC's products.

Table 1.8

Power of Buyers

Checklist Items	Impact on Force	Reasoning and Supporting Discussion
Concentration of buyers relative to suppliers is low.	Decreasing power of buyers.	There are a very large number of grocery stores in the market. This gives the BBC some power since there are few suppliers of gluten-free products, and it can decide not to sell to a certain store without damaging revenue to much.
Switching costs of the buyer are low.	Increasing power of buyers.	There will be little to no switching costs unless the BBC establishes a strong relationship with the buyer's customers.
Threat of forward integration by supplier industry is high.	Decreasing power of buyers.	In this scenario, the BBC would already have a storefront, so if it finds that it is having problems with buyers in a certain sector, it can forward integrate by introducing its own bakery.
Threat of backward integration by buyer industry is moderately high.	Increasing power of buyers.	Most grocery stores already have their own bakeries-- they do not just produce their own gluten-free bread because at this point it is more cost effective to outsource. If demand grows enough, or they have issues with suppliers, they may backward integrate.
<i>Importance of the Buyer to the Supplier Group</i>		
Proportion of total supplier industry sales that is purchased by buyer industry is high.	Increasing power of buyers.	With the majority of sales being done through grocery stores, it is important that the BBC keeps that sector happy. It may be able to survive as a bakery alone, but it will most likely never be an overly lucrative business without their help.
<i>Importance of the Supplier's Product to the Buyers</i>		
Product differentiation is low.	Increasing power of buyers.	Although there may be a belief that the BBC's product brings more value to the consumer, as new entrants it is difficult to separate itself from competitors, so it needs to offer grocery stores something competitors are not, most likely on pricing.
Availability of viable substitute products to the buyer is high.	Increasing power of buyers.	A viable substitute for gluten-free bread would simply be regular bread. Most likely the grocery stores will not lose a considerable amount of business if they stop selling gluten free bread.

The final aspect of Porter’s five forces is the power of industry customers. The more power the BBC has, the easier it will be for it to maintain a high market share. At this point, the BBC advisory board sees the power to be in the hands of the consumer based on four factors: (1) product differentiation, (2) switching costs, (3) availability of substitute products, and (4) number of sellers (see **Table 1.9**). The consumer has many choices when buying gluten-free bread and the BBC will need to inspire customers to choose its products because of the better value it provides the customer. This makes it all the more important for the BBC to establish itself as a strong brand that the customer desires when buying gluten-free products.

Table 1.9

Power of Industry Customers

Checklist Items	Impact on Force	Reasoning and Supporting Discussion
Product differentiation is low.	Increasing individual consumer (IC) buyer power.	At this point, the BBC has not differentiated its product from the competitor’s product. The company will need to prove itself through marketing and sales in order to set the product apart from the competitors.
Switching costs are low.	Increasing IC buyer power.	There are essentially no switching costs to the consumer. They can change brands at any point without any loss, unless they believe they have lost something in the value they get from the BBC’s product.
Availability of substitute products is high.	Increasing IC buyer power.	The customer can always switch to normal bread, or multigrain corn-chips, rice-cakes, or bread if they wish. There may also be a change in the consumer trend to buy gluten free bread.
Number of sellers is low.	Reducing IC buyer power.	There are few suppliers of gluten free bread, however if regular bread sellers are considered to be within the competing market, the number of sellers would be very high.

Ongoing Market Evaluation

The BBC advisory board will continue to evaluate the target market by attending monthly meetings with the gluten-free Salem chapter and writing a report on any ongoing concerns or problems of members, as well as doing semi-annual research on the target customer segment.

When conducting research and evaluating the target market, specific questions that need to be asked include:

- Has there been any change on the current socio-economic trend?
- Have there been any demographic shifts that might affect the target market?
- Have there been any changes in laws, policies, or taxes?
- Are any new competitors/products entering the market?

While there is currently no plan to change product lines or expand the production facility, the advisory board will need to continually assess the BCC's products and services in relation to customers' needs. This can be done by collecting comments, complaints, and ideas through a company "comment box", conversations with direct customers, surveys, evaluations, and focus groups. Creating a website with a blog and forum can also serve as a medium for current or potential customers to share experiences about gluten-intolerance and gluten-free baking. This website would serve several purposes, including: bringing the BBC closer to customers, advertising, providing basic information about goods and prices, and finally encouraging customer participation.

MARKETING PLAN

Value Proposition

The BBC brings all-natural, gluten-free certified breads of superior taste to Portland and Salem-area consumers who avoid gluten in their diet. The company's products are backed by a secret family recipe, detailed knowledge of local gluten-free market, and a commitment to creating products that exceed customer expectations.

The BBC's gluten-free certified products will deliver the need for safe and reliable food. The key benefits that satisfy the needs of the target market better than the competition are taste, shelf life and providing a gluten-free certified facility. The attributes that drive the benefit of taste are the actual taste, consistency and moisture. For initial intensive marketing, the BBC advisory board will employ two strategies: (1) focusing on celiacs from Salem and Portland who are members of the Gluten Intolerance Group (GIG), and (2) attending Salem and Portland Farmers' Markets. The presentations to GIG and Farmers' Markets will be key to product introduction to the target market.

Pricing

The BBC bread will compete on "perceived value"--the high perceived value is created by superior taste and shelf life. The BBC will offer bread of superior quality at the same price as the competition. Customers will perceive the BBC's bread as the best value because of its taste, size, and shelf life. The bread naturally rises to the same amount as other non-gluten-free breads, which is about twice as much as other gluten-free breads. The resulting loaf will be 40 percent larger volume at the same weight, which will visually make the loaf appear larger, fluffier, and

lighter, which will satisfy size and visual expectations. Focus groups and personal interviews revealed that customers judge the size of the bread by the actual size, rather than the weight³⁹.

Customers are dissatisfied with the current price of the competition, because the quality of the bread does not correspond with the high price. However, for a bread that meets their expectations, they are willing to pay the current price or more⁴⁰. Information gathered through focus groups suggests that the quality of the product will exceed consumers' expectations, they will be willing to pay a higher price.

The advisory board expects a retail mark-up ranging from 30 to 40 percent, based upon policies of retail grocery or health-food stores⁴¹. Smaller health food stores such as Life Source and high-end grocery stores such as Roth's mark up around 30 percent, while large health food stores such as Whole Foods or New Seasons mark up 40 percent⁴². See suggested treail price and material costs in **Table 2.0**.

Table 2.0

Products	ApproximateRetail Price	Material Costs
Original Bread	\$ 6.50	\$ 1.32
White Bread	\$ 6.50	\$ 1.31
Deluxe	\$ 7.99	\$ 1.47
Joy's Chocolate Chip Cookie	\$ 1.00	\$ 0.10
Erin's Peanu Butter Cookie	\$ 1.00	\$ 0.10
Minh's Brownies	\$ 1.50	\$ 0.34
Amy's Cupcake	\$ 1.50	\$ 0.19

³⁹ See Appendix D.

⁴⁰ Id.

⁴¹ Informational interview with Jeff Watson, Life Source General Manager (See Appendix E)

⁴² Id.

Given the superior quality of its product, the BBC's prices will allow it to take market share away from the competition. Through taste, texture, moisture and shelf life, customers are now getting more value out of the product than with competition at comparable prices.

Advertising and Promotion

The main source of information for gluten-intolerant population is word-of-mouth and online blogs. Six months before opening the BBC, the advisory board will bring the product to the attention of potential customers through word-of-mouth at farmers' markets, local gluten-intolerance group meetings, and gluten-free blogs. Farmers' markets are an essential first step to build brand recognition, establish contact with customers, and get additional feedback. Sales at farmers' markets will also provide the BBC advisory board with a proven record of sold products, and thus make it easier to get the product on the shelf of health food and grocery stores. For initial product and sales, the advisory board will bake in a gluten-free commercial kitchen in Tigard, which is Oregon Department of Agriculture (ODA) certified and will thus make the product eligible for sale at both Salem Saturday Market (SSM) and Portland Farmers Market (PFM). Although the application for the 2010 PFM vendors closed on January 29th, the BCC advisory board can still enter one of the less busy PFMs on Wednesday. Through the advisory board's networks, the group can contact PFM management and try to get an exception to enter the market in September 2010. There are no such restrictions for SSM, and the application must be filed in two weeks prior the first sale date. Based on interviews with *New Cascadia Bakery*, the advisory board plans to sell about 45 loaves per visit of either SSM or PFM. Including the free give-aways for GIGs, free samples at farmers markets, and other free-giveaways, the advisory board plans to break-even and make a small profit out of this initial marketing and sales

effort. This initial marketing effort will continue for four months – September through December of 2010.

The BBC advisory board has strong ties with the Salem chapter of GIG, who fervently supports the company concept. Through this advertising medium, the board will emphasize the taste, consistency, moisture, and shelf life of the product, and will offer free giveaways as a promotion to increase awareness. By marketing these groups, the board will gain the attention of the most active and influential members of the gluten-free community.

Additionally, the BBC advisory board will seek individuals keeping popular gluten-free blogs and present the company concept and product to them. Based on the very positive response received from blind taste tests, the board expects that targeted bloggers will respond positively to the product and thus provide positive publicity. During interviews with potential customers, three blog-sites were mentioned frequently and will be targeted for marketing: *Lisa's Gluten-Free Advice and Healthy Living* (Portland), *Gluten Free Portland Oregon* (Portland), and *Celiac by Marriage* (Salem). Kristen Finch, author of *Celiac by Marriage*, has already been approached and responded positively to the company concept and product.

Additional marketing efforts include setting up a Twitter and Facebook group to gain introduce the product, gain social media fans, and generate feedback. The advisory board will also utilize networks as an attempt to have the business concept written in the business section of Statesman Journal, Oregonian, or other local newspaper. By utilizing word-of-mouth based marketing, the advisory board will be able to set a low advertising and promotion budget.

Sales Tactics

The advisory board will be implementing two different sales tactics: (1) direct sales through retail storefront, where sales will be handled at the sales counter by an attending cashier,

and (2) sales through third party distributors. The company sales force will approach grocery stores to sell the product. Initially, the main salesman will be Jan Taborsky, the president and owner. Jan will actively pursue distribution by making calls to grocery stores to set up appointments to pitch the product. As the business grows, more sales people will be hired to expand the business to outlying Portland and Eugene markets. The bread will be sold to grocery stores for five dollars per loaf with the suggested retail price of seven dollars per loaf.

Service Policies

The service policy of the BBC is to treat all customers with respect and promptly process their orders. Cashiers are to wear uniforms at all times when working the register. Cashiers are encouraged to be friendly to repeat customers and to remember names. Customer complaints should be taken seriously and every effort should be taken to reach a resolution. Employees should maintain a professional demeanor by avoiding personal calls in front of customers⁴³.

Distribution

There will be two methods of distribution: (1) on-site retail bakery storefront, serving walk-in customers, and (2) third party grocery and health food stores, which shall be the main channel of distribution with a six to ten percent markup to compensate for shipping costs. Portland and Salem area stores will be supplied with new bread daily by van delivery, and capacity will be determined by the amount we can bake and carry in the van each day. This channel is dependent on forming relationships and selling the product to the third party grocers, and these relationships need to be formed before setting up the storefront. Whole Foods and New Seasons have already approached *New Cascadia Traditional*, and as of yet, have not been

⁴³ See *Appendix C for Service Policy Table*

supplied with gluten-free bread. There are currently five Whole Foods and ten New Seasons grocery stores located in the Salem/Portland area that can be contacted.

DESIGN AND DEVELOPMENT PLAN

Experience

The BBC utilizes the baking experience of John Gillham, a family member of Jan Taborsky, founder and owner of the BBC. John's hobby and passion is baking, especially baking bread, and he began working extensively on developing a superior gluten-free bread recipe when both of his daughters were diagnosed with gluten-intolerance three years ago. John has trained Jan and will volunteer for the initial implementation of the recipe as a head-baker with no compensation required.

Difficulties and Risks

Difficulties and risks include difficulty in creating good-tasting gluten-free products, consistency, and cost efficiency. The solution to the taste problem will be a willingness to experiment with different ingredients, seek outside help for solutions to taste problems, and willing to cancel production of a product that is going to bring down brand image. The solution to the difficulty in creating consistency is to use strict measurement requirements and minimize the number of bakers so as to reduce small differences in baking cycles. The solution to the cost efficiency of products is to develop products that use similar ingredients so the company can buy the ingredients in bulk and save on costs.

Costs

The advisory board will experiment with different recipes and taste-tests before the start of the business to decide what ingredients need to be stocked. There is an expected one-time cost between \$100 to \$1000, depending on the depth of the research conducted. Research and development will be fairly simplistic, and will simply involve experimenting with recipes during employee downtime. New recipes can also be collected through the company suggestion box. It is not likely that research and development will have a major impact on cash flows, with an estimated cost of roughly \$50 a month, which could simply be taken out of petty cash. If the R&D budget is underestimated, and costs are actually 10 or 30 percent higher, it will still have no significant effect on cash flows.

MANUFACTURING AND OPERATIONS PLAN

Operating Cycle

Manufacturing will be very similar to the process of baking regular wheat bread, with one difference being that gluten-free bread does not require kneading after rising.

There are four processes: (1) mixing, (2) rising, (3) baking, (4) packaging. All manufacturing will be done in-house by professionally trained bakers at the BBC's storefront in Salem. This manufacturing plan is necessary to prevent cross-contamination, protect the secret recipe, and reduces costs.

