

AMERICAN UNIVERSITY OF BEIRUT

FOOD COMPANY STARTUP:
INITIAL BUSINESS PLAN FOR A SUSTAINABLE GROWTH
AND EXPANSION

by
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submitted in partial fulfillment of the requirements
for the degree of Master of Business Administration
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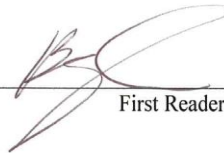
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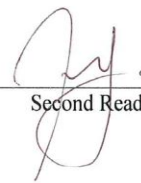
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AN ABSTRACT OF THE PROJECT OF

Elie Joseph Baho for Master of Business Administration
Major: Business Administration

Title: Food Company Startup: Initial Business Plan for
a Sustainable Growth and Expansion

This is a Business Plan MBA Project for Alfa Organics which is a Lebanese startup that manufactures high-end gluten-free and allergen-free snack foods. The growth potential for health snacks particularly in the gluten-free and allergen-free sector are promising for the coming decades due to awareness of healthy foods and increasing concern with allergens and popularity of gluten-free foods. As such, the company is planning to grow its business and scale up. The Business Plan will serve as a blueprint for clarifying the market demand potential, requirements for production, sizing of facilities, capacity utilization and funding requirements. As a footnote to the calculations, the Business Plan market sizing is perhaps a little conservative. However, the remainder of the components are thought to be realistic.

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CHAPTER I

INTRODUCTION

The notion of “look before you jump” is what is behind any Business Plan. Indeed, this MBA Project is about developing a business plan for growing and scaling up a Lebanese food company startup named Alfa Organics founded about a year ago. Alfa Organics manufactures high-end, gluten-free, organic, vegan and 100% natural food products. The firm was founded by Celine and Cyril Khalil in August 2014. The existing products consist of dehydrated Oat Crackers and Sweet Potato Chips, and come in a variety of flavors. All items are free from gluten, allergens, dairy, soy, corn, trans-fats and preservatives. Alfa Organics is devoted to provide highly nutritious products that taste really well.

Alfa Organics aims not to compromise on the quality of the processes and the ingredients of its products. The startup products are offered in very innovative and convenient packaging. Initially, the founders marketed the product in a handful of shops in order to test it. As demand has picked up, they want to capitalize on the opportunity and assess the viability of growing a “health food brand” in the region by structuring building blocks of the growth process. Hence, I was hired and took on the role of developing the business plan.

Alfa Organics is aiming to drive growth in the Lebanese market and look into expansion options internationally for the start-up to reach its full potential and benefit from the health and wellness trends that are reshaping eating habits.

The business plan is divided into following parts. It will start by introducing the management team and list their capabilities, experience and future role in Alfa Organics, followed by describing the form factor, architecture and functionality of each product line. Afterwards, we will attempt to tap into discovering the niche that Alfa Organics plays in and get familiar to its market dynamics and competition. That will enable us to better structure Alfa Organics' growth plan going forward.

Since the objective of the business plan is to grow sales, important components need to be addressed especially production capacity and efficiency. We will attempt to define key capacity elements and build proper tools to increase operational efficiency.

On another level, visibility of potential earnings and financial requirements of the company need to be addresses. Therefore, we will build a revenue model detailing forecasted sales over the next two years, and then list respective financial requirements in cost of goods sold, capital expenditure and operating expenses, needed to support the forecasted sales. That will lead us into tracking the company's profitability and estimate the initial investment needed to support the growth plan.

CHAPTER II

TEAM

The management team will be comprised of the two founders Celine and Cyril Khalil, in addition to an operations manager.

Cyril Khalil: Currently occupies the position of Chief Executive Officer of a fund management firm. Cyril is an experienced entrepreneur; he setup a number of successful companies in consulting and social entrepreneurship. He is also a member of the board of numerous companies. Cyril will act as a consultant for Alfa Organics management.

Celine Khalil: Celine is a certified holistic nutritionist with many years of experience in an international NGO. Celine's recipes were behind the inception of Alfa Organics. Her crackers found huge appeal with her friends and family before having the idea of commercializing the products. Celine will primarily handle research and development activities and lead marketing and public relations. She will also act as the image of the brand.

The immediate recruitment of an operations manager will be a top priority going forward for the execution of the business plan. The operations manager will handle production management, sales management, financial planning and will be responsible of developing and executing the expansion strategy. The new recruit needs to possess multidisciplinary skills and strengths in order to succeed in his new role.

CHAPTER III

PRODUCT

The first range of products that Alfa Organics started producing was the Oat Crackers in August 2014. Later on, another product line was added to the range and the Sweet Potato Chips product line was introduced in May 2015. Alfa Organics is aiming to expand its products' range in 2016 by offering two new product lines.

A. Existing Product Lines

1. Oat Crackers

a. Form Factor

The Oat Crackers product line has four varieties: Vegan Cheese & Garlic, Tomato & Basil, Herbs & Cumin and Onion & Ginger. Every variety has distinct branding within the same general theme. Alfa Organics Oat Crackers are available in two serving sizes. An 80 grams serving rectangular box and a 20 grams serving squared box. It has eight stock keeping units (SKU) in total.

b. Architecture

All crackers are in rectangular shape with dimensions of two centimeters in width and six centimeters in length, and a millimeter and a half in thickness. They have a homogeneous look and feel as all ingredients are thoroughly blended and mixed before they get dehydrated at 41 degrees Celsius. Consumption recommendation is for three months from production date.

c. Functionality

The crackers can be used as a standalone snack, a snack with a dip or can replace bread. They are constituted from 80% of oats and 20% of other ingredients. All ingredients are organic and gluten-free without fillers, additives, allergens and preservatives. This product line is dehydrated in order to keep nutritional benefits at a maximum.

2. Sweet Potato Chips

a. Form Factor

The Sweet Potato Chips product line includes three varieties: Olive Oil & Rosemary, Dates & Cashew and Paprika & Chili. It comes in one serving size of 55 grams. Therefore, the Sweet Potato Chips product line has three stock keeping units. The chips are packaged in a transparent plastic box.

b. Architecture

The three Sweet Potato Chips varieties are constituted of bite size piece. The expiry date of this product is a month from production date.

c. Functionality

The main intent for this product is to be used as a standalone snack. Sweet potato is the primary ingredient in this product line. All ingredients are organic and gluten-free without fillers, additives, allergens and preservatives. This product line is also dehydrated in order to keep nutritional benefits at a maximum.

B. New Product Lines

Two new product lines are in the pipeline to be launched in 2016. The first will be a range of sweet and salty Granola Bites. Its launch date is on the first of April 2016.

The second new product line is a range of salty Broccoli Chips which will be launched six months after the introduction of the Granola Bites product line, being on the first of October 2016.

The research and development process of a new product line does not change from product to another and is comprised of the below steps. Estimated lead time from idea to finished product is about six months.



Figure 1: Research and development process

CHAPTER IV

MARKET SIZING

Alfa Organics operates within the Health and Wellness food space, and more precisely in the Organic and Food Intolerance segments. These segments are showing big growth globally.



Figure 2: Health and wellness segment and its five categories

In developing markets, organic remains a niche segment, despite fairly good growth. However, many consumers are simply deterred by the price premium.

Food intolerance, although showing good growth, is even more niche than organic. But most markets are seriously underserved, especially with the rise of food intolerances and functional gut, bowel and stomach diseases. An increasing number of people are diagnosed with food intolerances and food allergies, and are demanding specialty foods for everyday use. Additionally more and more people without food intolerances are perceiving these foods as being healthier for them than traditional foods, leading to a stronger demand in this category.

In the US, organic products have shifted from being a lifestyle choice for a small share of consumers to being consumed at least occasionally by a majority of Americans. Consumers appear to prefer organically produced food because of their concerns regarding health, the environment, and animal welfare, and they show a willingness to pay the price premium. About 93 percent of organic sales take place through conventional and natural food supermarkets and chains, according to the Organic Trade Association.

On a global level, demand for such foods is increasing rapidly. In the US, annual revenues for organic food products will reach \$ 41 billion in 2015. Organic sales account for over 4 percent of total U.S. food sales. Organic price premiums continue to remain high in many markets as the demand for organic products expands. Consumer demand for organically produced goods continues to show double-digit growth. Fresh fruits and vegetables have been the top selling category of organically grown foods since the organic food industry started retailing products over 3 decades ago. Packaged and prepared foods are at 11 percent and snack foods are at 5 percent.

Little data exists for Lebanon and regional demand, but anecdotal evidence shows that the region is following global trends. The following observations and findings in both demand and supply sides in recent years reinforce the hypotheses:

- Growing number of organic focused stores in recent years.
- The launching of many local food producers that focus on the organic and “free from” niche sector.
- Increasing numbers of established and mass-market brands are adding gluten-free variations to their product lines.

- Growing presence of organic and “free from” choices in regular supermarkets (out of each 10 supermarkets visited, 6 have a dedicated specialty food shelf-space).
- Established specialty stores and delicatessens that traditionally drew their revenues from alcohol, meats, cheeses and gourmet foods, are jumping to stock organic and “free from” ranges. This organic and “free from” novelty segment is generating interest and demand from their consumers and is promising to become a permanent and profitable source of revenue.
- Increasing popularity of “farmer’s market” which is also becoming a weekly social and commercial event revolving around organic and specialty foods.

The opportunity for growth of Alfa Organics is tremendous. Evidence show that the sector life cycle is in its initial growth phase, and still far from maturity due to the increasing number of mass consumers that are becoming customers, and not the other way around.