The BBC's main supplier of ingredients will be *Bob's Red Mill*, which is a completely gluten-free supplier that supplies numerous bakeries in the area. Other supplies include Mark Brosi for fresh honey and Costco for other baking materials in bulk.

The company's baking oven will have the interior dimensions of: 6'wide, 7'high, 8'long. With each loaf volume at 3" x 4" x 8", this translates to a max oven capacity of 588 loaves. The mixer will be able to handle 50 pounds of dough per batch⁴⁴. This translates to a per batch capacity of 25 loaves. The company recipe requires ten minutes of mixing, an hour of rising, and 40 minutes for baking. Combining these factors with the assumptions that there will be four hours of available bakery time, the maximum capacity of this setup will be 425 loaves of bread per day (See **Table 2.1**).

Table 2.1

Maximum Capacity Production Plan (17 Batches of 25 loaves)				
Time	Mixed	Risen	Baked	Packaged
0:00	Start			
0:10	1			
0:20	2			
0:30	3			
0:40	4			
0:50	5			
1:00	6			
1:10	7	1		
1:20	8	2		
1:30	9	3		
1:40	10	4		
1:50	11	5		
2:00	12	6		
2:10	13	7	1	
2:20	14	8	2	1
2:30	15	9	3	2
2:40	16	10	4	3
2:50	17	11	5	4
3:00		12	6	5
3:10		13	7	6
3:20		14	8	7
3:30		15	9	8
3:40		16	10	9
3:50		17	11	10
4:00			12	11
4:10			13	12
4:20			14	13
4:30			15	14
4:40			16	15
4:50			17	16
5:00				17
		25 loaves per mixing batch		
		6 max batches in oven		
		150 max loaves in oven		
Total Production:		425 loaves		

⁴⁴ http://www.pleasanthillgrain.com/thunderbird_mixer_commercial_stand_mixer.aspx

Geographic Location

The BBC's storefront will be located on Mission Street in Central Salem. This allows for easy access to I-5, which will reduce transportation costs.

Facilities and improvements

The BCC will need roughly two months for furnishing and restructuring of the building to meet the company's needs. Over the next three years, a large capital investment for equipment replacement is not expected, since most of the equipment in a bakery lasts about ten years with the care of specialized food process equipment repairmen.

For the remodeling required, it is estimated on a worst-case scenario that material costs of the project will be between \$10,000 and \$15,000⁴⁵. Labor Costs will be roughly \$7,500 (480 hrs worked at \$14 an hour). The overall budget of remodeling costs will be \$22,500. This budget includes the construction of a separating wall, custom-built display cases, and new ventilation for safety codes (not including cost of ventilation fan which would be under equipment costs and have to meet health code standards).

If, after three years, sales projections go beyond expectations and the company needs to consider expanding, the BBC advisory board would have to consider buying or leasing a new building in another area, possibly in the company's expanding Portland market. It is expected that a large majority of sales will be to other retailers and restaurants, mainly in the Portland area. Expanding the storefront to Portland would cut down on transportation costs and create a storefront opportunity for the Portland market. Since the BBC will already be utilizing all the current space of the Salem storefront, it would be ill advised to simply build a larger facility in

⁴⁵ *Estimates from Ritchie's Rentals General Contractor*

Salem. Moving locations in Salem to handle expansion would result in having to go through the entire remodeling process again and the probable cannibalization of sales.

Strategy & Improvements: Quality Control

Precise recipes that include measures of loaf weight will ensure that each loaf of bread is consistent in size. Also, pictures of various stages of the “ideal loaf” will be posted in the baking area to display the appearance of the loaf at various stages. Also included will be descriptions on how high the bread should rise before baking and the appearance of the finished product to help determine when the bread is finished baking to prevent over or under-cooking. The owner will also survey the bakery daily to make sure operations are running efficiently.

Regulatory and Legal Issues

Table 2.2

Legal Fees	
First Year Payment	
State of Oregon Business Registry Fees	
New Registration	50.00
Articles of Organization (LLC)	50.00
Application of Name Reservation	50.00
Application for registration of trade and service marks	50.00
Service of Process	20.00
Oregon Restaurant Association dues (per year)	245.00
Marion County Business Registry Fees	
Restaruant license (1-15 seats)	395.00
Food handler's permits (per employee)	40.00
Water testing	200.00
Oregon Food Safety Division Licensing	
Bakery License (based on annual gross sales)	245.00
Total	1,345.00
<hr/>	
Following Years	
Plan Review	474.00
Oregon Restaurant Association dues (per year)	245.00
Registry Renewal Fee (Following Years)	50.00
Total	769.00

Oregon Revised Statutes (ORS)

625.020 License required to operate bakery; exceptions.

(1) Except as provided in subsection (2) of this section, no person shall operate or participate in the operation of any bakery within this state without a bakery license for that bakery, issued and in effect under ORS 625.010 to 625.270.

(2) A license is not required for a domestic kitchen type bakery that is operated in behalf of a nonprofit institution or is otherwise not operated for profit⁴⁶.

625.030 Application for bakery license; inspection of premises and equipment; issuance of certificate.

Application for a bakery license shall be made in writing to the State Department of Agriculture on forms supplied by the department. After receipt of the application and the fees required by ORS 625.180, the department shall cause to be made a proper detailed inspection of the premises and equipment or of the plans and specifications of the bakery involved. If the department finds that the premises and equipment are or will be of a sanitary construction, design or condition and that the applicant has complied with and will be able to comply with ORS 625.010 to 625.270, the application shall be approved and the department shall issue to the applicant a numbered license certificate bearing the name and address of the licensee and of the premises licensed.

625.050 Renewal of bakery license; transfer of license.

Each bakery license may be renewed annually by paying to the State Department of Agriculture the required annual license fee. The license is not transferable to any person or applicable to any location other than that for which originally issued⁴⁷.

625.055 Additional users of bakery; fees; rules.

(1) The State Department of Agriculture may issue licenses under ORS 625.030 to one or more additional users of a bakery that is licensed primarily for operation by another person. A license issued to an additional user of the bakery shall cover all operations at that bakery by the person licensed. Regardless of the number of persons licensed to use a bakery, the department may not recognize more than one person as the primary operator of the bakery.

(2) The department may assess a license fee to an additional user of a bakery, calculated as provided in ORS 625.180. In calculating license fees under ORS 625.180, the gross sales by an additional user of a bakery are independent of the gross sales by any other user or the primary operator of the bakery.

(3) Notwithstanding ORS 625.050, the department may adopt rules to establish the license expiration, renewal and application dates for additional users of a bakery.

(4) The department may adopt rules to determine the responsibilities of a bakery's primary operator and additional users of the bakery under requirements prescribed by the department as provided under ORS 625.150.

(5) A recognized primary operator of a bakery shall notify the department upon the expiration or termination of the rental or lease of the bakery by an additional user of the bakery.

⁴⁶ Amended by 1975 c.312 §1

⁴⁷ Amended by 1989 c.253 §1

(6) Subsections (1) to (5) of this section do not apply to a bakery located in an area that is part of a domestic kitchen⁴⁸.

625.060 Cancellation and suspension. The State Department of Agriculture may cancel or suspend any bakery license if it finds after proper investigation that:

(1) The licensee has violated any provision of ORS 625.010 to 625.270 or of any other law of this state relating to the operation of bakeries or the manufacture or handling of any bakery product, or any regulation effective thereunder; or

(2) The licensed bakery premises or any equipment used therein or in connection therewith is in an insanitary condition and the licensee has failed or refused to remedy the condition within 10 days after receipt from the department of written notice so to do.

625.070 Posting and surrender of certificate. The operator of the licensed bakery shall keep the numbered license certificate posted conspicuously on the licensed premises. In the event of revocation or suspension of the license, the certificate shall be surrendered by the licensee to the State Department of Agriculture promptly upon demand.

625.080 Distributor's license required. No person shall engage within this state in the sale or distribution of any bakery product, other than exclusively as a retail food store or otherwise at retail at a fixed place or places of business, without holding a license so to do issued to that person by the State Department of Agriculture; but this does not affect the delivery of bakery products sold in a retail food store. A distributor's license is not required of any person distributing solely bakery products manufactured by the person in a bakery licensed under ORS 625.010 to 625.270.

625.090 Application for distributor's license; inspection of premises and equipment; issuance of certificate. Application for a distributor's license shall be filed in writing with the State Department of Agriculture on the form prescribed and supplied by the department. After receipt of the application and the fees required by ORS 625.180, the department shall cause to be made a proper detailed inspection of the premises and equipment to be used by the applicant in distribution within this state of bakery products. If the department finds that the premises and equipment are or will be of a sanitary construction, design or condition and that the applicant has complied with and will be able to comply with ORS 625.010 to 625.270, the application shall be approved and there shall be issued to the applicant a numbered license certificate bearing the name and address of the licensee.

625.100 Grounds for refusing to issue or for revoking or suspending distributor's license. The State Department of Agriculture may refuse to issue or may revoke or suspend any distributor's license by reason of the violation or participation of the distributor in a violation of ORS 625.010 to 625.270 or of any other law of this state relating or applicable to the sanitary handling, storage, packaging, sale, transportation or distribution of bakery products, or of any regulation effective thereunder.

625.110 Renewal of distributor's license; transfer of license. Each distributor's license may be renewed annually upon written application to the State Department of Agriculture and payment

⁴⁸ 2007 c.645 §10

of the required annual license fee for the following year. A distributor's license is not transferable and is strictly personal to the person to whom issued⁴⁹.

625.120 Display and surrender of certificate. The distributor's numbered license certificate shall be kept posted conspicuously at the licensee's principal public place of business within this state. The licensee shall also cause to be displayed conspicuously on the outside of each vehicle used by the licensee in distribution of bakery products the statement "State Bakery Distributor's License No.____," including the proper license number. In event of revocation or suspension of the license, the certificate shall be surrendered by the licensee to the State Department of Agriculture promptly upon demand.

625.140 Inspection of bakeries and vehicles. The State Department of Agriculture shall cause to be made periodically a thorough inspection of each licensed bakery to determine whether or not the premises are constructed, equipped and operated in accordance with the requirements of ORS 625.010 to 625.270 and of all other laws of this state relating to bakeries or bakery products and all regulations effective thereunder. Such inspection shall also be made of each vehicle used by a bakery or distributor licensed under ORS 625.010 to 625.270 in transporting or distributing any bakery product within this state.

625.150 Sanitary regulations. The State Department of Agriculture shall prescribe reasonable sanitation requirements, not inconsistent with existing laws or regulations issued thereunder, governing the storing, handling, mixing, preparation, processing, manufacture, transportation and distribution of bakery products, and the design, construction, installation, maintenance, use, care and cleaning of utensils and equipment used therein or in connection therewith. Upon promulgation of any such regulation, any violation thereof is punishable as provided in ORS 625.990 and 625.995. Any such regulation may be amended, altered or repealed by the department⁵⁰.

625.180 License fees.

- (1) Every bakery or bakery distributor doing business in this state shall pay a license fee.
- (2) The license fees for a distributor may not be less than \$25 and may not exceed \$108. The fees for a bakery, other than a domestic kitchen bakery, are:
 - (a) \$244 if the bakery's annual gross sales are not more than \$50,000;
 - (b) \$379 if the bakery's annual gross sales are more than \$50,000 and not more than \$500,000;
 - (c) \$487 if the bakery's annual gross sales are more than \$500,000 and not more than \$1 million;
 - (d) \$812 if the bakery's annual gross sales are more than \$1 million and not more than \$5 million;
 - (e) \$1,082 if the bakery's annual gross sales are more than \$5 million and not more than \$10 million; or

⁴⁹ Amended by 1989 c.253 §2

⁵⁰ Amended by 1987 c.472 §8; 2009 c.175 §19

(f) \$1,624 if the bakery's annual gross sales are more than \$10 million.

(3) The license fees for a domestic kitchen bakery are:

- (a) \$152 if the bakery's annual gross sales are not more than \$50,000;
- (b) \$216 if the bakery's annual gross sales are more than \$50,000 and not more than \$500,000;
- (c) \$325 if the bakery's annual gross sales are more than \$500,000 and not more than \$1 million;
- (d) \$487 if the bakery's annual gross sales are more than \$1 million and not more than \$5 million;
- (e) \$649 if the bakery's annual gross sales are more than \$5 million and not more than \$10 million; or
- (f) \$812 if the bakery's annual gross sales are more than \$10 million.

(4) In establishing the amount of the license fee for a bakery or bakery distributor, the department shall use the annual gross sales by that bakery or distributor within Oregon during the prior calendar year or, if the bakery or distributor maintains sales records on a fiscal basis, the prior fiscal year. If the bakery or distributor applying for an original license or for a renewal license cannot provide the annual gross sales for a full calendar year, the department shall base the fee on estimated annual gross sales by the bakery or distributor. If a bakery or distributor whose previous year's fee was determined using an estimated gross sales figure applies for renewal of that license, the fee for the previous license year shall be adjusted to reflect the actual gross sales by the bakery or distributor⁵¹.

625.200 Standard of weight for bread; sale of loaves of unauthorized weight prohibited; other products.

- (1) Bread, manufactured, made or kept for the purpose of sale, offered or exposed for sale, or sold in the form of loaves, shall be of such a standard of weight as the State Department of Agriculture by rule may prescribe.
- (2) For the purpose of this section bread shall be deemed to be in the form of loaves, whether or not the loaf is wrapped, or whether transparent or other wrapping is used, or whether or not the loaf is sliced, and shall be deemed to be in package form when wrapped, and shall be labeled with the net weight and such other labeling as may be required by rules promulgated by the department under the authority granted in ORS 625.160.
- (3) No person shall manufacture, make, procure or keep for the purpose of sale, offer or expose for sale, or sell bread in the form of loaves which does not conform to the weights specified by rule.
- (4) This section does not apply to biscuits, buns, crackers, rolls, cakes or cookies, which, when sold or offered for sale, shall be sold either by net weight or numerical count, and when in package form shall be marked plainly as to the net weight or numerical count, except that packages containing more than 12 shall be labeled with the net weight⁵².

⁵¹ Amended by 1967 c.244 §1; 1973 c.243 §2; 1975 c.312 §2; 1982 s.s.1 c.4 §11; 1983 c.503 §1; 1989 c.253 §3; 1991 c.632§6; 2005 c.22 §442; 2005 c.735 §§13,14

⁵² Amended by 1953 c.657 §2; 1959 c.370 §2; 1969 c.192 §3; 1987 c.472 §3

625.215 Sale of Unenriched breads prohibited.

It shall be unlawful for any person to manufacture, bake, sell or offer for sale for human consumption any of the breads, rolls or buns specified in ORS 625.212 (1) and (2) unless they are enriched⁵³.

625.220 Labeling of bread loaves; exceptions.

Bread sold or offered for sale in the form of loaves shall be conspicuously labeled as required by the rules promulgated by the State Department of Agriculture under the authority of ORS 625.160. The provisions of this section do not apply to:

- (1) A bakery where unwrapped bread is displayed and can be inspected by prospective purchasers and where, after purchase, the loaf of bread is immediately placed in a bag by the bakery personnel.
- (2) A bakery that is a wholesale establishment that sells bread to a restaurant in which the bread is consumed on the premises.
- (3) Bread sold at an occasional temporary bake sale held by a fraternal, religious, social or service organization⁵⁴.

625.270 Unlawful sale prohibited. A person may not sell, offer for sale, hold for sale or bake a loaf of bread in violation of the provisions of ORS 625.010 to 625.270 or orders there-under⁵⁵.

MANAGEMENT TEAM

Organization

The BBC will be owned and operated by Jan Taborsky, with Bryce Hanson as an equity holder. Jan will act as the stand alone, key executive and will make all of the day-to-day management decisions.

Key Management Personnel

The BBC will hire a total of six employees. Specifically, the bakery will need three part-time employees to run the cash register, assist customers, and perform cleanup and maintenance. The part-time crew will receive lower wages for their time, but are still valued, integral parts of

⁵³ 1971 c.176 §3

⁵⁴ 1963 c.594 §3; 1965 c.142 §1; 1969 c.192 §4; 1987 c.472 §4; 2009 c.11 §80

⁵⁵ 1963 c.594 §8; 1987 c.472 §6; 2009 c.11 §81

the business. The BBC depends on the reliability and consistent hard work from each employee. The company needs to hire employees with some training and experience with customer-service and running a cash register. In addition, the bakery will require two full-time bakers and a driver to deliver orders to designated locations. While the part-time employees will receive minimum wage, the full-time bakers and driver will be compensated at \$11 an hour. It is expected that the bakers will be skilled and have background and expertise in baking. The driver must be a “people person” and be able to interact well when making deliveries.

Especially in the company’s infancy, the owners will not receive much of a salary, as the majority of the company’s revenue will cover operating costs. The BBC advisory board made conservative estimates about the owner’s compensation after allowing for various business expenses.

Management Compensation and Ownership

Jan is expected to achieve a \$15,000 annual salary. His partner, Bryce, will be more hands-off and shadow the bakery, but hopes to receive a 20% of the net income since the end of second year.

Other Investors

There will be two additional angel investors: Colin Sebastian and Chris Morscheck, who will provide funds but have no executive or decision-making roles. Colin will act as a marketing advisor. Jan plans to buy-out both investors by the end of year five. One will need to invest \$20,000, while the other must inject \$30,000 into the business. Jan will offer the angel investors annual dividends for up to three years after reaching the break-even point. In order to pay the start-up costs, the bakery must also acquire a \$50,000 small business administration loan. The

BBC advisory board estimated an additional 12 percent annual interest rate, paid monthly on top of the loan itself.

Stock Options

Upon entry, the BBC will not offer stock options to owners or angel investors.

Board of Directors

As a start-up, the bakery will be small and individually controlled by the two owners. In the introduction stage, the bakery will be operating on the bare minimum and therefore will not need an executive board to oversee operations. Depending on company success, Jan may decide in the future to form a board of directors to make decisions about the future of the company. However, it is not advantageous or necessary to elect anyone to oversee the business except on a volunteer basis.

SUSTAINABILITY AND IMPACT

Impact on the Community

The BBC is started with the community in mind, with the mission to provide fellow neighbors in the local community a healthy bread alternative. This will have a major impact on the local celiac community. In that same spirit, The BBC will provide jobs and plans to support local healthy youth activities by sponsoring sports teams.

Table 2.3

Packaging	The company takes advantage of new packaging concepts made from renewable materials that also are recyclable and biodegradable.
Building	LEED (Leadership in Energy and Environmental Design) certification by the U.S. Green Building Council.
Neighborhood	Building on a previously developed site allows undeveloped land to stay that way. Land-use practices that take advantage of existing infrastructure are more efficient and preserve natural ecosystems within the region.
Green Roof	Vegetated roofs have minimal irrigation needs. During storms they absorb rain, reducing the amount of storm-water running off the site.
Pervious Concrete	The concrete that paves the company parking lot allows water to pass through it rather than running off the site.
Parking	Parking is kept to the minimum level allowed by local zoning. Priority spots are given to carpoolers and eco-friendly automobiles.
Appliances	The BBC will select energy efficient appliances throughout the bakery using Energy Star qualified units when possible.
Green Power	BlueSky Renewable Energy from Pacific Power
Ingredients	Locally purchased organic produce will reduce carbon inputs as well as support local farms.
Operations	Recycling and composting will keep as much waste out of landfills as possible.
Bikes	Working up an appetite on the way to pick up some healthy bread is a great way to stay healthy and reduce negative impact on the environment. All employees on site have access to a shower and changing room in order to make commuting by bike easier.
Green cleaning	A comprehensive green cleaning program will reduce exposure of building occupants and maintenance personnel to potentially hazardous chemical contaminants that adversely impact air quality, occupant well-being, and the environment.

OVERALL SCHEDULE

This is a cash business; therefore, there is no A/R or A/P. No cash conversion cycle needed.

Ramp-Up Schedule

Month 1

Begin attending Salem Farmers Market every Wednesday and Portland on Saturday. Seek feedback from Farmers market customers. Obtain contact information. Attend Gluten-free/vegan/healthy food/natural path functions and offer free samples of bread (take down contacts). Attend business networking events to gather contacts.

Month 2

Continue networking. Begin approaching grocery stores with information about product and customer testimonials.

Month 3

Continue networking and approaching grocery stores.

Month 4

Continue networking and approaching grocery stores. Locate a building and start lease negotiations. Acquire equipment. Begin getting bids for construction and signage.

Month 5

Continue networking and approaching grocery stores. Sign lease on building and start construction. Set up storefront and bakery area. Buy delivery truck. Order the materials in production quantities.

Month 6

Continue networking and approaching grocery stores. Obtain initial capital from investors and incorporate the business. Hire employees and begin training. Test equipment. Open the retail storefront during second week or sooner. Start making deliveries to any grocery stores signed on. Send out email to all contacts about grand opening. Hold official grand opening on third week of the month.

** Note: the most likely bottleneck for this schedule will be the delays in receiving Capital or delays in construction. Also hiring of the bakers could take more time than planned.*

CRITICAL RISKS, PROBLEMS & ASSUMPTIONS

Table 2.4

SWOT ANALYSIS

Strengths	Weaknesses
Health Conscious and Gluten-free Network Secret Recipe Personal Gluten-free Experience Energetic Founder (Passion) Business Education Entrepreneurial Network	No Wholesale Baking Experience Limited Entrepreneurial Experience Limited Personal Capital
Opportunities	Threats
Large Market Potential Customer Attitude (Frustrated with Current Products, Eager to Try New Products) Grocery Stores Expanding Gluten-free Gluten-free Industry Growing Gluten-free Awareness Increasing Slow Competition Investment Contacts	Competition Controlling Distribution Channels Industry Price War Price of Ingredients Increasing (One Major Supplier for BBC's Ingredients)

Table 2.5

ASSUMPTIONS	RISKS	PROBLEMS	SOLUTIONS
This is a growing industry that will continue to grow.	More competitors will enter the market.	Competition will increase.	Market the product and lifestyle to the consumer in search of a healthier lifestyle Focus on capturing a growing market, not trying to steal customers from the competitors
The BBC can meet the growth needed to cover costs and breakeven within the proposed	Despite all research, it is possible that there are hidden costs the BBC Advisory Board has	If the BBC does not grow in market share quickly enough, Jan will run out of money,	The BBC needs to be well prepared and be able to insure investors that they

<p>amount of time.</p>	<p>overlooked due to lack of experience in the industry. This could cause the BBC to go over budget on initial start up costs.</p> <p>If we can't get a line of credit or find the necessary funding, this simply won't happen!</p> <p>If costs turn out to be higher than expected, and even running with a high capacity we are still hemorrhaging money, we will quickly flounder. BBC can't be off on its costs or revenues because we're dealing with a fairly low margin product.</p>	<p>making it less likely for him to find investors.</p>	<p>will see a significant return on their money. The company also needs to have a strong viable business plan that is well thought out so the bank is more willing to lend money.</p>
<p>Grocery stores and restaurants are willing and able to stock the product at this time.</p>	<p>National grocery stores may have contracts with competitors, and be unwilling to switch.</p> <p>If the BBC is unable to enter either the grocery store or restaurant market with its goods, it could seriously fall short of original sales projections.</p>	<p>As national grocery stores become more and more prevalent in the market, it may be difficult to approach these stores with a local health good. They may want it on a national level or not at all, and at the current structure, the BBC would not be able to meet that demand.</p>	<p>The advisory board must utilize its networks to establish relationships with third party distributors.</p>

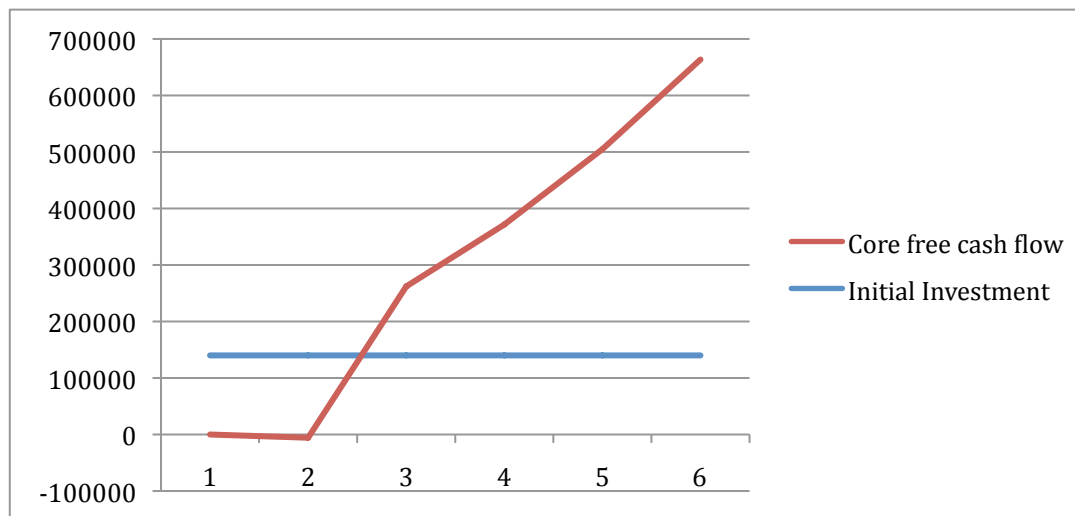
<p>The BBC is assuming that people will be willing to pay more for its bread because of a perceived higher quality,</p>	<p>If the economy continues in a downward trend, health conscious budgets may be cut.</p>		
<p>The BBC will have a reliable supplier so that it can meet its sales demands on time.</p>		<p>If the company has issues with suppliers and falls short of manufacturing capacity, it may not be able to deliver the promised goods to the customer, grocery stores, and restaurants, which will lead to quick losses in clientele.</p>	<p>The company will need to have a strong bond with a reliable supplier that has a history of good business, after this is done; we need to hold that supplier to his promise of delivery. May need to work out a “failure” clause if we can manage it were they would discount us if delivery is not made on time. If there mistake costs us money, they should reimburse us.</p>

THE FINANCIAL PLAN⁵⁶

Based on projection for next 5 years and using the discounted cash flow techniques, the advisory board determined the indicated market value of the enterprise (better baking company) is \$221,341 with internal rate of return being 55%.

⁵⁶ Refer to Appendix B & Appendix G for financial analysis and spreadsheet

Chart 1.3 Payback Period Based on Free Cash Flows



Below are the assumptions made for the business valuation:

- Operating cash is 7% of revenue because we just operate in small storefront, most revenue comes from distribution channel
- Company specific risk premium is 3% due to the fact that owners do not much experience in managing a storefront
- All transactions are cash-basis in all 5 years
- Industry premium = -3% reflecting the potential growth and stability of food industry, especially niche market: gluten free product
- No pension benefit obligation incurred in 5 years
- No tax expense because the company is operating as LLC
- Estimation is based on forecast data for next 5 years. After 5 years, the advisory board will re-evaluate market, competition, the industry, customers' demand and operating results to do the forecast for next periods.