CHAPTER V

COMPETITION ANALYSIS

This competition analysis will be an assessment of Alfa Organics' direct competition to its product lines. The analysis will not include the effect of substitutes. Hence, it will not be a holistic assessment for the competition environment of Alfa Organics. Having in mind that Alfa Organics is the first producer of organic snacks of its kind in the region, we identified three potential threats to its product lines:

- Local incumbents that can add organic ranges to their product lines. We believe that market size is still too small for incumbent to get excited. In addition, they don't possess sector expertise and know the market's dynamics. Therefore, their threat is minimal.
- Local Start-up that can produce similar products as Alfa Organics'. If that happens, Alfa Organics will enjoy first mover advantage that is established in brand loyalty, credibility and distribution channels.
- Import of similar products is also assessed as a threat since products similar to Alfa Organics' are available in the European and North American markets. In order to analyze this threat, we built an exhaustive list of foreign direct competitors into a framework and listed their characteristics and competitive advantages. Then we ordered these products and sampled them. We came to the conclusion that Alfa Organics is at par with the best European and American brands on the taste and quality front. As for pricing, the below table

reflects the price from the country of origin and serving size comparison with the direct competitors for the Oat Crackers product line:

Direct Competitors	Serving Size (g)	Price in Country of Origin (USD)	Price per 100 grams	Price per 80 grams	Price per 20 grams
Competitor 1	85	7	8.2	6.92	2.31
Competitor 2	42.5	4	9.4	7.91	2.64
Competitor 3	90	5.5	6.1	5.13	1.71
Competitor 4	100	5.5	5.5	4.62	1.54
Competitor 5	28	5.9	21	17.70	5.90
Competitor 6	100	7	7	5.88	1.96
Competitor 7	100	8.5	8.5	7.14	2.38
Competitor 8	100	10.1	10.1	8.48	2.83
Competitor 9	100	11.6	11.6	9.74	3.25
Competitor 10	70	4.2	6	5.04	1.68
Competitor 11	90	5.3	5.9	4.95	1.65
Competitor 12	150	8.5	5.7	4.76	1.59
Competitor 13	114	7	6.1	5.16	1.72
Alfa Organics(80g)	80	12.7	14.7	12.70	4.23
Alfa Organics(20g)	20	4.67	16.68	14.01	4.67
Sample Average	89.96	6.93	8.55	7.18	2.67

5.1. Oat Crackers direct competition price comparison

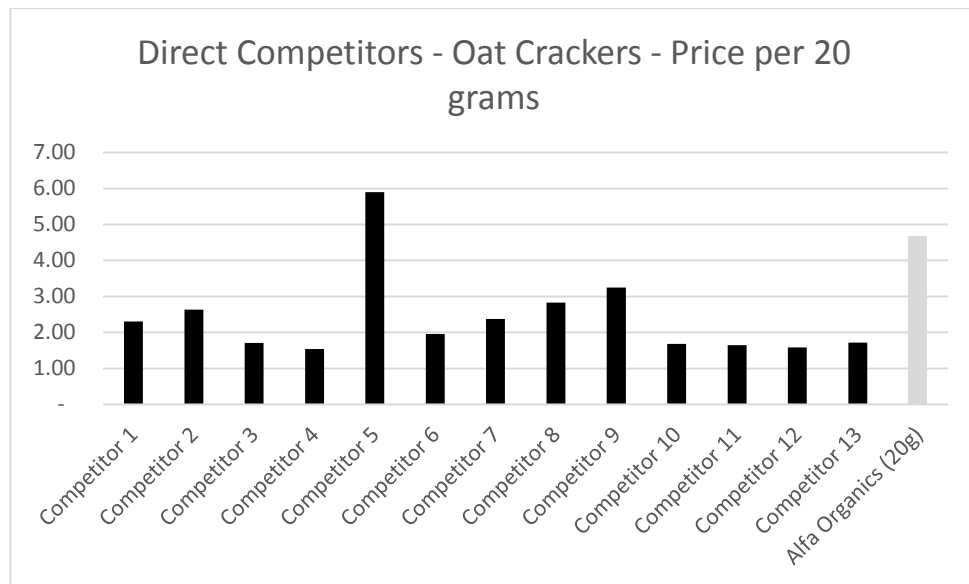


Figure 3: Oat Crackers direct competition price comparison per 20 grams

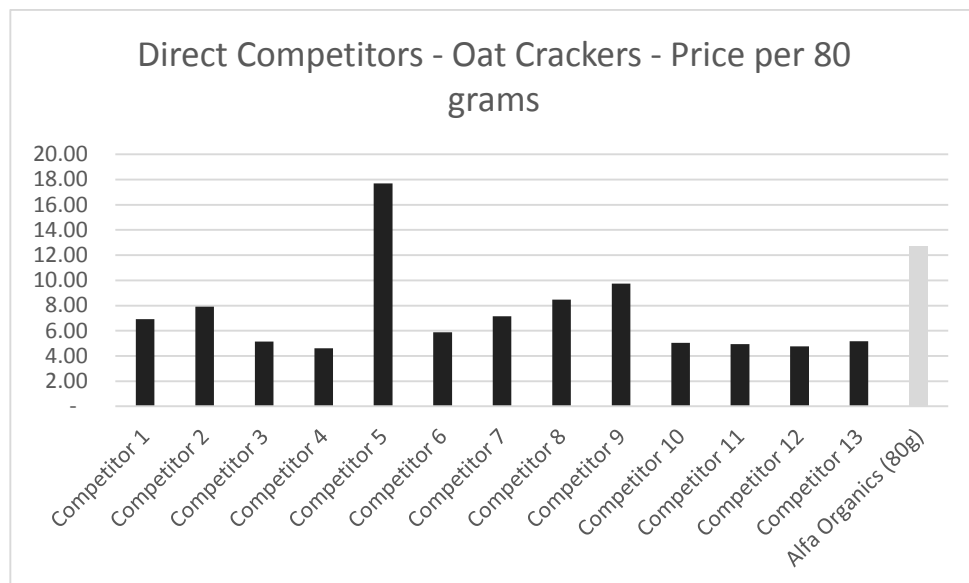


Figure 4: Oat Crackers direct competition price comparison per 80 grams

The comparative analysis showed that many competing Oat Crackers are priced much lower than the Oat Crackers of Alfa Organics. This presents a high threat given that these products can be imported and still be priced more competitively than

Alfa Organics. Imported products are priced at a premium of 20% to 50% to their price in their country of origin. Hence, the need to revisit pricing of the Oat Crackers product line going forward.

As for the Sweet Potato Chips product line, below is the price and serving size comparison table with the direct competitors:

Direct Competitors	Serving Size (g)	Price in Country of Origin (\$)	Price per 100 grams	Price per 55 grams
Competitor 1	70.8	7	9.9	4.9
Competitor 2	57	5.9	10.3	5.2
Competitor 3	60	5.9	9.8	4.9
Competitor 4	30	3.4	11.3	5.7
Competitor 5	25	2.5	9.9	5
Competitor 6	60	6.3	10.5	5.3
Competitor 7	40	3.9	9.6	4.8
Competitor 8	40	3.3	8.3	4.2
Competitor 9	25	2.3	9.3	4.7
Competitor 10	63	6	9.5	4.8
Competitor 11	28	3	10.7	5.3
Competitor 12	56	6	10.7	5.3
Alfa Organics	55	5.67	11.3	5.67
Sample Average	46.23	4.63	9.98	5.01

5.2. Sweet Potato Chips direct competition price comparison

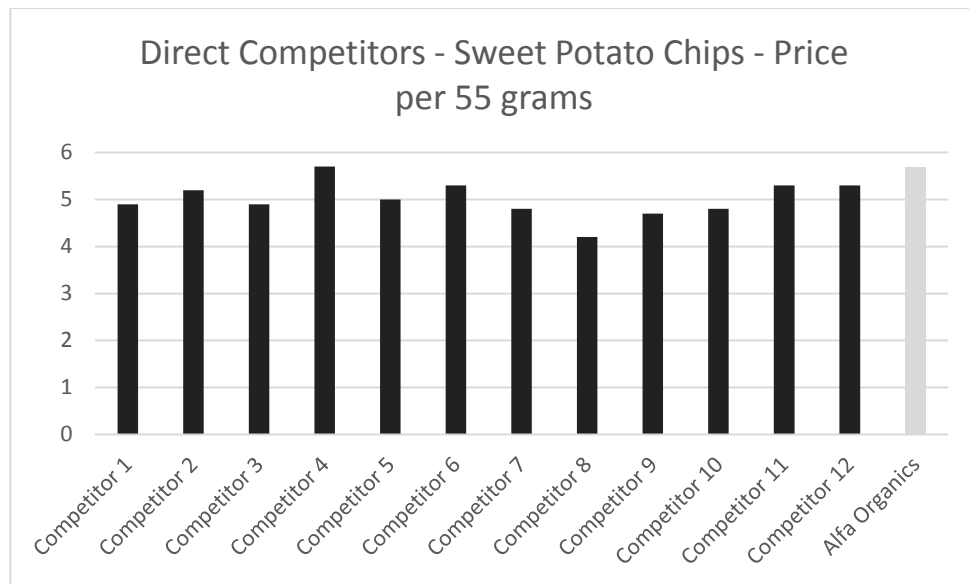


Figure 5: Sweet Potato Chips direct competition price comparison per 55 grams

The comparative analysis showed that Alfa Organics' Sweet Potato Chips are priced at par with their foreign competitors. That means if these competitors' products are imported, Alfa Organics will benefit from competitive pricing which will decrease the threat.