PROPOSED COMPANY OFFERING

Desired Financing

The BBC will require initial investment of \$200,000 in total.

Table 2.6

Internal Capital Contribution	
Jan Taborsky	15,000.00
Bryce Hanson	25,000.00
<u>Total</u>	<u>40,000.00</u>
Angel Investors	
Colin Sabastian	20,000.00
Chris Morscheck	30,000.00
<u>Total</u>	<u>50,000.00</u>
Liabilities	
Small Business Administration Loan	50,000.00

IRR = 55%

APPENDIX

Appendix A: Advisory Board Members

Jan Taborsky

Fluent in 5 languages. General Management, Entrepreneurship and Marketing Business Focus. Excellent Communication and Presentation Skills.

EDUCATION

Master of Business Administration. Entrepreneurship & Marketing. **Atkinson Graduate School of Management.**
Willamette University, Salem, OR **May 2011**

Bachelor of Arts. Major: **Economics.** Willamette University, Salem, OR May 2010, G.P.A.: **3.76**

Diploma - Cum Laude. Masaryk College Preparatory School, Vsetin, **Czech Republic** June 2006

Study Abroad: Universite Jean Monnet, Saint-Etienne, **France** Semester Fall 2008

Language Skills: Fluent English, French and Polish; Native Czech and Slovak; Elementary Spanish

HONORS/AWARDS

James S. Kemper Scholarship - national business leadership program; 19 students selected annually, nation-wide

Risk Management Association Scholarship - 2 students from OR and WA selected annually

Annette Kade Scholarship - International Study Exchange Program national study abroad scholarship

Collins Scholarship - merit based Willamette Univ. scholarship, 1 male and 1 female selected annually

Alpha Lambda Delta Honor Society - national honor society

Rotary International High School Exchange Scholarship

EXPERIENCE

Marketing & Sales, PR and Product Mngmnt Intern. Scott USA - Cycling Division, Sun Valley, ID Summer 2009

- “Best Intern in the Division’s Five Year History” Award
- Conducted price-comparison research resulting in new pricing structure and 10% increase in season pre-orders
- Organized New Product Press Launch 3-day event for 20 major US and UK Cycling Magazines

Marketing Research Intern. The Field Museum. Chicago, IL Summer 2008

- Developed marketing strategy that increased visitors during the summer by 50,000 people
- Created and presented 5 marketing analysis reports for the Museum’s Marketing Committee

Online Magazine Manager. Willamette World News. Salem, OR Aug 2007 – present

- Increased the number of contributors by 40% and number of readers from 500 to 2000 per bi-weekly issue

PACE Team Project. Atkinson Graduate School of Management. Salem, OR Aug 2009 – present

- Non-profit Consulting Team of 10, Nominated as Team Presenter and Project Manager

Bicycle, Ski and Snowboard Assistant. Sport House and Niki Sport Store, Vsetin, CZ 2002-04

- Advanced from a general Salesman to the Floor Sales Manager in 1 year

ACTIVITIES

- **Willamette U. Cycling Team** founder and Sponsorship Manager – **Club growth 100% per year for 3 years**
- **Collegiate Bicycle Racing** – placed 1st - 4th in 5 collegiate races (2008), highest national collegiate category (2009)
- **Language in Motion** – Presentations to Salem middle and high schools about European culture

Scott C. Bugni
sbugni@willamette.edu

CAREER PROFILE

MBA candidate with passion for marketing. Experience building and maintaining brand, gathering and analyzing industry data, developing and implementing recommendations, executing and testing advertising campaigns.

EDUCATION

MBA CANDIDATE, 2011 - ATKINSON GRADUATE SCHOOL OF MANAGEMENT - WILLAMETTE UNIVERSITY - SALEM, OR

BACHELORS OF SCIENCE IN BUSINESS ADMINISTRATION, 2008 - OREGON STATE UNIVERSITY - CORVALLIS, OR

EXPERIENCE

Pacific Marketing LLC - 503-362-4020

Marketing Assistant

December 2008 – February 2009

- Redesigned company website to be more functional and user friendly
- Built non-existent traffic to over 100 unique visitors per day
- Completed logo editing and promotional material development for P.M. and clients

Air BP / EPIC Aviation - 800-752-9220

Marketing Intern

August 2008 – December 2008

- Organized 10,000 sq/ft booth at largest industry trade show for Business Aviation (NBAA) to promote Air BP
- Developed a competitor database from market research
- Executed print advertising campaign following branding standards
- Implemented a customer satisfaction survey and database information update

Business Enterprise Center - 541-758-4009

Business Intern

Winter 2007 – Summer 2008

- Conducted market research and product analysis for clients
- Updated and developed the BEC's business plan and wrote grant applications

City of Corvallis: Osborn Aquatic Center - 541-766-7946

Front Desk Receptionist

Summer 2007 – Summer 2008

- Provided customer service, recruitment, scheduling, and billing for pool activities
- Received "Most Valuable Customer Service Representative of the Year" award

Mark Luna Construction - 541-990-3682

Business Assistant

Spring 2004 – Winter 2006

- Assisted in the operation of three entrepreneurial business ventures

KNOWLEDGE & SKILLS

Technology: Computer hardware and operating systems (build computers from scratch)

Software: Microsoft Office Professional Suite, Adobe Photoshop, Illustrator, Dreamweaver

Volunteer Work: SafeHaven Humane Society, Boys & Girls Club of Corvallis, Kids For Conservation

AMY L. JACKSON

1220 SW 66th Ave #2312 • Portland, OR 97225 • (425) 241-2517 • aljackso@willamette.edu

EDUCATION

- Willamette University College of Law** Salem, OR
Doctor of Jurisprudence Expected 2012
- President, Women’s Law Caucus
- Atkinson Graduate School of Management** Salem, OR
Masters in Business Administration Expected 2012
- Dean’s Scholarship
- Seattle University** Seattle, WA
Bachelor of Arts in Political Science; Legal Studies emphasis 2007
- President’s Grant & Scholarship
 - Captain, Seattle University Cheerleading
 - Studied abroad in Italy & Germany, Winter 2005

EXPERIENCE

- Garrett, Hemann & Robertson** Salem, OR
Law Clerk Current
- Research assistant in the areas of education, insurance, business, and real estate law
- Brindle, McCaslin & Lee PC** Portland, OR
Law Clerk Summer 2009
- Researched and drafted trial briefs on issues in family, criminal, and probate law
 - Drafted pleadings, motions, deposition questions, and requests for affirmations
 - Consulted with clients in preparation for trial and deposition
 - Organized extensive divorce and spousal support discovery into concise financial reports
 - Served as a trial assistant and helped draft oral arguments and witness questions
- Stephen Hayne Law Firm** Bellevue, WA
Legal Assistant 2005-2008
- Drafted motions, discovery responses, client advice letters, and memoranda
 - Proofread attorney briefs, motions, and letters
 - Assisted in trial and administrative hearing preparation
- Law Firm of Robert Cossey** Spokane, WA
Legal Assistant 2004-2005
- Edited jury instructions and trial briefs
 - Translated extensive child custody interviews into logical and linear affidavits
 - Observed trial and consulted with incarcerated clients
- Whitworth College Writing Center** Spokane, WA
Writing Consultant 2004-2005
- Extensively trained in essay structure, grammar, and editing techniques
 - Consulted with skill levels ranging from 100-level to graduate-level dissertation papers
 - Gained insight into English language and teaching methods through ESL student tutoring

COMMUNITY INVOLVEMENT, HONORS AND AWARDS

- “Miss Congeniality” Award, *Miss Oregon International Pageant*, 2010
Clerkship Stipend Award, *Oregon State Bar*, 2009
Leadership Award, *Seattle University Cheerleading*, 2007, 2008
- National Champion, *JAMZ/WSF National Cheerleading Championships*, 2006, 2007
- Shelter Support Volunteer, *Seattle Downtown Emergency Service Center*, 2005-2007
- “Miss Community Service” Scholarship, *Seattle Junior Chambers*, 2006
- “Top Eight” Finalist Scholarship, *Miss Seafair Scholarship Pageant*, 2006

Erin Doehring
Phone: 206-883-6745
Email: edoehrin@willamette.edu

Great interpersonal skills, highly organized, extremely articulate and a good communicator
Over five plus years of higher education and government work experience

EDUCATION

Willamette University Atkinson School of Management, **Master of Business Administration**, 2011

Willamette University College of Liberal Arts, English, **Bachelor of Arts**, 2010

EXPERIENCE

- | | |
|--|----------------------|
| Cascade Employers Association, Compensation Intern | 2009-Present |
| Organic Fresh Foods, Inc. Marketing Intern | 2009- Present |
| <ul style="list-style-type: none">• Successfully heightened visibility and boosted sales by constantly promoting the companies product and mission• Produced a professional script for pre-qualifying prospects for sales | |
| School of Education, Administrative Assistant | 2008- 2009 |
| <ul style="list-style-type: none">• Co-led in the student admittance process and processing of their bills and registrations | |
| Willamette Academy, Academic Mentor | 2008- 2009 |
| <ul style="list-style-type: none">• Coached high school students while simultaneously preparing them for college | |
| State of Oregon, ODOT: Department of Transportation Intern | 2008- 2009 |
| <ul style="list-style-type: none">• Assisted with the Quality Assurance Program and worked directly with bridge engineers and other constituents• Oversaw quality control of projects across Oregon and ensured proper protocol and high safety standards were upheld | |
| State of Oregon, Office of the Governor: Revenue & Policy Intern | 2008 |
| <ul style="list-style-type: none">• Researched current issues in education, military, and immigration, attended policy meetings, and prepared reports on each topic for Governor Kulongoski.• Attended receptions including ex President of Mexico, Vincenti Fox, and meetings with representatives from United Farm Workers• Attended legislative special sessions and drew up reports on committee decisions | |
| State of Oregon, ODE: Department of Education HR Intern | 2007- 2008 |
| <ul style="list-style-type: none">• Partner in reaching the long sought Common Core State Standards Initiative to standardize expectations for all students across the 50 states and territories | |
| Willamette University, Alumni Relations: Lead Caller, Manager | 2007- 2008 |
| <ul style="list-style-type: none">• Persuaded Alumni for contributions to benefit WU | |
| University of Washington: Research Assistant | 2006-2007 |
| <ul style="list-style-type: none">• Conducted research for post stocks, scientists, and professors in the Biochemistry department | |

LEADERSHIP

- | | |
|--|---------------------|
| Professional Mentorship Program | 2009- 2010 |
| <ul style="list-style-type: none">• Attend conferences and gain real work experience shadowing professionals | |
| Atkinson Consulting Association (ACA): Secretary | 2010-Present |
| Atkinson Project Management Association (PMA): Secretary | 2010-Present |
| Mock Trial: President | 2007- 2009 |
| <ul style="list-style-type: none">• Started Willamette Chapter in Spring 2007 | |
| National Society of Collegiate Scholars (NSCS): President | 2007-2009 |
| Bush Elementary Tutor, Salem Oregon Public School District: Director | 2007-Present |
| <ul style="list-style-type: none">• Elementary students in a program called Tiger Club dedicated to the motto, “connect with, mentor, and educate” | |
| Practical Application for Career and Enterprises- The PACE Program | |
| <ul style="list-style-type: none">• Consulting and project management for Friends of the Children | |

EXTRACURRICULAR

- | | |
|--|--|
| Member of the Willamette University Girl’s Golf team | |
| <ul style="list-style-type: none">• Competed in regional competitions | |
| Pi Beta Phi Sorority- Highly dedicated to philanthropy and devoted to academic excellence | |

SIWEI (JOY) Zhang

Strong positive attitude and well-rounded character built upon diverse background. Outstanding team player with interpersonal and listening skills. Proven critical thinking, multi-tasking, problem solving, and conflict resolution skills. Proficiency in Microsoft Office.

EDUCATION

WILLAMETTE UNIVERSITY, Atkinson Graduate School of Management

Salem, OR

Master of Business Administration Candidate

May 2011

- Concentration on Accounting
- Recipient of Willamette MBA Scholarship
- Launched Atkinson Consulting Association & Assisted in Atkinson Accounting Association Board

THE UNIVERSITY OF HONG KONG, Faculty of Business and Economics

HKSAR, China

Bachelor of Business Administration, Accounting & Finance

June 2009

- Second Honor (First Division): A- average for all core courses
- 2005 - 2006 Academic Year exchange at the Peking University for advanced preparation study

EXPERIENCE

Ernst & Young - EY (China) Advisory Limited

Beijing, China

Business Risk Services Department Intern

July 2008 – August 2008

Enrolled in Financial Process Improvement and SOX 404 Compliance Projects

- Gained a better understanding of client's existing financial process, identified weaknesses, deficiencies and potential improvements, and provided recommendations for process remediation
- Well-versed in requirements of SOX 404- risk-based internal control
- Assisted in SOX 404 compliance project
- Attended seminars to train in EY Business Risk Service methodologies

Andes Petroleum Ecuador Ltd.