CHAPTER VI

PRODUCTION MODEL

A. Process Mapping

Coming into production, in order to attain founders' sales ambition, key components needed to be addressed primarily production capacity and production efficiency. The production setup was initially installed in a 45 SQM facility and expectations were that the facility's utilization was high. Internal capacity was not clear and well reflected on. Founders wanted to move facility and buy a new industrial dehydrator that will take capacity to the next level. I suggested to spend some time in the facility in order to document process maps for the two product lines and to identify potential bottlenecks once production scales up.

The manufacturing process for the two product lines is linear and very labor intensive. The two product lines processes consist of four consecutive steps:

- Preparation: raw materials are cleaned and made ready for processing.
- Processing: Raw materials are mixed and spread on trays to be loaded in the dehydrators.
- Dehydration: 40 hours for Oat Crackers and 20 hours for Sweet Potato Chips in dehydrators
- Packaging: after dehydration, the products are ready to be packaged with the primary and secondary packaging.

For preparation, processing and packaging, the main resource is human labor. As for dehydration, it is the number of trays that can be loaded in the dehydrators (9 trays per dehydrator). Alfa Organics currently operates with 10 dehydrators. Knowing that one cycle (10 loaded dehydrators) of Oat Crackers needs 40 hours and one cycle of Sweet Potato Chips needs 20 hours, we computed the number of cycles that can be executed in a week. Weekly production can reach five cycles as per the following: two cycles of Oat Crackers and three cycles of Sweet Potato Chips.

We also computed the labor hours required to fully utilize existing dehydration capacity. To reach this level of production, 80 labor hours are needed. That can be provided by two employees working five days a week, eight hours a day. Therefore, Alfa Organics has to recruit one additional operator to reach full production capacity.

1. Process Mapping for Oat Crackers

Preparation is the first step of the process involving the cleaning, peeling and disinfection raw materials. Raw materials are ready to be processed after the preparation. Overall, it took one hour and 35 minutes to finish with the preparation step. The processing step consists of the following activities: ingredients weighing, manual mixing, spreading the mix on the trays followed by dehydration for 40 hours. Processing is 100% linear. The crackers will be packed in a primary package and then with the secondary packaging stamped with the barcode and expiry date. The numbers of finished products produced and the required time for preparation, processing and packaging are reviewed in the below table.

The process flow time will take in total 11.82 hours to produce 41 packs of 80g and 78 packs of 20g. The 80g SKUs are distributed as per the following: 10 packs of

Vegan Cheese & Garlic, 11 packs of Tomato & Basil, 5 packs of Herbs & Cumin and 15 packs of Onion & Ginger. In addition to that, the packs of 20g will end up with 18 units of carrots & wild thyme, 20 units of Tomato & Basil, 13 units of Herbs & Cumin and finally 27 units of Onion & Ginger. Processing is the step with the highest allocated time that equals to 5.56 hours followed by the packaging step with 4.68 hours. As for the preparation step, it requires only 1.58 hours given that is a common step for all SKUs.

	Vegan Cheese & Garlic	Tomato & Basil	Herbs & Cumin	Onion & Ginger	Total
80g Packs	10	11	5	15	41
20g Packs	18	20	13	27	78
Preparation Time (h)	1.58				1.58
Processing Time (h)	1.67	1.47	0.75	1.67	5.56
Packaging Time (h)	1.23	1.25	0.73	1.47	4.68

6.1. Summary of process varieties and timing of steps per cycle of Oat Crackers

2. Process Mapping for Sweet Potato Chips

As mentioned before, the steps of the Sweet Potato Chips process are similar to the ones of the Oat Crackers process. Operation is executed by one food handler and 10 dehydrators are available.

Sweet Potato Chips are prepared first by executing the following activities: cleaning, disinfection, peeling and drying. The processing of the Sweet Potato product line is 100% linear and consists of weighing the sweet potatoes, mixing the ingredients and spreading the mix on the trays. After this, the trays are entered to the dehydrators for 20 hours.

The below table summarizes the numbers of finished products produced and the required time for preparation, processing and packaging. The process varieties end up to 111 packs: 37 packs of Olive Oil & Rosemary, 43 packs of Dates & Cashew chips and 31 packs of Paprika & Chili. Preparation is a common step for the three flavors and takes 4.17 hours. As for the processing and packaging, time will vary among the flavors with a total of 8.02 hours of processing and 3.12 hours of packaging.

	Olive Oil & Rosemary	Dates & Cashew	Paprika & Chili	Total
Packs	37	43	31	111
Preparation Time (h)	4.17			4.17
Processing Time (h)	1.45	1.40	1.00	8.02
Packaging Time (h)	1.20	1.10	0.82	3.12

6.2. Summary of process varieties and timing of steps per cycle of Sweet Potato Chips

3. *Process Mapping Take Away*

After detailed mapping and calculation, we ended up knowing that critical elements in the process were: space, labor and dehydration capacity. As dehydration was assured by small dehydrators, we could match the capacity of the industrial machine by doubling the number of dehydrators without incurring its huge cost. Regarding processing and as it is linear, it would ideally be set in production lines; hence, the need of additional space and labor when production scales up. By doing that analysis we optimized the design for capacity build up:

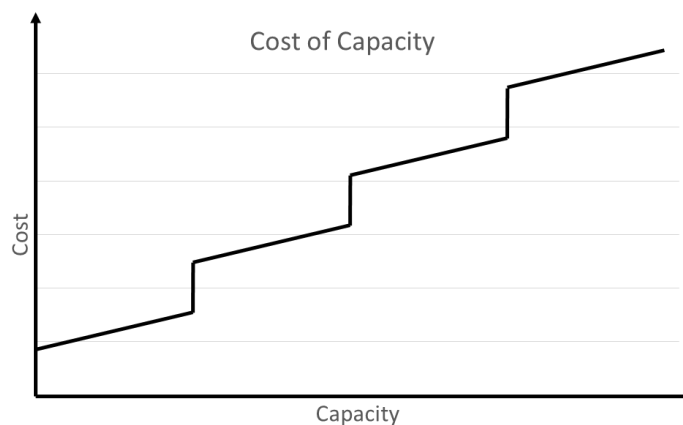


Figure 6: Optimized Design for Capacity Build-Up

The above figure illustrates the effect that space, dehydration units and labor has on capacity. The facility's space will be occupied by the dehydration units and processing lines where workers operate. The sharp increases in cost occur in times of changing for a bigger facility where capacity is estimated to increase 100%. In between changing facilities, capacity builds up can occur by adding additional dehydration units and processing lines until there is no more space.

B. Production Model

On another layer of production and since shelf-life of the products is short, operations have to be efficient in order to reduce waste. Waste is generated when products stocked at POS get expired before getting sold and get returned to the producer. Waste will be minimized by maximizing the time the product sits on POS shelves. Hence, the need to produce at the same level of forecasted sales.

1. Production Model for Oat Crackers

The Oat Crackers production model is designed to decide the number of batches from each flavor that should be produced per cycle in order to obtain the desired number of finished products of each SKU. Two steps are successively followed; the first step is to conclude the percentage of each flavor to produce according to each sales forecast and the second one is to determine the percentage of the big and small boxes within each flavor. Total outputs are found by fixing dehydration capacity as a constraint to the production model. The objective of this model is to maximize the utilization of the dehydrators and benefit from the highest production volume per cycle. The percentage of each flavor for the total cycle is inserted with a certain degree of flexibility because the incremental unit is one whole batch. Following that, the percentage of small and big boxes within each flavor type is defined.

2. Production Model for Sweet Potato Chips

The Sweet Potato Chips production model concludes the number of batches to produce per cycle with the purpose of having the exact number of SKU forecasted, and that is by fixing the percentage of each flavor as per the sales forecast to the total production output. Dehydration capacity is set as a constraint to the production model.

CHAPTER VII

REVENUE MODEL

A. Historical Sales Analysis

For the period between August 1st, 2014 and August 31st, 2015, Alfa Organics launched two product lines and 11 SKU in total after the excitement that it created within a certain niche of consumers. Alfa Organics started selling Oat Crackers, and in May 2015 the Sweet Potato Chips product line was introduced, which made a big impact on sales volumes and made the brand's founders look into opportunities to take Alfa Organics into the next level. Total net sales for this period amounted to LBP 51,125,250.