Quito, Ecuador

Finance Department Intern

June 2007 – August 2007, July 2009 - August 2009

- Training in tax & finance advice and guidance of management matters
- Assisted in implementation of tax & finance planning optimization strategies and minimization of contingencies (i.e., corporate structuring, implementation of new regulations and risk identification)
- Participated in reviews and analysis of tax liabilities and development of internal tax due diligence
- Rotated within Financial reporting team to assist team members to calculate and analyze the quarterly Financial Reports and Monthly Management Reports

LEADERSHIP

Atkinson Consulting Association

Founder Member and Treasurer

- Founded the association with other members, launched series of promotion activities, and organized the Kick-Off Event by holding Consulting panel

Knowledge and Hope Program

Student Leader

- Promoted and conducted the series of Experience Sharing Interview for the program: designed workflow, developed questionnaires, communicated with donors, collected opinions, answered doubts and provided updated information, and edited monthly news-letters based on the interviews
- Organized practice activities for donors, edited monthly/quarterly/annual report for the program, raised funds for projects and communicated with relevant education committees in mainland China

Association of Volunteers of the Peking University

Vice President

- Communicated with other universities for the coordination of joint activities
- Organized internal activities to promote relationship among association members

INTERNATIONAL EXPERIENCE

Travel: Mainland China, Hong Kong, Ecuador, Columbia, Canada, Holland and United States

Languages: Fluent in English and Mandarin, Intermediate level in Cantonese, Elementary level in

MINH NGO

Phone # (503) 560 9862 E-mail mngo@willamette.edu Address: 360 14th St NE OR 97301

Skilled in SAP, Financial reporting, Business Modeling & Statistic, Excel Determined. Diligent. Energetic. Quantitative-oriented. Self-Motivated.

EDUCATION

MBA Candidate '11/ Willamette University (Atkinson School of Management) *Atkinson School Merit-based Scholarship Net Impact Graduate student scholarship membership Teaching Assistant- Fixed income, Credit Risk and Derivatives.*

Management board- Atkinson Finance Association Management board- Atkinson Accounting Association
BA, International Economics '07/ University of Foreign Trade (International Economics) – Distinction

WORKING EXPERIENCE

Account Receivable & Customer Fulfillment Specialist

Oct 2008- July 2009

IBM VIET NAM

- Prepared monthly reports and ensure accuracy for CFO call. Coordinate with other teams to create most accurate AR forecast for quarter
- Reduced average working time from 10 hours to 8 hours /day by increasing productivity and reorganizing flow of works
- Increased amount of account receivable collection (from approximate \$500,000 to 900,000 per month).
 - Reconciled A/R reports in ledger with A/R in system to minimize errors and discrepancies.
 - Managed various types of contract preparation and contract acceptance and improve responsive time from 8 hours to 3 hours per contract.

Personal Financial Consultant

March 2008-July 2008

STANDARD CHARTERED BANK VIETNAM

- Established and maintained relationship with VIP customers, Achieved 40% growth in customers base and sales target \$800,000 in half a year, resulting in Champion cup for Best salesman. • Resolved customers' complaints through coordinating with other departments and manage customers' account
- Supervised front -line officers to ensure consistent services provided to customers. • Consulted clients with up to date financial information to help manage their wealth.

Payment officer

Sept. 2007-March 2008

STANDARD CHARTERED BANK VIETNAM

- Took charge of inward and outward transactions, Reconciled transactions at end of day to identify discrepancies.
- Conducted checking of instructions and supporting documents to verify authenticity.
- Improved productivity , efficiency and reduced workload for payment team by initiatives (hot lines, shift work)

LEADERSHIP EXPERIENCE

Coordinator May-June 2008 / Seeing is Believing, Standard Chartered Bank.

Achievements: Asked for Donation from a local company and organized one day of charity trip to give out presents to blind children of Thai Binh's school.

Proven leadership in Projects

INTERESTS

*Traveling (Across Vietnam, China, Cambodia, U.S), reading books (Never eat alone, The Fountain Head).
Photography (Portrait, Nature beauty, close-up...), Baking. *Contributor of Willamette World News.

References will be provided upon requests

ERIC BURKE

(509) 993-5182 • etburke@willamette.edu

CAREER PROFILE

MBA candidate with a quantitative background, extensive leadership experience, and strong communication skills.

EDUCATION

MASTER OF BUSINESS ADMINISTRATION CANDIDATE, *May 2011*

Willamette University, Atkinson Graduate School of Management, Salem, OR

- Willamette MBA Scholar—Recipient of merit-based scholarship

BACHELOR OF SCIENCE, BUSINESS ADMINISTRATION-FINANCE, *May 2009*

University of Montana, Missoula, MT

- Dean's List, 2008
- Recipient of Western Undergraduate Exchange Scholarship

EXPERIENCE

JOB SITE MANAGER, *2008 – 2009*

College Pro Painter, Missoula, MT

Responsible for monitoring job site, setting daily goals, training employees, and communicating with home owners to ensure the highest level of satisfaction

- Managed crews that produced over \$45,000 worth of work each summer
- Achieved a customer satisfaction rating above 90%

CAMP DIRECTOR/COACH, *Summer 2006*

Skyhawks Athletic Camps, Spokane, WA

Responsible for supervising other coaches to ensure overall camp organization and efficiency

- Developed unique methods for teaching youth the value of teamwork and sportsmanship

LEADERSHIP & ACTIVITIES

NON-PROFIT CONSULTANT, *2009-present*

Friends of the Children (FOTC), Portland, OR

Working with a team of MBA candidates and FOTC to increase the organization's revenues through a holiday concert

- Increased concert attendance through creating market awareness for FOTC

GRADUATE ASSISTANT FOR RECRUITING DIRECTOR, WILLAMETTE UNIVERSITY, *2009-present*

- Persuade prospective students to enroll in the Willamette MBA program using a variety of techniques including campus tours and discussion sessions

PEER ADVISOR, UNIVERSITY OF MONTANA, *2008-2009*

- Advised a case load of 15+ students and held weekly office hours for walk-in advising

FINANCE CLUB, UNIVERSITY OF MONTANA, *2008-2009*

- Tutored undergraduate business students in corporate finance

VOLUNTEER, BOYS AND GIRLS CLUB, MISSOULA, MT, *Fall 2007*

- Audited financial statements for grant reconciliation

JASON RITCHIE

Objective

- MBA candidate looking for a fulfilling job opportunity as an operations specialist intern that will expand on my broadening business education.

Education

- Bachelors of Science in Business Administration. May 2009, Minnesota State University Moorhead (MSUM) Moorhead, MN.
- Masters of Business Administration. May 2011, Willamette University Salem, OR.
- Relevant Course work: Operations Management, Financial Management, Legal Environment of Business, Principles of Marketing, Principles of Management, Business Ethics, and Principles of Accounting II.
- GPA 3.80

Experience

PACE

SUPERVALU Inc. (Hornbacher's), Fargo ND.

Customer Service Manager, May 2008-July 2009.

Managed over one hundred people in eight different departments throughout any given day. Developed and utilized skills in management, employee relations, product quality, customer service, and problem solving.

Ritchie's Rentals, Fargo ND.

Carpenter, May 2004-May 2008.

Developed and utilized skills in project management, employee relations, group work, problem solving, putting people and their specific skills with the appropriate task. Organized and managed tasks with specific time restraints.

Honors

- Dean's List at MSUM every semester.
- Named to National Dean's list.
- Achieved membership in Delta Mu Delta, an honors society for business administration majors.

Special

- Proficient in Access, Excel, Power Point, and Word.
- Familiar with basic spoken and written Japanese.
- Strong background in Latin.

Bryce Hanson
(360)600-8951 bhanson@willamette.edu

Education

Willamette University **Salem, OR**

Master of Business Administration, May 2011

- Member of student chapters of the Marketing and Project Management Associations
- Consulted with a team of five MBA students for a for-profit company to implement Kaplan and Norton strategic alignment process

Portland State University **Portland, OR**

Bachelor of Music, Vocal Performance, 2007, *cum laude*

- Phi Beta Kappa – Academic Honor Society
- Completed Recording Arts and Technology Program

Experience

Practical Applications for Careers and Enterprises (PACE) **Salem, OR**

Friends of the Children, 2009-present

- Managed “Donations Group” that contacted community and raised \$1000 for local non-profit

Oak Brook Wireless **Portland, OR**

District Manager, 2009

Responsible for opening, merchandising, and staffing three new Cricket Wireless retail locations

- Analyzed sales data and customer demographics to determine marketing and sales strategies
- Achieved positive cash flow within 4 months of opening in a competitive market

Oak Brook Financial **Portland, OR**

Teller, 2006-2009

Responsible for providing excellent customer service and accurate accounting for daily transactions

- Proactively discovered and solved a federal compliance issue regarding corporate-level collections process

Leadership

- Elders Quorum President of LDS Church, Royal Oaks Ward, Keizer Stake
- District Leader of LDS Church, Irving District, Texas Dallas Mission
- Nominated by peers to be team leader for second semester of PACE project

Additional Information

Travel: Travel throughout Europe, South America, and Asia

Skills: Multiple operating systems, Microsoft Office, OpenOffice, Googledocs, Audio-editing software for music and film, website publishing

Erin L. Bone
(503) 580-2096 erinlbone@gmail.com

Career Profile

Energetic, open-minded MBA candidate with great communication skills. Proven track record as a hard worker with the ability to perform well under pressure while maintaining good judgment, initiative, and ingenuity.

Education

Willamette University, Atkinson Graduate School of Management, Salem, OR

Master of Business Administration Candidate, May 2011

- Willamette MBA Scholar – recipient of merit-based scholarship
- Ben Cheney Scholar – recipient of merit-based scholarship

Willamette University, Salem, OR

Bachelor of Arts, Politics and Rhetoric/Media Studies, May 2007

- Willamette University Scholar – recipient of merit-based scholarship
- Self-financed 99% of education – Paid for my own education through work, scholarships, and loans
- Spring 2006 post-session in Greece (also traveled to Italy and Germany)

Experience

PACE - Practical Application for Careers & Enterprises

Team Member 2009 - present

Worked in a group of ten to consult for a nonprofit to increase donations and participation.

- *Participated in donation task force group to fundraise for the Christmas event.*

Ross Dress for Less, Roseburg, OR

Stock Associate, 2007-2009

Stocked and merchandised store. Customer service. Handled cash. Ran register. Maintained neat and clean work environment. Brought in merchandise from off the truck. Organized stock in the store.

- Known for being quick and efficient with a positive attitude.
- Received Employee of the Month for March 2008.

Grand Teton Lodge Company, Moran, WY

Merchandiser, Summer/Fall 2007

Stocked and merchandised ten stores in the park. Organized ten stock rooms. Customer service. Ran cash register. Drove company vehicle. Handled customer orders and money. Maintained clean work environment. Inventory.

- Known for efficiency and organization within the stockroom.

Leadership

Student Body Leadership, Willamette University Atkinson Business School of Management

- First-year Representative at Large – Represent the student body through traditional government process.

Student Body Leadership, Willamette University

- Senior Class Senator – Represent senior class through traditional government process.

Student Class Leadership, Willamette University

- Senior Party Chair – create an event for the senior class of 2007
- Senior Gift Committee – fundraise money and plan gift to Willamette from class of 2007
- Senior Dinner Planner – plan a dinner event with faculty for the class of 2007

Additional Information

Projects IKEWS – Work in groups of three to defend a prewritten case to MBA professors.

- *Engaged positively and communicated effectively.*

Volunteer: JV2 Volleyball Coach at Douglas High School, Winston, OR 2008

- *Received first place honors*
Humane Society Dog Walker, Salem, OR 2006

Appendix B: Financial Calculations & Analysis

Equipment Costs (includes furniture costs): \$24,338 total for start up costs plus an additional \$7,440 for delivery truck expenses⁵⁷

Labor Costs (Salaries and Wages): \$130,462 per year or \$10,872 per month

Utilities costs: \$7,440 per year or \$620 per month

Lease costs: \$8,700 per year or \$725 per month⁵⁸

Income Projection

Assuming the company's market share grows as projected; The BBC's net income will be the following.

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Sales	173901.3	438970.8	604025.3	800837.8	1027889
Cost of Goods Sold	41026.88	99536.78	136785.7	179937.9	230894.5
Gross Margin	132874.4	339434	467239.7	620899.9	796994.2
Operating Expenses	0	0	0	0	0
Depreciation	11129.79	11129.79	11129.79	11129.79	11129.79
Truck Expenses	21147.04	22204.39	23314.61	24480.34	25704.36
Salaries and Wages	129154.3	135612	142392.6	149512.2	156987.8
Insurance	5087	5087	5087	5087	5087
Legal	1345	769	769	769	769
Cleaning Service Expense	12000	12000	12000	12000	12000
Rent on Business Property	8700	8700	8700	8700	8700
Utilities	9868.618	10362.05	10880.15	11424.16	11995.37
EBITDA	-54427.5	144699.6	264096.3	408927.2	575750.7
Total Operating Expenses	198431.7	205864.2	214273.1	223102.5	232373.3
EBIT	-65557.3	133569.8	252966.5	397797.5	564620.9
Interest Expense	6000	6000	6000	6000	6000
Net Income	-71557.3	127569.8	246966.5	391797.5	558620.9

⁵⁷ www.americanindustrialsystems.com/overns.html

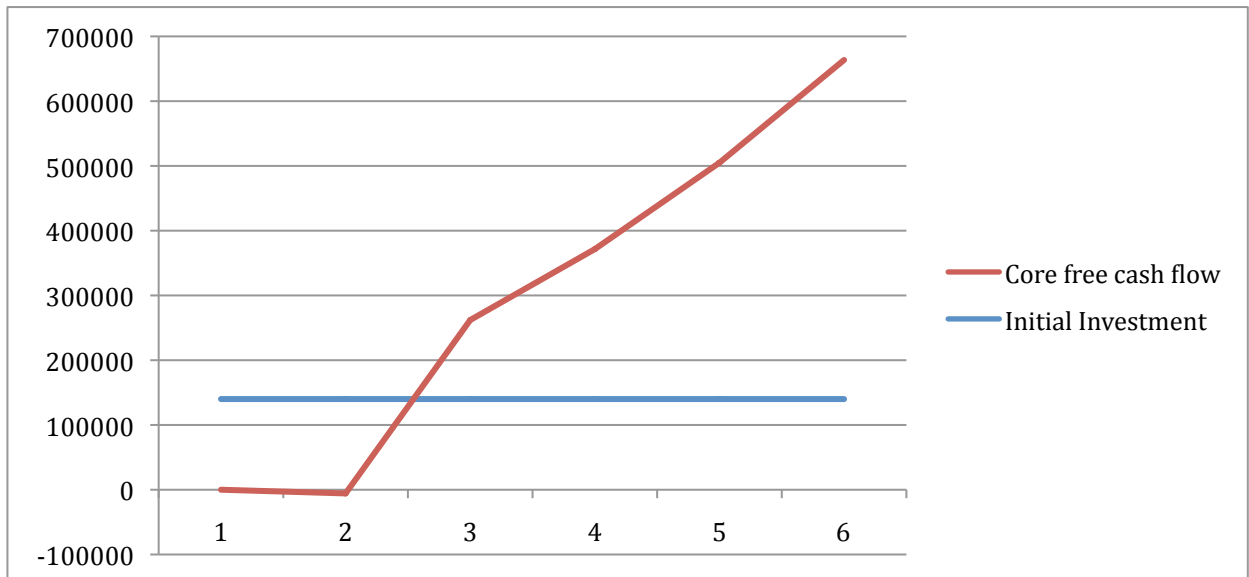
⁵⁸ www.craigslist.com (February 22, 2010)

Payback Period

Payback period is 2.77 years or approximately 33 months. Essentially this indicates that it will take approximately 33 months to payback the initial investment of \$140,000. This payback period is based on the following information.

Payback Period Based on Free Cash Flows

Year	0	1	2	3	4	5
Initial Investment	140000	140000	140000	140000	140000	140000
Core free cash flow	-140,000	-145,699	122,027	231,545	364,919	523,615



Cash Requirements

The BBC will require an initial investment of \$140,000. This investment will come from three key sources. To begin with, the owners will invest \$40,000 of their own money into the

bakery. This will be broken down into \$25,000 from Bryce Hanson and \$15,000 from Jan Taborsky. Additionally, The BBC will receive \$50,000 from angel investors (Colin Sabastian and Chris Morscheck) and \$50,000 from a small business loan.

Internal Rate of Return

Based on BBC's cash flows, the company will turn over an IRR of 55%. Investors look to invest in projects that have an IRR that is greater than their expected return (assuming that investors expected return is 10%).

APPENDIX C: SERVICE POLICIES

Policy	Implementation
Courtesy is of highest importance	
Customers should be treated in a polite/ courteous manner all the time.	<ul style="list-style-type: none"> - Greet every customer with a genuine smile - Promptly take orders - Never complain or show anger - Listen to customers - Answer the phones and call the customers if they leave message
Be professional, especially when talking with customers.	<ul style="list-style-type: none"> - Cell phones and personal business should be limited to lunches/breaks - Employees should take breaks out of sight from customers
Go the extra mile for a customer	<ul style="list-style-type: none"> - Employers should make every effort to assist customers in finding what he / she needs - Be helpful - Implement a weekly discount - Make information on gluten-free products available through brochures, books, and displays
Dress code	Wear uniforms at all time when dealing with customers (during business hours)
Develop rapports with loyal customers	<ul style="list-style-type: none"> - Facilitate customer comfort by making the bakery a good place to share experiences and find the finest quality gluten free bread - Try to remember information about each customers for a personal touch

<p>Training and retraining:</p>	<ul style="list-style-type: none"> - Secret shoppers - Continued training every two months - Additional training in the event of customers complaints - Employee input
<p>Make resources readily available and organized</p>	<p>Shopping bags, tapes, boxes, tissue</p>
<p>Customers' complaints and comments</p>	<ul style="list-style-type: none"> - Comment box to get input from customers put near the entrance - Any complaints recorded and resolved with care, asap.

APPENDIX D: Gluten-Free Bakery Focus Group

3/31/2010

11 people, 4 males, 7 females

2 children (7-10 yrs), 5 students (20-22yrs), 4 adults (44-67 yrs)

4 Celiacs, 4 gluten intolerant, 3 gluten conscious

1. What do you think of when you hear “Gluten free products?”

Expensive, poor quality (especially taste), poor selection, but growing awareness and things are getting better.

2. What’s the one product you miss the most?

Baked goods, especially bread.

3. Where and how do you get GF products?

Life Source and Fred Meyer, cross-contamination problem when eating out, baking at home.

4. Where do you get information about GF?

Websites, especially blogs.

5. Thoughts on our bakery?

Could cross-contamination be a problem? Would you be gluten-free certified? Consider Casein-free also for kids. Is it going to be affordable or expensive as everything else?

6. What bothers you about GF baked goods?:

Taste, consistency (falls apart), dryness, doesn’t last, always tiny loaves.

Bread Blind Taste Ranking 1(worst) - 10(best)					Competition	Old	Fresh
	Competition	Old	Fresh				
Larissa	3	5	8	average			
Lynne	2	7	8	without	3.5	7.1	8.4
Mike	1	6	9	children			
Alexander	10	5	7	st.dev.	1.7	1.5	0.7
Emily	4	7	8.5	children			
Dave	5.5	8	9	average	8.5	3.5	4
Isabelle	7	2	1	st.dev.	2.1	2.1	4.2
Lacy	2	7	9	Comments	Dry, tough, bad texture, dense	Moist, Spongy, Soft, Fluffy, NO FREAKING WAY THIS IS 5 DAYS OLD!!!	Great Flavor and texture, moist, spongy
Ortwin	4	10	8				
Kayleena	6	8	9				
Kristen	4	6	7				

Participants:

Alexander: 5th grade, celiac disease, diagnosed few years get stomach age. Diagnosed 5 years ago, diarrhea lots of symptoms, headaches, told at diagnosis he was fine but he said “NO I AM NOT FINE”

Kristen: no official diagnosis

Isabelle: 7, diagnosed 18 months, barfs.

Kaleena: diagnosed 2.5 years. Diagnosed when in doctor for headaches.

X: junior at WU, not diagnosed, but gluten free

Anonymous WU student: gluten intolerant

Lynn: read an article, husband is auto-immune disease.

Michael: cleans up and then tries gluten, and it brings back pain every time.

Emily: senior at WU, gluten intolerant, lots of various issues, fatigue, loss weight, gas, test came out negative, but swore she was not “normal”. Naturopath recommended to cut out gluten, been off gluten for 2 years. Has issues with Candida. Feels so much better.

Gluten free products:

Expensive, poor quality (especially taste), poor selection, but growing and getting better.

Definitely Growing, Expensive, Double what everything else is. Cookies were only tolerable, DRY, 10 times things on the shelves than 15 years go, some of the stuff is decent, still looking for a good gluten free bread even after experimenting, Expensive, very hard to find especially within walking distance, brands that are successful trader Joes king Arthur, fad diets & jumping on the bandwagon makes it more expensive upsets me, more competition is good for us but benefits haven't happened yet, lucky that people work hard to make gluten free products for us, when I think of *New Cascadia* I think of wonderful stuff they are amazing love the walkup window/storefront: very expensive: respect the story behind the mans personal story of getting celiac disease, try to buy local gluten free products to support local businesses, options bakery in Salem is only one in Salem but don't have a storefront, Corvallis and Medford have bakery not in Salem though so if you have a good product you can sell it for sure, I think that GF products should be cheaper and easier to get, either good consistency but not flavor, or good flavor but no way to use (crumbly).

Product you miss the most:

Baked goods, especially bread.

Pretzels, Bagels, English muffins, Real bread everyday with seeds, artisan bread, roths donuts, ravioli, Have alternatives but EXPENSIVE!,

Where and how do you get GF products:

Lifesource and Fred Meyer, cross-contamination problem when eating out, baking at home.
make on my own cant afford, let my mom and dad do the work, Lifesource and some Fred Meyer; Roth's but expensive, try to buy mainstream as much as possible, mom will bring me bread from New Cascadia, find myself doing 3 separate shopping trips to gather everything I need (McGraths, red robin, olive garden, but problem is contamination because employees are clueless, find myself asking waiters a million questions and feel like they must hate me)

Where do you get information about GF?:

Websites, especially blogs.

Website for info, seliac.com, national health and digestive kidney, read a book called gluten free girl; has a blog with good recipes, when I travel that is the hardest to find GF so I do research for places; gluten-freeregistry.com, gluten-free in keyword for restaurant,

Thoughts on our bakery:

Could cross-contamination be a problem? Would you be gluten-free certified? Consider Casein-free also for kids. Is it going to be affordable or expensive as everything else?
would it be gluten free dedicated? I would not buy anything unless it is gluten free dedicated. I would think that Roth's is the most approachable since they are smaller. Do you know about getting gluten free certification from " ". I would recommend casen free, there are a lot of autistic children who need both; also lactose; multiple sclerosis also recommended be GF so more groups. How will the pricing work will it be affordable or 6-7\$ per loaf?

What bothers you about GF baked goods?:

Taste, consistency (falls apart), dryness, doesn't last, always tiny loaves.

falls apart, or doesn't taste good, gritty, breaks very easily, want it to last, its always tiny, ideas (carbonated water, gelatin, tapioca flower, santhum gum), so disgusting the ducks wouldn't even eat it, concerned about butter/oil,

Observations

1: rice

\ not good at all, not even gonna talk about, child preferred first one both child liked white bread. "needs cheese"

2: old

\ great texture bad aftertaste, good, nice and moist, not as flavorful, child thought was ok, preferred texture of 2 and overall, 2 and 3 had "healthy" flavor which isn't bad but I miss the good white bread. VERY AMAZED by how old it was!! Used to going bad after 24hours.

3: good

\ best, best texture, best stick together, definitely the best, flavor was great, most like real bread not exactly but still good, sort of sour, tasted most like sourdough-ish bread that I miss, like the taste of 3rd surprised by how moist and spongy, curious if it would work for sandwich since it is so moist.

Name	Age	Occupation	Address	GF	GF brainstorming	Competition Bread	Old Bread	Fresh Bread
Larissa Stiglich	20	student	Vanouver, WA	Gluten Free because of boyfriend	Trader Joe's, healthy, no wheat, King Arthur Flour, Bob's Red Mill, rice flour, Tapioca flour, Xanthan gum, increasingly common	3 Dry, like cardboard	5 Moist, tastes like bread	8 Distinct taste, not really taste like bread but still has a unique flavor
Mike Strelow	67	College professor	Salem	Swelling of hands and feet, muscle soreness	Gas	1 Not good	2 Bad after taste	9 Best texture and flavor
Lynne Strelow	66	Retired restaurant and bakery owner	Salem	Husband is gluten intolerant	Gas, bloating	2	7 Moist	8 Moist, good crumb
Alexander Knorr	10	student	Salem	Celiac for few years, stomach ache	Celiac disease, gluten intolerance, sickness	10 Excellent, Perfect, Needs Cheese	5 Bit too cakey	7 Good flavor and texture
Emily Donaldson	21	student	Portland	Gluten Intolerant for 2 years, digestive problems, fatigue, weight-loss	Me! Difficult at first but so worth it. Growing in awareness. Quinoa, rice, flax, amaranth, millet, New Cascadia Bakery – love it!	4 Dry	7 Spongy, way less dry, like the texture	8.5 Love the taste! Moist and not sweet.
Dave Reid	21	student	Seattle	Gluten intolerant	Expensive, difficult to find, extremely limited choices, nonexistent at restaurants	Taste 7, texture 4 tough	Taste 8, Texture 8, Soft and fluffy	Taste 9, Texture 9. Soft and fluffy
Isabelle Knorr	7	student	Salem	Celiac since 18 months, vomiting		7	2	1
Lacy Gillham	22	student	Idaho	Gluten Intolerant	No good GF food, hard to eat out, expensive, home cooking, healthy	2 Ok taste but texture sucks	7 Good texture and flavor	9 Good texture and flavor
Ortwin Knorr	44	College professor	Salem	Celiac, digestive problems	Rice, corn, potatoes, no bread, no beer, difficult to figure out if food is GF, Gluten Intolerance Group, expensive, traveling is difficult, social disability	4 Yeasty, ricy, dry, compact, no flavor	10 Fluffy, moist, molasses flavor, more flavor	8 Almost too caky and fluffy, not substantial enough, but still good, sourdough taste, moister than bread before, I'd like little dryer
Kristen Klay	45	Stay-at-home	Salem	GF because of children	Healthy children, going GF has saved my	4	6	7 Sourdoughy

		mom		and husband	daughter			
Kayleena Pierce-Bohen	22	student	California	Celiac for 2.5 years, headaches	Gross tasting, few alternatives, surprisingly good, socially awkward situations, fad diets, body image, unfair, why me? Feeling healthy	6 Dry, dense, ricy	8 Spongy, moist, flavorless	9 Salty, Moist Tangy

APPENDIX E: Informational Interviews

1/29/2010

Teresa, the Co-founder, Co-owner and Co-president of New Cascadia Traditional

Displaying local artists in the bakery – revenue plus community activity. Regular coffee shop experience.