The below table reflects the monthly sales performance of each SKU for the two product lines:

Month-Year	Oat Crackers										Sweet Potato Chips					Monthly Total	
	Vegan Cheese & Garlic		Tomato & Basil		Herbs & Cumin		Onion & Ginger		Total Crackers Boxes Sold		Dates & Cashew	Olive Oil & Rosemary	Paprika & Chilli	Chips Boxes Sold			
	20g Box	80g Box	20g Box	80g Box	20g Box	80g Box	20g Box	80g Box	Total 20g	Total 80g	Box	Box	Box #	Box #	Amount		
Aug-14	-	28	-	42	-	25	-	-	-	95	-	-	-	-	95	1,489,125	
Sep-14	-	22	-	22	-	22	-	-	-	66	-	-	-	-	66	1,034,550	
Oct-14	-	67	-	54	-	24	-	-	-	145	-	-	-	-	145	2,272,875	
Nov-14	-	50	-	30	-	23	-	-	-	103	-	-	-	-	103	1,614,525	
Dec-14	52	106	61	64	29	36	-	-	142	206	-	-	-	-	348	4,047,450	
Jan-15	121	101	87	55	54	51	-	-	262	207	-	-	-	-	469	4,757,775	
Feb-15	82	51	57	33	27	11	-	-	166	95	-	-	-	-	261	2,447,775	
Mar-15	81	87	47	54	35	33	131	105	294	279	-	-	-	-	573	6,071,175	
Apr-15	142	87	93	74	64	37	128	85	427	282	-	-	-	-	710	6,892,875	
May-15	93	61	43	36	33	23	74	55	243	175	89	81	69	239	657	5,823,675	
Jun-15	50	50	31	35	10	22	46	35	137	142	189	238	96	524	803	6,688,275	
Jul-15	33	25	28	18	30	18	27	28	118	89	87	89	64	240	447	3,759,525	
Aug-15	45	25	43	25	33	18	49	28	170	96	97	93	58	248	514	4,225,650	
Total	699	760	490	542	315	343	455	336	1,959	1,981	462	500	288	1,250	5,190	51,125,250	

7.1. Alfa Organics historical sales performance per product line and SKU

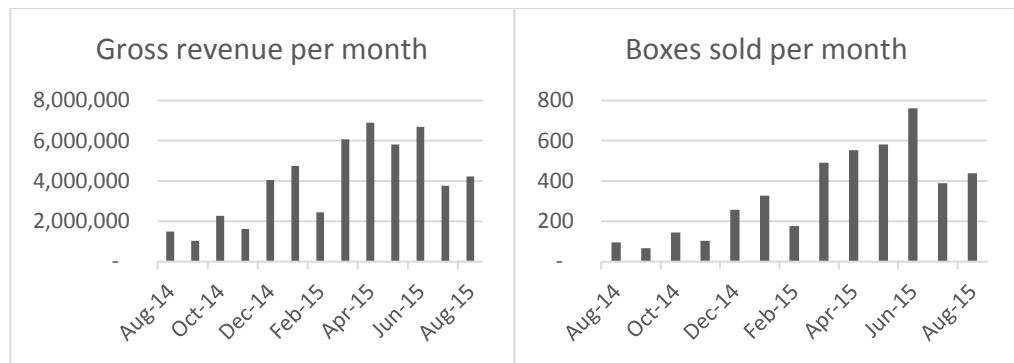


Figure 7: Alfa Organics sales performance

The data covers 13 months, but comparative analysis for all product lines is for four months only. Hence, the comparative data is limited for analysis between the two product lines.

A decline in sales for the last two months is due to a decline in the sales of one of the major POS that experiences lower sales in summer and during Ramadan period. Alfa Organics' two biggest accounts generate around 70% of total sales. The high market power that those buyers have in addition to the higher bargaining power that they can leverage, present a high risk on Alfa Organics' operations and sales.

Getting into product line's performance, Alfa Organics sold around 4,000 boxes of Oat Crackers. After its introduction, the Onion & Ginger' range became the best seller of this line exceeding the sales of Vegan Cheese & Garlic. Herbs & Cumin remained the worst seller.

52% to 58% of Oat Crackers sales were from the 20 grams SKUs and the rest were from the 80 grams SKUs.

The Sweet Potato Chips product line had generated sales of 1,250 items since its launching, which is equivalent to 300 items a month. The most popular flavor is the

Olive Oil & Rosemary followed by Dates & Cashew flavor and then by Paprika & Chili.

Although this analysis helps in identifying trends, it also has limitations due to the short period of the study and the lack of resources dedicated to push sales.

Moreover, SKUs and product lines were not introduced on the same dates. Cyclicity in sales is present as a result of seasonal demand and stocking cycles of retailers.

Cyclicity cannot be measured, due to buyer concentration and the short period of comparative analysis.

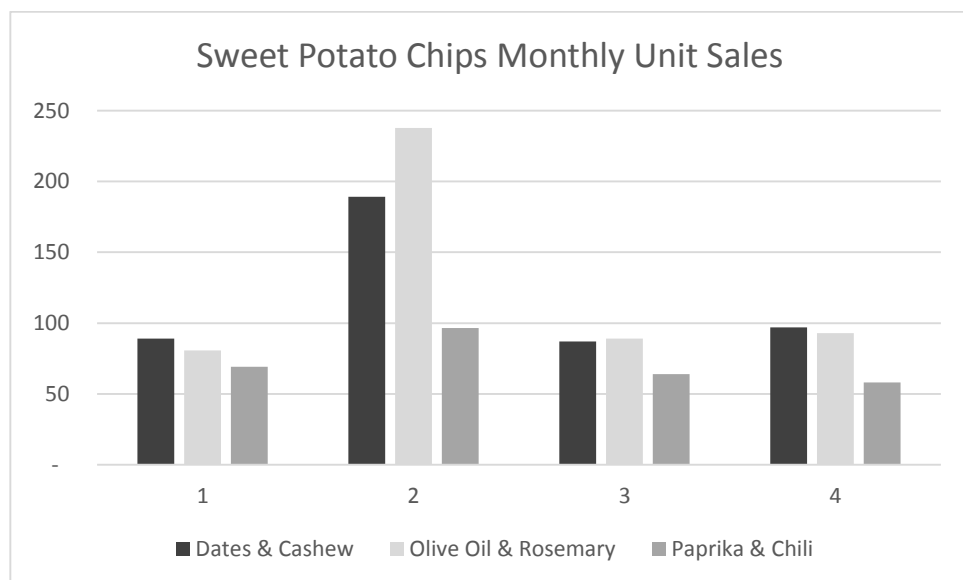


Figure 8: Sweet Potato Chips sales performance

B. Forecasting Method

Looking into the market size in a mature market like the US, we can determine that the potential of the sector is huge. However in the region, the sector is still in its initial growth stage and attempting to estimate market size can go with major inaccuracy. For that reason, we will go forward with forecasting sales by focusing on internal capabilities for the next two years. Internal sales targets will be set to achieve a revenue multiple of 10 times in 2016 and 2017. That will allow the founders to assess the viability to move forward with their plan by going conservative and acquiring market knowledge along the way.

After these two years, an evaluation of the achieved results will be made, new growth targets will be set and additional capital will be raised in accordance with a clearer sector landscape and a more measurable opportunity.

C. Revenue Model

The criteria to choose a POS where Alfa Organics products can be marketed are the following:

- High end store: Delicatessen – Upscale store/café hybrid
- Specialty Store: All Natural stores – Organic stores – Diet stores and clinics
- Targeted POS: for example an upscale gym where Alfa Organics can target customers that are members.

Revenues are forecasted for the years 2016 and 2017. Forecasting will be segmented by:

- Geography: Lebanese and International Markets
- Product lines: Oat Crackers, Sweet Potato Chips, Granola Bites and Broccoli Chips

The key assumptions for this study are the following:

- Product lines and SKUs will not change for the next two years
- Market (farmers market...) margins will be fixed at 0% and an expense will be allocated in the budget of operating cost
- Non Market (retail) Margin will be fixed at 25%
- Distribution Margin (Internationally) will be fixed at 15%

The following table indicates the assumptions taken in forecasting sales for 2016 and 2017.

	2016	2017
Lebanon	<p>Oat Crackers and Sweet Potato Chips product lines will grow 100% year over year following:</p> <ul style="list-style-type: none"> • Increase in the number of POS • Better POS management • Increase in market and exhibition activities 	<p>Oat Crackers and Sweet Potato Chips product lines growth will normalize at 15% following the year 2016 where sales potential has been largely reached but growth will still be possible because of the new trending eating habits.</p>
	<p>Two new product lines will be launched in April and October with sales forecasting similar to what was achieved from the Oat Crackers in its first year. Following Alfa Organics increased market power in that period, this can be considered a conservative estimate.</p>	<p>Growth of the two new product lines will reach its potential at 100% increase year over year and catch up to the existing product lines success.</p>
Internationally	<p>On the international front, focus will be directed towards the GCC countries and more specifically toward the UAE and Saudi Arabia. Alfa Organics will be involved in regional specialty food exhibitions. Legal procedures and distribution will delay entry six months.</p> <p>Current product lines will be only distributed as Lebanon will be the pilot for the new product lines.</p> <p>Total international volume sales is forecasted similar to what the two existing product lines archived in 2015.</p>	<p>The year 2016 will have the effect of a bridge head to penetrate the main GCC markets.</p> <p>In 2017, all Alfa Organics product lines will grow at an ambitious 200% with better established distribution channels and market experience, and will grasp health and wellness eating habits that is developing in the region.</p>

7.2. Alfa Organics forecasted sales assumptions for 2016 and 2017

1. Forecasting for 2016

a. Lebanese Market

A 100% growth will incur in 2016 for the two existing product lines. As for the two new product lines, the Granola Bites and Broccoli Chips will be launched respectively in April 2016 and October 2016. The monthly sales volume of the new product lines will be forecasted at 100 items.

As illustrated in appendix A, the gross revenue in the Lebanese market will reach LBP 183,490,000 for the existing product lines and LBP 15,300,000 for the new product lines in 2016 leading to a total net revenue equal to LBP 159,032,000.

b. International Market

The entry to the international market will be initiated in July 2016 for the following product lines: Oat Crackers and Sweet Potato Chips. The UAE and Saudi Arabia markets will be the principal markets for the international expansion. Appendix A shows the international sales projection for 2016: 2,453 units for Oat Crackers and 1,875 units for Sweet Potato Chips. The international net revenue sums up to LBP 27,523,500 in 2016.