Husband gluten intolerant, loved food and especially baked goods. Not satisfied with the selection out there. Took 10,000 miles road trip across US and stopped in every city and checked out every gluten-free bakery or place that could have gluten-free products. Selection and taste horrible. Found out gluten-free market was still wide open. They liked baking so played with the recipes that tasted really good. Originally from Michigan, they moved to Portland and enrolled in class of Small Business Development Center (Reader's digest of an MBA kind of). Classes specifically about food.

Started in the farmer's market (Southeast Salmon and 20th) – awesome venue to test their first products. Surprised at the success – following right from the beginning. Grew so much that were able to go to the Saturday State market in Portland. At that pointed they rented a super little space in Northwest Portland. Baked in commercial kitchen in Tigard and shared it with another lady who made gluten-free dry mixes. They would drive the bread 5 times a week to their store. Commercial kitchen is a licensed and inspected place that meets all hygienic requirements. This kitchen is the only gluten-free commercial kitchen within 100 miles radius from Portland. The dry mix lady is still in Tigard. They moved to their current location in July. Their kitchen is in the back. Works great because don't have to pay carrier, don't have to pay rent in two places, having their own place actually is cheaper than the previous set-up.

Finance with credit cards (they started in 2007, it was cheap to get credit card loans). Financed all with their own money – money from sold house in Michigan, car, personal and retirement savings and loans from family. No investors, they want to be their own boss and do things small and in their own way. She is a painter and he is a physical therapist.

11 employees. They just moved in the new location so don't plan on expanding any time soon. They want to take their time and don't grow too fast. Approached by investors and franchisers, but declined everything. Market is literally ripe and they could go in ten different directions, but they want to take it slowly and let their gut lead them as well as their head.

Pursuing wholesale accounts at Wholefoods and Newseasons and also smaller venues around town and they are still at farmer's market – 3 in 2008, 2 in 2009 and this year only 1 because they need to focus on their new location. Farmers market gets customers into the store. They didn't approach anyone, Wholefoods (late 2008) and others approached them and pushed them because they were taking it slowly.

(15min) They will self-distribute, 2-3 times a week they will drive to Wholefoods. Wholefoods is really working with them to figure this out. Shelf-life for the product is short 1-3 days out on the shelf, frozen lasts weeks. Want to make sure that the product on the shelf is high quality. The unsold bread will be pulled out and counted as a lost. People want them to ship them product all

over the country. Now selling one day old bread at 50% off. They also donate bread to shelters and give product to employees

As far as what products they sell, they started with what they new and wanted. The farmers market, again, was a great testing ground. People are eager to interact with you, they tell you what they think about your product etc. Also the numbers tell – if you sell out something quick vs. stuff that doesn't sell. Now neither Chris nor her bake anymore, they hired professional bakers, which made a huge difference. They do the research and development. The bakers brought experience, one worked at Wholefoods, introduced new products. They used to make break pudding, but that is time consuming so they don't make it and people as for it, but other than that there really isn't anything people repeatedly ask for and they don't carry.

Customers are celiacs and gluten-intolerant. Majority isn't celiac, but are gluten-intolerant. Outreach by going to gluten-intolerant meetings and having to test their product and talk about their story... There is a celiac disease month they participate in, they donate, they work closely with Naturopathic college in Portland. Advertised a few times, didn't seem to do much. Seems word of mouth and internet is huge, because gluten-intolerant are internet savvy and, for example, if they travel, they look up place where they can eat. Big support from NNCM. Biggest thing was to get their name in Oregonian (first in 2008), they asked for just a photo and three sentences in the newspaper. Next several days they had a line down the block, that was a turning point. Now the customers blog about them, if Portland is mentioned, they're mentioned there too. Word of mouth carries it on...

They do marketing themselves. People approach them to do their advertising etc., but they like to do it themselves. They have mailing list – pretty high opening rate. They see results of that – phone calls, people ask about products. Their stuff isn't cheap, many ingredients are exponentially more expensive than for a normal bakery. Their main flour is 4times as expensive as wheat. They make sure they use high-quality ingredients. Bob's Red Mill is the biggest supplier and then mostly local. They now have and MBA intern to figure out the pricing research. They took the price per gram, estimated labor and time and overhead and compared industry standards (frozen food in Wholefoods) and guesstimated the price, but it was hard, because they had no idea what the price should be.

Equipment is crazy expensive – some stuff they had to buy new, because you can't sanitize everything for gluten-free. Walk-in refrigerator \$10,000. Ovens, ventilation, mixers, tables, sinks (\$1000). Everything has to be certified and in certain parameters. Dishwashers leased, small cuisine arts, small mixers, stove. Fixed costs (equipment) around \$80,000 at least.

Main regulations for oven, ventilation and plumbing. Everything has to be approved (plans for the kitchen). All different kinds of organizations (water department, health department, Oregon department of agriculture, city of Portland, Multnomah county, state of Oregon... Oregon.gov website). Most unexpected hurdles and expenses had to do with permits.

Broke even last year, even with all the construction. Annual Sales last year \$247,000. They're both still living way below the poverty level J They're not really taking salary, they're already starting to be able to draw some money, which they hadn't planned on for 5years. The business

is their baby, it's very personal. Don't plan to expand anywhere outside of Portland for the next few years. In 2007 they had a baguette and sourdough bread and now they're where they are. They're fully staffed, planning on taking vacation this year so they see the light at the end of the tunnel. They want to have everything tightened up before they make any other step. They want to take their time and make sure they're not doing any mistake twice. 66 and 67 won't affect them very much.

2/11/2010

Marc Marelich, General Manager at Willamette University cafeteria - Bon Appetite

- Have both retail and wholesale

Retail usually attracts quite a few customers at the beginning, but has down times, when people don't buy. Wholesale is the way to overcome those down times and keep your demand constant. Wholesale has smaller margins.

Willamette students approach Marc and ask about gluten-free at Goudy.

If you have a good product it will sell itself, because most gluten-free bakeries really suck.

Distribution: Portland is a mess getting in and out. Salem good, but more people in Portland, thus look at Portland suburbs (Tualatin, Tigard, Wilsonville...). You'll have to buy a van.

People will travel to you to buy the product because it's special.

Think about retail/wholesale ratio.

Wholefoods, Newseasons, Roth's, Lamb's Thriftway, also Costco. Talk to store manager first, get a meeting, sit down with them, invite them to your facility, "sell" them the product.

You gotta build your brand, you can't just "start" selling, especially to the big stores. Get in touch with Gluten-free groups, get in newsletters, hospitals, art in the park events, hand out the product, tastings... get in front of your customers.

Enroll at western culinary school if they have gluten-free baking classes.

Gluten-free tastes horrible, that's the problem with it - how you should be different is to taste good.

Hire professional bakers.

Whole sale, desserts, restaurants... no one is doing it here.

Costs: 22% raw ingredients, 60% labor, after all, 5% margin is industry average. Getting affordable ingredients would be a good way of cutting costs. Because it's so expensive, gluten-free customers feel to be taken advantage of.

If you have tried and trued recipes, you can train anyone to do them.

Once you get things up and running, baking is a pretty easy and smooth process.

Do just a couple of products really really well, then customers will come and eventually they will start asking for more variety and then you can experiment and develop.

Starting too big is setting up to fail.

Research the market, see what people are spending on, see if market is saturated with just one type of product but is missing in a different area.

2/18/2010

***Trey Windstrop, Director of Corporate Finance and
Tim Steiner, Sales Specialist***

Bags of flour are BRM's main product
Retail makes up 10% of their business
Gluten-free is not regulated by government yet, it's customers who regulate it – if you're not gluten-free enough and people have allergic reactions, they will stop buying your product.
BRM is pioneer in the gluten-free (gf) industry
Competition doesn't have such high gf standards as BRM
Very few bulk gf products in the market
BRM is whole grains
BRM is doing what's right – community, planning long term... that's how they're successful
Pick up ingredients, BRM doesn't deliver
BRM targets margins
BRM is near the premium brand
BRM doesn't want to solely focus on gf, because they don't want to be perceived as “sick people” food.
Better Baking Company would fall into the “small” customer category, by taking less than 2,000 lbs per flour per order (one full pallet).
For BRM, tradeshow are important to connect with the customers and see new trends in the market.
BRM also focuses on university food services.
BRM wants to be every major grocery store in the country.
BRM emphasizes their story and health benefits.
BRM sells itself.
BRM gets hundreds and hundreds of phone calls from all across the country asking about their product.
BRM has encountered 20-30% growth in the gf demand in the last 5 years.
25% of their business is gf.

4/6/2010

Jeff Watson, Co-founder and Store Manager of LifeSource health-food store

Criteria to accept product:

Product is ranked based on: Store wants diversity in products, environmentally responsible wrapping....

If the brand is already established and there is already demand for the product we're lot more open to accepting it, for example if people come into the store and ask for your product.

For you guys it'd be a good idea to start selling at Farmers Market and show us the demand for the product.

Wholesale Margins:

Small health-food stores and grocery stores: 30-33%

Main-stream grocery stores: 25%

Large health-food stores like WholeFoods: 40%

Ener-G has been around for 15 years and they still have the exact same product (shelf-life 1 year)

Options Baking Company - 3-4 days shelflife, they deliver 3 times a week.

4/8/2010

Whilma Erdman, New Product Coordinator, Whole Foods, Portland-Pearl store

We mark up products around 50%, short shelf-life items such as fresh baked-goods usually less, around 40%.

We accept local products to each store separately. I brought three local products into this store and if they sell well, we will then expand the distribution to other WholeFoods stores.

We accept products based on the ingredients and already proven demand/need for our product.

We also want to have diverse products so if we don't have a lot of products of your kind your chances of being accepted are better.

Personal Interviews:

3/2/2010, Warren Bloomberg,

male, 40 years, Director of Finance at for a Chemistry Industry business, household income above 100K

I have some problems with being hypo-glycemic and some other allergies so I experimented with going gluten-free. I was eating gluten-free rice bread from Trader Joe's but being gluten-free didn't make a difference.

3/19/2010, Jesse F. (last name withheld),

male, 34 years, Corporate Strategy and Operations Manager, household income 100K – 150K

I've been celiac for a couple of years. I love your idea. Last week I was in Vegas and they had this really ugly-looking small bakery on the outskirts of town that was gluten-free dedicated and that place was always packed elbows to elbows. Their product was really good. I really think good product is the key because it's so rare in the gluten-free baked goods industry. If the bread is good and lasts more than a couple of days, I think the current price (\$6-\$7) is acceptable. But between my wife and I guess we fall into the higher-income category so we don't really care how much it costs.

3/21/2010, Eric Vickers,

Male, 48 years, bicycle mechanic at bicycle shop in Salem, household income 25K – 50K

I've had digestive problems ever since I can remember and then one of my friends was diagnosed with Celiac disease and told me to try it. So I did and I feel a 100% better. I get bad stomach cramps. I really miss good bread, that's the worst thing, because I used to be a sandwich junkie. Not that long ago I wanted to see if maybe the allergy didn't go away so I bought a loaf of French bread and ate like three slices and in the morning I could barely get out of bed. The gluten-free bread is really expensive but I don't buy it anyways because it's so bad. You guys should consider marketing the bread to the cycling community. There are a lot of people there who're going gluten-free because they think it's healthier and will make them go faster on a bike. I just read an article that most of the professional cyclists in Europe are now all going gluten-free because it causes internal inflammation and it's hard on your body.

3/29/2010, Peter Morgan

Male, 36 years, Institutional Research Analyst at Willamette, household income 75K - 100K

Peter has been gluten-free for two years. He had sudden severe drops in energy when he had to sit down and wait otherwise he would fall down. He was tested for a ton of things, doctors kept insisting he was fine, but he kept having problems. All has returned to normal once he eliminated gluten.

Price doesn't matter if it doesn't taste good. I haven't found any that tastes good yet though. I will gladly pay whatever for sustainably-grown, locally-produced, organic food which typically costs 25-50% more than "conventional" mass-produced food. I'd see making GF bread probably on a small scale, with hand-picked ingredients, and also made by hand, similar to the manufacture of organic bread.

4/2/2010, Sara Gillham,

Female, 26 years, student at NCNM in Portland, (National College of Natural Medicine), household income below 25K

Gluten-free bread is pricy for how gross it is. I'd pay \$5 per normal loaf of bread if it actually tasted good. For specialty bread, I'd pay \$7. But it must not be crumbly, dense and it must have good taste and be light.

4/14/2010, Kristen Klay,

Past president of the Gluten Intolerance Group

Purpose of the group: doctors don't see it as their role to help people with gluten-intolerance to know how to live gluten-free so GIG try to help people.

Meets monthly. 20-30 active members who attend the meeting in Salem. In the past the group was very small, but when Kristen took it over the group grew and became a lot more active.

They organize a gluten-free food fair in Portland together with the other chapters of GIG which are located in McMinnville, Portland, Eugene and Corvallis.

People from Stayton, Aumsville, Silverton and other surrounding towns contact and attend the Salem GIG so they reach a lot of people.

The whole family is extremely excited about our project. Her 8 year daughter is already making a list of gluten-free baked goods she would like.

She read an article with a prediction that gluten-free is on the way out but she strongly disagrees because it's not a choice for many people.