2. Forecasting for 2017

a. Lebanese Market

On the local level, a 15% growth for the existing product lines (LBP 268,562,636) and a 100% growth for the new ones (LBP 69,600,000) are planned for 2017. Lebanon net revenue will reach LBP 270,530,109 as reflected in appendix A.

b. International Market

Throughout 2017, 200% monthly growth is projected for the existing product lines. As for the new product lines, 200% growth is applied on the volume forecasted for the Lebanese market in 2016. Appendix A indicates the international gross revenue of the existing and new product lines respectively equal to LBP 275,235,000 and LBP 104,400,000 in 2017. The international net revenue raises for LBP 227,781,000.

CHAPTER VIII

FINANCIALS

A. Cost of Goods Sold

1. Calculation of COGS

Cost of Goods Sold are the direct costs attributable to the production of the final products sold by the company. This amount includes the cost of the raw materials and packaging used along with the direct labor costs and direct expenses such as utilities that can be directly recognized to the production of the goods.

a. Oat Crackers Product Line

The below table details direct costing (raw material, labor, electricity and packaging) for the eight SKUs of the Oat Crackers product line.

Direct Cost (g)	20	80
Raw Material		
Vegan Cheese & Garlic	686	2,057
Tomato & Basil	576	1,727
Herbs & Cumin	520	1,560
Onion & Ginger	1,010	3,031
Labor	698	2,094
Vegan Cheese & Garlic	249	747
Tomato & Basil	220	660
Herbs & Cumin	242	727
Onion & Ginger	172	515
Electricity	221	662
Vegan Cheese & Garlic	263	789
Tomato & Basil	232	697
Herbs & Cumin	256	768
Onion & Ginger	181	544
Total Direct Cost	233	700
Vegan Cheese & Garlic	1,198	3,593
Tomato & Basil	1,028	3,084
Herbs & Cumin	1,019	3,056
Onion & Ginger	1,363	4,090
Averages	1,152	3,456
Packaging		
Primary	90	180
Secondary	333	500
Total	423	680
Average Total Cost	1,575	4,136

8.1. Detailed direct cost of Oat Crackers product line

The 20g box has an average direct cost of LBP 1,575 ranging from LBP 1,442 for Herbs & Cumin to LBP 1,786 for Onion & Ginger crackers. As for the 80g box, the average direct cost is LBP 4,136 ranging from LBP 3,736 for Herbs & Cumin to LBP 4,770 for Onion & Ginger crackers.

The below tables describe the costs of the following items: COGS, retail margin, distribution margin, shipping, taxes and waste, in LBP per SKU and percentage of revenues.

Tomato & Basil		20		80	
Retail Price		7,000	100%	19,000	100%
RM		576	8%	1,727	9%
Labor		220	3%	660	3%
Electricity		232	3%	697	4%
Packaging		423	6%	680	4%
Retailer Margin	25%	1,750	25%	4,750	25%
Distributor margin	0%	-	0%	-	0%
Shipping	0%	-	0%	-	0%
Taxes	0%	-	0%	-	0%
Waste	20%	290.21	4%	753	4%
Operating Margin		3,509	50%	9,733	51%

8.2. Margin distribution of Tomato & Basil crackers

Vegan Cheese & Garlic		20		80	
Retail Price		7,000	100%	19,000	100%
RM		686	10%	2,057	11%
Labor		249	4%	747	4%
Electricity		263	4%	789	4%
Packaging		423	6%	680	4%
Retailer Margin	25%	1,750	25%	4,750	25%
Distributor margin	0%	-	0%	-	0%
Shipping	0%	-	0%	-	0%
Taxes	0%	-	0%	-	0%
Waste	20%	324.16	5%	855	4%
Operating Margin		3,305	47%	9,122	48%

8.3. Margin distribution of Vegan Cheese & Garlic flour crackers

Herbs & Cumin		20		80	
Retail Price		7,000	100%	19,000	100%
RM		520	7%	1,560	8%
Labor		242	3%	727	4%
Electricity		256	4%	768	4%
Packaging		423	6%	680	4%
Retailer Margin	25%	1,750	25%	4,750	25%
Distributor margin	0%	-	0%	-	0%
Shipping	0%	-	0%	-	0%
Taxes	0%	-	0%	-	0%
Waste	20%	288.31	4%	747	4%
Operating Margin		3,520	50%	9,767	51%

8.4. Margin distribution of Herbs & Cumin crackers

Onion & Ginger		20		80	
Retail Price		7,000	100%	19,000	100%
RM		1,010	14%	3,031	16%
Labor		172	2%	515	3%
Electricity		181	3%	544	3%
Packaging		423	6%	680	4%
Retailer Margin	25%	1,750	25%	4,750	25%
Distributor margin	0%	-	0%	-	0%
Shipping	0%	-	0%	-	0%
Taxes	0%	-	0%	-	0%
Waste	20%	357.24	5%	954	5%
Operating Margin		3,107	44%	8,526	45%

8.5. Margin distribution of Onion & Ginger crackers

Average		20		80	
Retail Price		7,000	100%	19,000	100%
RM		698	10%	2,094	11%
Labor		221	3%	662	3%
Electricity		233	3%	700	4%
Packaging		423	6%	680	4%
COGS		1,575	22%	4,136	22%
Retailer Margin	25%	1,750	25%	4,750	25%
Distributor margin	0%	-	0%	-	0%
Shipping	0%	-	0%	-	0%
Taxes	0%	-	0%	-	0%
Waste	20%	315	4%	827	4%
Operating Margin		3,360	48%	9,287	49%

8.6. Average margin distribution of the Oat Crackers product line

Sales are still only covering the Lebanese territory, distribution is being handled internally, and the company did not qualify yet to enter the Lebanese VAT taxing system. That is why for the time being distributor margin, shipping and taxes are zero. For the current operations, COGS is at a reasonable 22% and operating margin is at 51% to 52% of the retail price.

b. Sweet Potato Chips Product Line

The detailed direct costing for the 55 grams serving of the three Sweet Potato Chips flavors are summarized in the below table.

Direct Cost (g)	55
Raw Material	
Olive Oil & Rosemary	2,038
Dates & Cashew	1,855
Paprika & Chilli	2,042
Labor	1,978
Olive Oil & Rosemary	379
Dates & Cashew	324
Paprika & Chilli	294
Electricity	333
Olive Oil & Rosemary	200
Dates & Cashew	171
Paprika & Chilli	155
Total Direct Cost	176
Olive Oil & Rosemary	2,617
Dates & Cashew	2,350
Paprika & Chilli	2,492
Averages	2,486
Packaging	1,115
Average Total Cost	3,601

8.7. Detailed direct costs for Sweet Potato Chips

The average direct cost for the Sweet Potato Chips is of LBP 3,601 ranging from LBP 3,465 for Dates & Cashew to LBP 3,732 for Olive Oil & Rosemary.

The costs of COGS, retail margin, distribution margin, shipping, taxes and waste, in LBP per SKU and percentage of revenues is described in the below tables for each flavor of Sweet Potato Chips.

Paprika & Chilli		55	
Retail Price		8,500	
RM		2,042	24%
Labor		294	3%
Electricity		155	2%
Packaging		1,115	13%
Retailer Margin	25%	2,125	25%
Distributor margin	0%	-	0%
Shipping	0%	-	0%
Taxes	0%	-	0%
Waste/Return	20%	721.32	8%
Operating Margin		2,047	24%

8.8. Margin distribution of Paprika & Chili

Olive Oil & Rosemary		55	
Retail Price		8,500	
RM		2,038	24%
Labor		379	4%
Electricity		200	2%
Packaging		1,115	13%
Retailer Margin	25%	2,125	25%
Distributor margin	0%	-	0%
Shipping	0%	-	0%
Taxes	0%	-	0%
Waste/Return	20%	746.35	9%
Operating Margin		1,897	22%

8.9. Margin distribution of Olive Oil & Rosemary

Dates & Cashew		55	
Retail Price		8,500	
RM		1,855	22%
Labor		324	4%
Electricity		171	2%
Packaging		1,115	13%
Retailer Margin	25%	2,125	25%
Distributor margin	0%	-	0%
Shipping	0%	-	0%
Taxes	0%	-	0%
Waste/Return	20%	693.09	8%
Operating Margin		2,216	26%

8.10. Margin distribution of Dates & Cashew

Average		55	
Retail Price		8,500	
RM		1,978	23%
Labor		333	4%
Electricity		176	2%
Packaging		1,115	13%
COGS		3,601	42%
Retailer Margin	25%	2,125	25%
Distributor margin	0%	-	0%
Shipping	0%	-	0%
Taxes	0%	-	0%
Waste/Return	20%	720.25	8%
Operating Margin		2,053	24%

8.11. Average margin distribution of the Sweet Potato Chips product line

For the current operations, COGS is at a high 42% and operating margin is at 28% of the retail price. When sales will grow, these items will be certainly lower in operating margin, hence the need to increase operations efficiency and economies of scale along the growth path.

2. Forecasted COGS

For the forecasted COGS, raw material cost and direct utilities are represented by “cycle cost” in appendix B. For the Oat Crackers and the Sweet Potato Chips product lines, cycle cost is a function of forecasted sales from the revenue model in chapter VII, the number of production cycles needed to fulfill forecasted demand, and the cost per cycle retrieved from the production model in chapter VI. As for the Granola Bites and Broccoli Chips product lines, cycle cost is estimated at 31% and 33% respectively.

After the recruitment of an additional operator, the total number of operators will amount to two for the year 2016. An additional operator will get recruited in January 2017 to cope with the increased demand making the number of operators three.