APPENDIX F: Ingredient List

All Ingredients prices per bag			
	lbs, litres or pieces	grams	price
Rice flour	50lbs	22720	\$31.04
Sorghum	25lbs	11360	\$18.20
Tapioca	25lbs	11360	\$22.08
Potato starch	25lbs	11360	\$29.04
Potato Flour	25lbs	11360	\$35.32
Amaranth Flour	25lbs	11360	\$49.32
Buckwheat Flour	25lbs	11360	\$29.56
Millet Flour	25lbs	11360	\$19.12
Sunflower seeds	25lbs	11360	\$23.04
Flax seeds	25lbs	11360	\$36.00
Sesame Seeds	25lbs	11360	\$47.76
Pumpkin seeds	25lbs	11360	\$72.56
Cornstarch	25lbs	11360	\$16.36
Brown rice flour	25lbs	11360	\$19.56
Soyflour	25lbs	11360	\$28.20
Xanthan gum	5lbs	2271.48	\$61.50
Yeast	25lbs	11360	\$69.36
Honey	1lbs	453.39	\$1.50
Canola oil	20.8 litres	19152	\$96.40
Salt	50lbs	22730	\$6.95
Baking Soda	25lbs	11360	\$16.80
Baking Powder	10lbs	4544	\$13.92
Brown sugar	25lbs	11360	\$27.96
Sugar	25lbs	11360	\$27.96
Shortening	1.25lbs	567	\$0.99
Peanut Butter	5lbs	2267.96	\$9.49
Vanilla Extract	1lbs	453.39	\$6.97
egg	48	1piece	\$3.99
Cocoa powder	10lbs	4544	\$50.00
water	0	0	\$0.00
Nutmeg	1lbs	453.39	\$5.00
Cinnamon	1lbs	453.39	\$2.00
Apple Cider	8lbs	3627.12	\$20.00
Apples	1lbs	453.39	\$0.10
Butter	1lbs	453.39	\$0.99
Buttermilk	50lbs	22679.6	\$60.00
Raisins	1lbs	453.39	\$5.00
Chocolate Chips	1lbs	453.39	\$2.00
Cottage Cheese	1lbs	453.39	\$0.30
egg replacer	25lbs	11360	\$66.76
Potato	100lbs	45360	\$20.00
Cider Vinegar	19litres	19000	\$30.00

ORIGINAL BREAD					
Ingredients:					
measurements	in grams				
1 1/2 cup rice flour	180				
1 cup sorghum flour	120				
1/2 cup tapioca flour	60				
1/2 cup potato starch	60				
2 (6grams) teaspoons of xanthan gum	6				
2 teaspoon yeast	11.2				
1 (7.2 grams) tablespoon honey	7.2				
2(26grams) tablespoons of canola oil	26				
2 (12grams) teaspoon of salt	12				
1 small potato (200grams)	200				
2 tablespoons of egg replacer	14				
Price per loaf calculations					
	grams in bag	grams needed	# of loaves	price per bag	price per loaf
Rice flour	22,720	180	126.22	\$31.04	\$0.25
Sorghum flour	11,360	120	94.67	\$18.20	\$0.19
Tapioca flour	11,360	60	189.33	\$22.08	\$0.12
Potato Starch	11,360	60	189.33	\$29.04	\$0.15
Xanthan gum	2,271	6	378.58	\$61.50	\$0.16
Yeast	11,360	11.2	1014.29	\$69.36	\$0.07
Honey	453	7.2	62.97	\$1.50	\$0.02
Canola Oil	19,152	26	736.62	\$96.40	\$0.13
Salt	22,730	12	1894.17	\$6.95	\$0.00
Potato	45,360	200	226.80	\$20.00	\$0.09
Egg replacer	11,360	14	811.43	\$66.76	\$0.08
Wrapping					\$0.05
Price per loaf					\$1.32

WHITE BREAD					
Ingredients					
measurements	in grams				
1 1/2 cup rice flour	180				
1 cup tapioca flour	120				
1 cup potato starch	120				
2 (6grams) teaspoons of xanthan gum	6				
2 teaspoon yeast	11.2				
1 (7.2 grams) tablespoon honey	7.2				
2(26grams) tablespoons of canola oil	26				
2 (12grams) teaspoon of salt	12				
1 small potato (200grams)	200				
2 tablespoons of egg replacer	14				
Price per loaf calculations					
	grams in bag	grams needed	# of loaves	price per bag	price per loaf
Rice flour	22,720	180	126.22	\$31.04	\$0.25
Tapioca flour	11,360	120	94.67	\$22.08	\$0.23
Potato Starch	11,360	120	94.67	\$29.04	\$0.31
Xanthan gum	2,271	6	378.58	\$61.50	\$0.16
Yeast	11,360	11.2	1014.29	\$69.36	\$0.07
Honey	453	7.2	62.97	\$1.50	\$0.02
Canola Oil	19,152	26	736.62	\$96.40	\$0.13
Salt	22,730	12	1894.17	\$6.95	\$0.00
Potato	45,360	200	226.80	\$20.00	\$0.09
Egg replacer	11,360	14	811.43	\$66.76	\$0.08
Wrapping					\$0.05
Price per loaf					\$1.40

DELUXE BREAD

Ingredients	
measurements	in grams
1 cup rice flour	120
1 cup sorghum flour	120
1/4 cup tapioca flour	30
1/4 cup potato starch	30
1/4 cup buckwheat	30
1/4 cup millet flour	30
1/8 cup sunflower seeds	15
1/8 flax seed	15
1/8 pumpkin seeds	15
1/8 sesame seeds	15
2 (6grams) teaspoons of xanthan gum	6
2 teaspoon yeast	11.2
1 (7.2 grams) tablespoon honey	7.2
2 (26grams) tablespoons of canola oil	26
2 (12grams) teaspoon of salt	12
1 small potato (200grams)	200
2 tablespoons of egg replacer	14

Price per loaf calculations					
	grams in bag	grams needed	# of loaves	price per bag	price per loaf
Rice flour	22,720	120	189.33	\$31.04	\$0.16
Sorghum flour	11,360	120	94.67	\$18.20	\$0.19
Tapioca flour	11,360	30	378.67	\$22.08	\$0.06
Potato Starch	11,360	30	378.67	\$29.04	\$0.08
1/4 cup buckwheat	11360	30	378.67	\$29.56	\$0.08
1/4 cup millet flour	11360	30	378.67	\$19.12	\$0.05
1/8 cup sunflower seeds	11360	15	757.33	\$23.04	\$0.03
1/8 flax seed	11360	15	757.33	\$36.00	\$0.05
1/8 pumpkin seeds	11360	15	757.33	\$72.56	\$0.10
1/8 sesame seeds	11360	15	757.33	\$47.76	\$0.06
Xanthan gum	2,271	6	378.58	\$61.50	\$0.16
Yeast	11,360	11.2	1014.29	69.36	\$0.07
Honey	453	7.2	62.97	1.5	\$0.02
Canola Oil	19,152	26	736.62	96.4	\$0.13
Salt	22,730	12	1894.17	6.95	\$0.00
Potato	45,360	200	226.80	20	\$0.09
Egg replacer	11,360	14	811.43	66.76	\$0.08
Wrapping					\$0.05
Price per loaf					\$1.47

JOY'S CHOCOLATE CHIP COOKIE					
Ingredients					
measurements	in grams				
3/4 Cup Sorghum Flour	90		Cookies per batch		6
3/4 Cup Potato Starch	90				
2/4 Tapioca Flour	60				
1 teaspoon xanthan gum	3				
1/2 tsp salt	3				
3/4 cup chocolate chips	136.8				
1/2tsp baking soda	2.5				
3/4 cup Buttermilk	90				
2 tsp Vanilla extract	8.6				
1 eggs	1				
3/4 cup Sugar	150				
1/4 cup Butter	56.25				
1/2 cup brown sugar	100				
Price per Cookie					
	grams in bag	grams needed per batch	# of batches	price per bag	price per batch
3/4 Cup Sorghum Flour	11,360	90	126.22	\$18.20	\$0.14
3/4 Cup Potato Starch	11,360	90	126.22	\$29.04	\$0.23
2/4 Tapioca Flour	11,360	60	189.33	\$22.08	\$0.12
1 teaspoon xanthan gum	2,271	3	757.16	\$61.50	\$0.08
1/2 tsp salt	22,730	3	7576.67	\$6.95	\$0.00
3/4 chocolate chips	453	136.8	3.31	\$2.00	\$0.60
1/2tsp baking soda	11,360	2.5	4544.00	\$16.80	\$0.00
3/4 cup Buttermilk	22,680	90	252.00	\$60.00	\$0.24
2 tsp Vanilla extract	453	8.6	52.72	\$6.97	\$0.13
1 eggs	48	1	48.00	\$3.99	\$0.08
3/4 cup Sugar	11,360	150	75.73	\$27.96	\$0.37
1/4 cup Butter	453	56.25	8.06	\$0.99	\$0.12
1/2 brown sugar	11,360	100	113.60	\$27.96	\$0.25
Total Price per batch					\$2.37
Total Price per cookie					\$0.40

ERIN'S PEANUT BUTTER COOKIE					
Ingredients					
measurements	in grams				
1 1/4 amaranth flour	112.5		Cookies per batch		6
1/4 cup cornstarch	22.5				
1/3 cup xanthan gum	48				
1/2 tsp baking soda	2.5				
1/4 tsp salt	1.25				
1/4 cup shortening	52				
1/2 cup smooth peanut butter	130				
1 cup packed brown sugar	200				
1/2 tsp vanilla	2.15				
1 egg	1 egg				
Price per Cookie					
	grams in bag	grams needed per batch	# of batches	price per bag	price per batch
1 1/4 amaranth flour	11,360	112.5	100.98	\$18.20	\$0.18
1/4 cup cornstarch	11,360	22.5	504.89	\$22.08	\$0.04
1/3 cup xanthan gum	2,271	48	47.32	\$29.04	\$0.61
1/2 tsp baking soda	11,360	2.5	4544.00	\$61.50	\$0.01
1/4 tsp salt	11,360	1.25	9088.00	\$69.36	\$0.01
1/4 cup shortening	567	52	10.90	\$1.50	\$0.14
1/2 cup smooth peanut butter	2,268	130	17.45	\$9.49	\$0.54
1 cup packed brown sugar	11,360	200	56.80	\$6.95	\$0.12
1/2 tsp vanilla	453	2.15	210.88	\$16.80	\$0.08
1 egg	48	1	48.00	\$4.00	\$0.08
Total Price per batch					\$1.83
Total Price per cookie					\$0.30

MINH'S BROWNIES					
Ingeridents:					
measurements	in grams				
3/4 cup low-fat or defatted soy flour	90		brownies per batch		8
2 cup granulated sugar	400				
1/2 cup unsweetened cocoa powder	60				
1/2 tsp GF baking powder	2.5				
1/4 tsp salt	1.25				
4 eggs	4				
1 cup vegetable oil	206.4				
1/4 cup water	60				
4 tsp vanilla	17.2				
Price per Brownie					
	grams in bag	grams needed per batch	# of batches	price per bag	price per batch
3/4 cup low-fat or defatted soy flour	11,360	90	126.22	\$28.20	\$0.22
2 cup granulated sugar	11,360	400	28.40	\$27.96	\$0.98
1/2 cup unsweetened cocoa powder	4,544	60	75.73	\$50.00	\$0.66
1/2 tsp GF baking powder	4,544	2.5	1817.60	\$13.92	\$0.01
1/4 tsp salt	22,730	1.25	18184.00	\$6.95	\$0.00
4 eggs	48	4	12.00	\$3.99	\$0.33
1 cup vegetable oil	19,152	206.4	92.79	\$96.40	\$1.04
1/4 cup water	0	60	0.00	\$0.00	\$0.00
4 tsp vanilla	453	17.2	26.36	\$6.97	\$0.26
Total Price per batch					\$3.51
Total Price per brownie					\$0.44

Ingredients					
measurements	in grams				
1/2 amaranth flour	60		cupcakes per batch		4
2/3 cup sorghum flour	90				
1/3 cup brown rice flour	40				
1/3 cup tapioca starch	40				
1/4 cup granulated sugar	50				
1 tsp xanthan gum	3				
2 tsp GF baking powder	10				
1 tsp baking soda	5				
1/2 tsp salt	2.5				
1/2 tsp ground nutmeg	1				
1 egg	1				
1/4 cup vegetable oil	52				
1 tsp vanilla	4.3				
Price per Brownie					
	grams in bag	grams needed per batch	# of batches	price per bag	price per batch
1/2 amaranth flour	11,360	60	189.33	\$49.32	\$0.26
2/3 cup sorghum flour	11,360	90	126.22	\$18.20	\$0.14
1/3 cup brown rice flour	11,360	40	284.00	\$19.56	\$0.07
1/3 cup tapioca flour	11,360	40	284.00	\$22.08	\$0.08
1/4 cup granulated sugar	11,360	50	227.20	\$27.96	\$0.12
1 tsp xanthan gum	2,271	3	757.16	\$61.50	\$0.08
2 tsp GF baking powder	4,544	10	454.40	\$13.92	\$0.03
1 tsp baking soda	11,360	5	2272.00	\$16.80	\$0.01
1/2 tsp salt	22,730	2.5	9092.00	\$6.95	\$0.00
1/2 tsp ground nutmeg	453	1	453.39	\$5.00	\$0.01
1 egg	48	1	48.00	\$3.99	\$0.08
1/4 cup vegetable oil	19,152	52	368.31	\$0.00	\$0.00
1 tsp vanilla	453	4.3	105.44	\$6.97	\$0.07
Total Price per batch					\$0.95
Total Price per cookie					\$0.24