Lastly, waste rate is also an integral component when calculating COGS. Waste rate is the goods returned from the POS when they reach their expiry date. Waste rate is a function of stocking volumes at the POS and the estimated turnover rate. Waste rate is estimated to decrease gradually with the overall increased operational efficiency.

B. Operating Cost

Operating expenses are the costs incurred from activities not directly linked with the production of finished products. In other terms, they can be identified by selling, general and administrative expenses.

Indirect staffing comprises the managing owner, a manager, an account manager and an accountant. Since Alfa Organics operations will still be limited in 2016, the operations manager and the accountant will be staffed on a part time bases and will assume other roles at other subsidiaries of the owners holding. Their respective salaries

will be subsidized at a respective 60% and 50%. In 2017, with the forecasted growth of operations of the companies, they will assume full time roles.

Other operating costs consist of the production facility's rent, its utilities expenses and common charges and other expenses such as marketing and expansion related expenses; for example, travel accommodations.

The total operating costs for 2016 and 2017 are calculated in the appendix B and amount to respectively LBP 135,180,000 and LBP 194,280,000.

C. Depreciation

Assets will be depreciated following the streamline method over five years and the residual value of the assets will be assumed to be zero after total depreciation. Total assets collected over the year 2015 amount to LBP 55,000,000. For 2016, additional capital allocation will reach LBP 33,000,000 in order to move production to a bigger facility and gear it with the necessary fixtures and equipment to increase capacity. As for 2017, a small increase in assets of LBP 9,000,000 will suffice to increase capacity up to 100% and enable Alfa Organics to satisfy forecasted demand (Appendix B).

D. Income Statement

The income statement summarizes the revenues and expenses generated by the company over a period of time. Net sales minus COGS, operating cost and depreciation will give us the net income of Alfa Organics. For 2016, it is forecasted that Alfa Organics will record a net loss of about LBP 24,000,000 and for 2017 a net profit of about LBP 115,000,000 as shown in appendix B.

E. Cash Flow

Cash flow represents the amount of money being transferred into and out of the business, and its effects on its liquidity. In 2016, Alfa Organics will be cash negative. Hence, the company needs to be capitalized with the LBP 76,000,000 estimated net cash outflow in mind. As for 2017, Alfa Organics will be cash positive with LBP 68,000,000 (Appendix B).

CHAPTER IX

BUSINESS MODEL: CANVAS

A. Key Partners

Alfa Organics ensures its own production and transforms inputs in the form of raw materials into finished products ready to distribute. Key partners on the production side will be raw materials suppliers that are mainly local organic farmers and cooperatives and organic overseas dry products suppliers. As for the production process key partners are industrial food processing equipment and packaging equipment distributors, and packaging materials manufacturers.

On the demand side, local points of sales and farmers market are the primary selling channels. Internationally, Alfa Organics will rely on regional distributors. In that regards talks are underway with one of the big regional hypermarkets chains in the region “TSC Sultan” to form a memorandum of agreement. TSC Sultan is one of the big players in the food and beverage retail sector in the region, and commands a notable market share in many GCC countries most notably Saudi Arabia and Kuwait. The partnership will start by stocking Alfa Organics products in its six branches across Lebanon and will grow into exporting Alfa Organics goods into its regional locations within the first six months of the agreement. TSC Sultan will be a major account for Alfa Organics going forward and will open the gateways of the GCC market for the brand.

B. Key Activities

Alfa Organics key activities start with product innovation which is the core activity of the business and its cutting edge over the competition. Next comes manufacturing, packaging and quality control and the products are ready to be distributed.

Over the next two years Alfa Organics will launch two product lines and will increase its production capacity by six times to accommodate growth in sales. In addition a vast overhaul of the packaging processes that Alfa Organics currently rely on will be changed in order to assure a longer product shelf life. A vacuum packaging line with modified atmosphere will be assembled for that purpose.

Locally Alfa Organics will ensure its own distribution and will depend on regional distributors for its regional expansion.

C. Key Resources

Alfa Organics will need 130 million LBP in initial capitalization that it will secure from internal sources as it will be cash negative for the 15 months of operations. This financial support will be the bedrock of the implementation of the business plan.

Other than capital Alfa Organics key resource will be its ability to attract and retain senior management that will execute the business plan. As the managing partner will handle the creative and innovative side of research and development, the new recruit, an operations manager, which needs to possess multidisciplinary skills, will handle production and sales management, financial planning and the development and execution of the expansion strategy.

D. Value Proposition

Alfa Organics value proposition is to offer food products that are all natural, gluten-free and organic. The existing products offering consist of raw, dehydrated Oat Crackers and Sweet Potato Chips, and come in a variety of flavors. All items are free from gluten, allergens, dairy, soy, corn, trans-fats and preservatives. Alfa Organics is devoted to provide highly nutritious products that taste really well. Products will also be available in innovative and convenient packaging.

E. Channels

Distribution channels in Lebanon are a selection of food & beverage retailers like delicatessens, organic shops and specialty shops. In addition, supermarkets that are creating a dedicated healthy food or organic section have the potential of carrying Alfa Organics products. A recruitment of a merchandizer will be under way in order to better assure distribution. The merchandizer role will be to visit POS, take care of stocking by assuring that the right volumes of SKU are in display, and that no stock outs occur. The merchandizer will be the company's eyes and ears in the markets and will transfer very important information to the management team regarding competition and market dynamics.

Apart from point of sales, Alfa Organics participate in a weekly farmers market and will continue to do so in the future.

As for international expansion Alfa Organics will look into approaching regional distributors in order to expand geographically.

F. Customer Segments

Alfa Organics operates within the Health and Wellness food space, and more precisely in the Organic and Food Intolerance categories. Alfa Organics will cater to consumers that are health conscious with an appreciation to organic nutrition and a certain buying power. Moreover people that suffer from food intolerance, especially celiac disease which is an intolerance to gluten, will also be catered for. Alfa Organics aims to become the market leader of its category.

G. Cost Structure

The cost structure of Alfa Organics is composed of three components: capital expenditure, operating cost and the cost of goods sold.

Capital expenditure is a fixed cost that includes the acquisition of long term assets to increase production capacity in order to meet projected sales targets. Capital expenditure for the first year will amount to a 33 million LBP investment.

Operating cost include all costs that cannot be attributed to the direct manufacturing cost of goods. These indirect costs or overheads include indirect staff salaries, rent, utilities and marketing. These costs will amount to 195 million LBP in 2017 up from 135 million LBP in 2016.

COGS which include all the costs that are directly attributed to the direct manufacturing goods, include raw materials costs, direct utilities and direct staffing. These costs increase as production increase and will reach 15 million LBP for December 2017 up from around three million in January 2016.

In total for Alfa Organics to be able to support its growth plan, it will need 130 million LBP in initial investments that it will secure internally.

H. Revenue Streams

Locally Alfa Organics will generate revenue from farmers market and points of sales. Internationally, Alfa Organics will generate its revenue from its regional distributors. Revenue generation will be from the sale of its actual product lines and the two product lines that are in the creation. Revenue growth will come from geographic expansion, increased point of sales penetration, and the introduction of the new product lines.

In 2016 forecasted sales of Alfa Organics will reach around 24,000 units, amounting to around 187 million LBP, 85% generated in Lebanon and 15% generated internationally. As for 2017, unit sales is forecasted to reach 75,000 units and a net revenue is forecasted at around 500 million LBP, 55% generated in the Lebanese market and 45% from international operations.

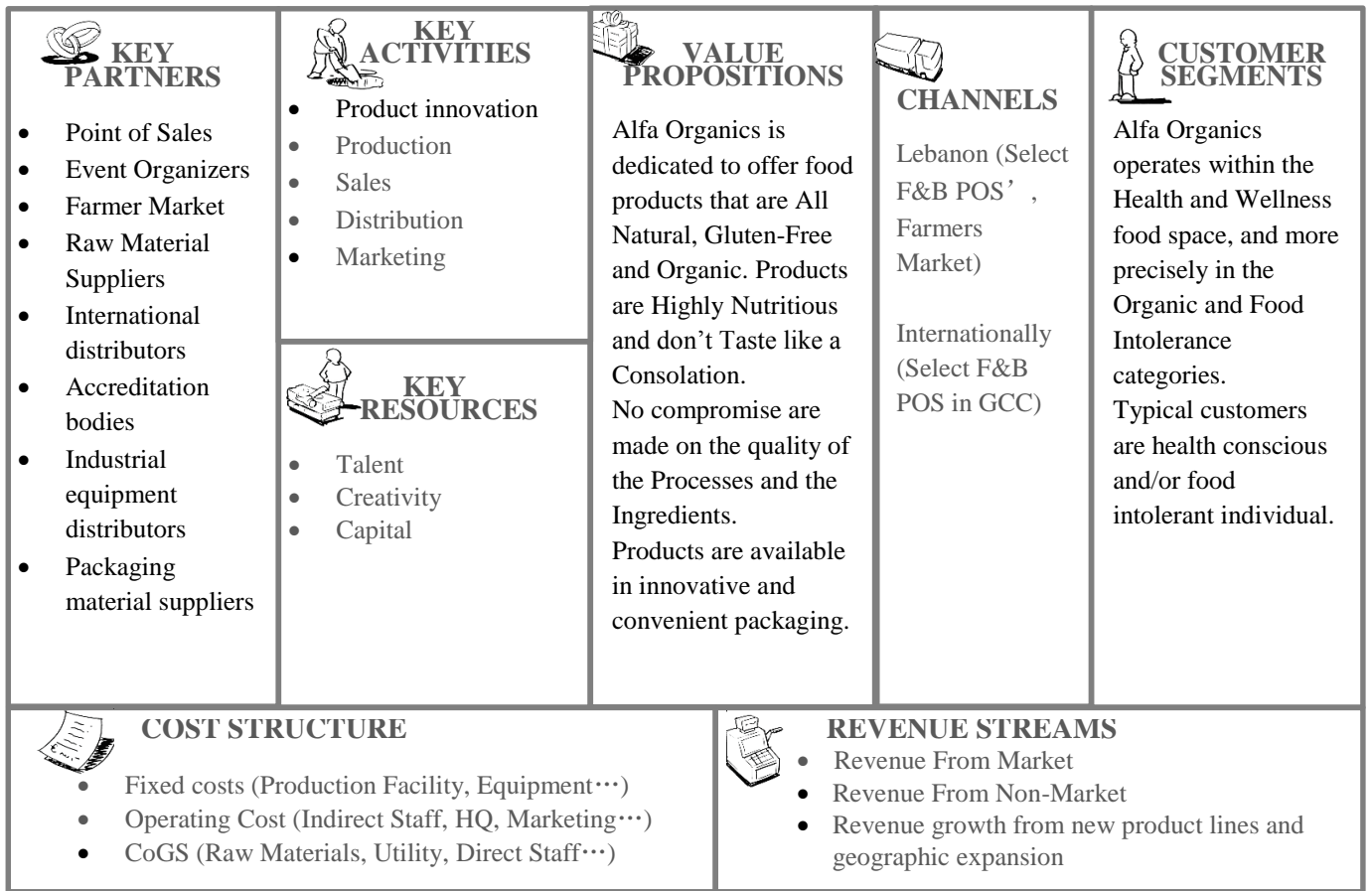


Figure 9: Alfa Organics business model canvas

CHAPTER X

DISCUSSION

A Business Plan is a rational way of structuring the unknowns about a business initiative or a startup so that the stakeholders can make decisions about how to proceed. Similarly, the value of undertaking this Business Plan was based on generating information about critical building blocks of taking the startup to the next stage. I highlight some critical aspects of the Business Plan and the knowledge that was gained through the process of working the assumptions on the unknowns.

Funding Needs. It needs capital requirements in order to transform Alfa Organics into a company capable of growing into a regional player in the health and wellness ecosystem. Initially the expectation of the founders was that the next increment of financing would need to be significant, around 300 million LBP. After applying a building block approach from the bottom up and analyzing at a micro level the requirements of the business going forward we reached a conclusion that a sum of 130 million LBP would suffice to increase capacity considerably and assure good operations of the business. That made the founders feel better about committing to their venture since the financing is internal. They will be able to determine by going very conservative, how viable building a health food brand in the region can be. By making this initial investment in capital expenditure and operating capital the founders can potentially increase their first year revenues up to 10 times allowing heavy local presence and regional penetration to take place. After these two years of testing the

waters and building confidence additional capital would be injected for Alfa Organics to fulfill its full potential.

Capacity Planning and Utilization. Initially the internal production requirements were not clear and well thought out. The assumption was that capacity utilization is high. However, after applying a thorough process mapping for the two product lines, it showed that capacity was only utilized 50% at peak production periods, which highlighted the opportunity that the current production setup offered. Adding to that, the actual dehydration capacity was supported by small dehydrators. The perceived capacity made the founders search for alternative solutions to grow production capacity. They thought, that to jump to the next increment in capacity building, a closed circle industrial dehydrator was inevitable to have, that will come with at least a LBP 90,000,000 price tag. After making accurate capacity calculations, the results showed that by doubling the number of the small dehydrators for a cost of less than LBP 5,000,000 we can match the capacity that the industrial dehydrator can deliver. A major benefit resides in that finding other than the cost savings, and that is having the option to increase capacity in a modular fashion. We could add small dehydrators by the unit, resulting in huge energy savings since direct electricity cost is a significant portion of the COGS of the products.

Production processes were made more efficient as a result of the project by building the mixing model. Since shelf life of the products is relatively short, production has to match sales in order to reduce waste. Products have to reach POS shelves as soon as possible because expired product will get returned resulting in waste costs.

Product Shelf Life. A related aspect of product was in regards to shelf-life constraints on exports, and as a result of the thorough analysis that was achieved, key weaknesses in the product offering were exposed. One of the major hurdles the company faces to expand by export resided in its short shelf life. The short shelf life of the products was a result of the packaging solution that the company sorted to from its inception. Exporting was not on the founders mind initially, but in order to achieve sales targets packaging materials and equipment have to change in order to increase shelf life. Vacuum packaging with modified atmosphere will triple shelf life and make exporting options more viable since the product can still sit a good period of time on foreign POS shelves even with the lead time that it takes to ship it, making it more appealing to potential regional distributors.

Learning the Holistic Approach to Business in a Startup. In the process of building the Business Plan block by block I learned to look at the business in an integrated way, which I had rarely done before. Creating the business plan concretely identified the company's financial requirements, giving the founders a realistic understanding of the costs of operation and income potential. It made us think through the entire enterprise both vertically and horizontally in a thorough and comprehensive manner.

Ongoing political and economic insecurity, speed of innovation and changing customer's demands, entail a dynamic and integrated business planning able to respond to changes in the business environment.

Being a part of a startup team was great learning experience as I was given big responsibilities from day one and that presented an opportunity to learn fast and made my work shine through. In addition the startup culture was inspirational. The nature of

the unstructured tasks and long hours install values of hard work and ownership in the team that is staffed by a small number of individuals.

Taking the multidisciplinary approach and having to think in the integrative way necessary to build and complete this project made me realize potential career paths to initiate after my MBA. I discovered that there is a market for job seekers possessing these strengths in their toolkit.

CHAPTER XI

CONCLUSION

The startup is in an enviable position that its products are real (not a minimum viable product) and they have customers. Now the issue is now how to assess the overall market demand and how to go about meeting this demand. As such, the purpose of this MBA Project and Business Plan was to outline components of a growth strategy that can be used to scale up the firm beyond the current stage to meet this demand as follows:

- By building the business plan block by block, visibility can be achieved over potential earnings and financial requirements of the venture, assuring financing, making stakeholders confident in the viability of the business.
- Potential hurdles that can arise from scaling up are analyzed and tools are created in order to achieve a smooth transition.
- Strengths and weaknesses of the integral building blocks of the business are analyzed and action plans are put in place to fix weaknesses and take advantage of key strengths.

In addition, for myself:

- I experienced firsthand what it is like to work in a startup with the two founders. One value of working in a startup environment is that problems are unstructured. By learning to define problems and solve them I gain valuable experience, as well as the requisite skills that this situation demanded.

- I also realized these skills are worthy to startups in similar position. I believe with the injection of \$400 Million capital in the ecosystem via the Circular-331 of Banque du Liban such skills are increasingly in demand for the next decade and beyond.

APPENDIX A

FORECASTED SALES FIGURES

		January	February	March	April	May	June	July	August	September	October	November	December	
LEBANON														
SKU														
Oat Crackers														
Vegan Cheese 20g	Growth	100%	74	87	101	114	128	141	155	168	182	195	209	222
Tomato 20g		100%	48	56	65	73	82	91	99	108	117	125	134	143
Herbs 20g		100%	34	40	47	53	59	65	71	78	84	90	96	103
Onion 20g		100%	76	90	103	117	131	145	159	172	186	200	214	228
Vegan Cheese 80g		100%	56	66	76	86	96	107	117	127	137	147	157	168
Tomato 80g		100%	40	48	55	62	70	77	84	92	99	106	114	121
Herbs 80g		100%	25	30	34	39	43	48	53	57	62	66	71	75
Onion 80g		100%	56	66	76	87	97	107	117	127	137	148	158	168
20g Pack %	TOTAL		409	483	557	632	706	780	855	929	1,003	1,078	1,152	1,226
80g Pack %														9,811
Vegan Cheese %														
Tomato %														
Herbs %														
Onion %														
Sweet Potato Chips														
Olive Oil	Growth	100%	125	148	171	193	216	239	262	284	307	330	353	375
Dates		100%	116	137	158	179	200	221	242	263	284	305	326	347
Paprika		100%	72	85	98	111	124	137	150	163	176	190	203	216
TOTAL			313	369	426	483	540	597	654	710	767	824	881	938
Granola Bites														
1			0	0	0	100	100	100	100	100	100	100	100	100
2			0	0	0	100	100	100	100	100	100	100	100	100
TOTAL			0	0	0	200	200	200	200	200	200	200	200	200
Broccoli Chips														
1			0	0	0	0	0	0	0	0	100	100	100	100
2			0	0	0	0	0	0	0	0	100	100	100	100
TOTAL			0	0	0	0	0	0	0	0	200	200	200	200
Retail Price														
Oat Crackers														
Vegan Cheese 20g		518,000	612,182	706,364	800,545	894,727	988,909	1,083,091	1,177,273	1,271,455	1,365,636	1,459,818	1,554,000	
Tomato 20g		332,500	392,955	453,409	513,864	574,318	634,773	695,227	755,682	816,136	876,591	937,045	997,500	
Herbs 20g		239,167	282,652	326,136	369,621	413,106	456,591	500,076	543,561	587,045	630,530	674,015	717,500	
Onion 20g		531,000	627,545	724,091	820,636	917,182	1,013,727	1,110,273	1,206,818	1,303,364	1,399,909	1,496,455	1,593,000	
Vegan Cheese 80g		1,060,833.33	1,253,712.12	1,446,590.91	1,639,469.70	1,832,348.48	2,025,227.27	2,218,106.06	2,410,984.85	2,603,863.64	2,796,742.42	2,989,621.21	3,182,500.00	
Tomato 80g		766,333.33	905,666.67	1,045,000.00	1,184,333.33	1,323,666.67	1,463,000.00	1,602,333.33	1,741,666.67	1,881,000.00	2,020,333.33	2,159,666.67	2,299,000.00	
Herbs 80g		477,166.67	563,924.24	650,681.82	737,439.39	824,196.97	910,954.55	997,712.12	1,084,469.70	1,171,227.27	1,257,984.85	1,344,742.42	1,431,500.00	
Onion 80g		1,063,666.67	1,257,060.61	1,450,454.55	1,643,848.48	1,837,242.42	2,030,636.36	2,224,030.30	2,417,424.24	2,610,818.18	2,804,212.12	2,997,606.06	3,191,000.00	
Sweet Potato Chips														
Olive Oil		1,063,250	1,256,568	1,449,886	1,643,205	1,836,523	2,029,841	2,223,159	2,416,477	2,609,795	2,803,114	2,996,432	3,189,750	
Dates		982,500	1,161,136	1,339,773	1,518,409	1,697,045	1,875,682	2,054,318	2,232,955	2,411,591	2,590,227	2,768,864	2,947,500	
Paprika		611,000	722,091	833,182	944,273	1,055,364	1,166,455	1,277,545	1,388,636	1,499,727	1,610,818	1,721,909	1,833,000	
Granola Bites														
1		-	-	-	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	
2		-	-	-	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	
Broccoli Chips														
1		-	-	-	-	-	-	-	-	-	900,000	900,000	900,000	
2		-	-	-	-	-	-	-	-	-	900,000	900,000	900,000	
GROSS REVENUE														
		7,645,417	9,035,492	10,425,568	12,915,644	14,305,720	15,695,795	17,085,871	18,475,947	19,866,023	23,056,098	24,446,174	25,836,250	
Discount														
Market %	20%	1,529,083	1,807,098	2,085,114	2,583,129	2,861,144	3,139,159	3,417,174	3,695,189	3,973,205	4,611,220	4,889,235	5,167,250	
Non-Market %	80%	4,587,250	5,421,295	6,255,341	7,749,386	8,583,432	9,417,477	10,251,523	11,085,568	11,919,614	13,833,659	14,667,705	15,501,750	
LEBANON NET REVENUE														
		6,116,333	7,228,394	8,340,455	10,332,515	11,444,576	12,556,636	13,668,697	14,780,758	15,892,818	18,444,879	19,556,939	20,669,000	
159,032,000														

A.1. 2016 forecasted sales figures per SKU for the Lebanese market

	January	February	March	April	May	June	July	August	September	October	November	December
INTERNATIONALLY												
SKU												
Oat Crackers												
Vegan Cheese 20g		0	0	0	0	0	0	74	74	74	74	74
Tomato 20g		0	0	0	0	0	0	48	48	48	48	48
Herbs 20g		0	0	0	0	0	0	34	34	34	34	34
Onion 20g		0	0	0	0	0	0	76	76	76	76	76
Vegan Cheese 80g		0	0	0	0	0	0	56	56	56	56	56
Tomato 80g		0	0	0	0	0	0	40	40	40	40	40
Herbs 80g		0	0	0	0	0	0	25	25	25	25	25
Onion 80g		0	0	0	0	0	0	56	56	56	56	56
TOTAL		0	0	0	0	0	0	409	409	409	409	409
Sweet Potato Chips												2,453
Olive Oil		0	0	0	0	0	0	125	125	125	125	125
Dates		0	0	0	0	0	0	116	116	116	116	116
Paprika		0	0	0	0	0	0	72	72	72	72	72
TOTAL		0	0	0	0	0	0	313	313	313	313	313
Granola Bites												1,875
1		0	0	0	0	0	0	0	0	0	0	-
2		0	0	0	0	0	0	0	0	0	0	-
TOTAL		0	0	0	0	0	0	0	0	0	0	-
Broccoli Chips												
1		0	0	0	0	0	0	0	0	0	0	-
2		0	0	0	0	0	0	0	0	0	0	-
TOTAL		0	0	0	0	0	0	0	0	0	0	-
Retail Price												
Oat Crackers												
Vegan Cheese 20g		-	-	-	-	-	-	518,000	518,000	518,000	518,000	518,000
Tomato 20g		-	-	-	-	-	-	332,500	332,500	332,500	332,500	332,500
Herbs 20g		-	-	-	-	-	-	239,167	239,167	239,167	239,167	239,167
Onion 20g		-	-	-	-	-	-	531,000	531,000	531,000	531,000	531,000
Vegan Cheese 80g		-	-	-	-	-	-	1,060,833	1,060,833	1,060,833	1,060,833	1,060,833
Tomato 80g		-	-	-	-	-	-	766,333	766,333	766,333	766,333	766,333
Herbs 80g		-	-	-	-	-	-	477,167	477,167	477,167	477,167	477,167
Onion 80g		-	-	-	-	-	-	1,063,667	1,063,667	1,063,667	1,063,667	1,063,667
TOTAL												29,932,000
Sweet Potato Chips												
Olive Oil		0	0	0	0	0	0	1063250	1063250	1063250	1063250	1,063,250
Dates		0	0	0	0	0	0	982500	982500	982500	982500	982,500
Paprika		0	0	0	0	0	0	611000	611000	611000	611000	611,000
TOTAL												15,940,500
Granola Bites												
1		0	0	0	0	0	0	0	0	0	0	-
2		0	0	0	0	0	0	0	0	0	0	-
Broccoli Chips												
1		0	0	0	0	0	0	0	0	0	0	-
2		0	0	0	0	0	0	0	0	0	0	-
GROSS REVENUE		-	-	-	-	-	-	7,645,417	7,645,417	7,645,417	7,645,417	7,645,417
												45,872,500
Market %	Discount	0%	0%	0%	0%	0%	0%	0	0	0	0	-
Non-Market %	100%	40%	-	-	-	-	-	4,587,250	4,587,250	4,587,250	4,587,250	4,587,250
INTERNATIONAL NET REVENUE		-	-	-	-	-	-	4,587,250	4,587,250	4,587,250	4,587,250	4,587,250
												27,523,500
TOTAL NET REVENUE		6,116,333	7,228,394	8,340,455	10,332,515	11,444,576	12,556,636	18,255,947	19,368,008	20,480,068	23,032,129	24,144,189
												Net Year Total
												186,555,500

A.2. 2016 forecasted sales figures per SKU for the International market

		January	February	March	April	May	June	July	August	September	October	November	December
LEBANON													
SKU													
Oat Crackers													
Vegan Cheese 20g	Growth	15%	217	217	217	217	217	217	217	217	217	217	217
Tomato 20g		15%	139	139	139	139	139	139	139	139	139	139	139
Herbs 20g		15%	100	100	100	100	100	100	100	100	100	100	100
Onion 20g		15%	222	222	222	222	222	222	222	222	222	222	222
Vegan Cheese 80g		15%	163	163	163	163	163	163	163	163	163	163	163
Tomato 80g		15%	118	118	118	118	118	118	118	118	118	118	118
Herbs 80g		15%	74	74	74	74	74	74	74	74	74	74	74
Onion 80g		15%	164	164	164	164	164	164	164	164	164	164	164
20g Pack %	TOTAL		1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197
80g Pack %													14,360
Vegan Cheese %													
Tomato %													
Herbs %													
Onion %													
Sweet Potato Chips													
Olive Oil	Growth	15%	366	366	366	366	366	366	366	366	366	366	366
Dates		15%	338	338	338	338	338	338	338	338	338	338	338
Paprika		15%	210	210	210	210	210	210	210	210	210	210	210
			915	915	915	915	915	915	915	915	915	915	915
Granola Bites													
1	Growth	100%	200	200	200	200	200	200	200	200	200	200	200
2		100%	200	200	200	200	200	200	200	200	200	200	200
			400	400	400	400	400	400	400	400	400	400	400
Broccoli Chips													
1	Growth	100%	200	200	200	200	200	200	200	200	200	200	200
2		100%	200	200	200	200	200	200	200	200	200	200	200
			400	400	400	400	400	400	400	400	400	400	400
Retail Price													
Oat Crackers													
Vegan Cheese 20g			1,516,327	1,516,327	1,516,327	1,516,327	1,516,327	1,516,327	1,516,327	1,516,327	1,516,327	1,516,327	1,516,327
Tomato 20g			973,318	973,318	973,318	973,318	973,318	973,318	973,318	973,318	973,318	973,318	973,318
Herbs 20g			700,106	700,106	700,106	700,106	700,106	700,106	700,106	700,106	700,106	700,106	700,106
Onion 20g			1,554,382	1,554,382	1,554,382	1,554,382	1,554,382	1,554,382	1,554,382	1,554,382	1,554,382	1,554,382	1,554,382
Vegan Cheese 80g			3,105,348	3,105,348	3,105,348	3,105,348	3,105,348	3,105,348	3,105,348	3,105,348	3,105,348	3,105,348	3,105,348
Tomato 80g			2,243,267	2,243,267	2,243,267	2,243,267	2,243,267	2,243,267	2,243,267	2,243,267	2,243,267	2,243,267	2,243,267
Herbs 80g			1,396,797	1,396,797	1,396,797	1,396,797	1,396,797	1,396,797	1,396,797	1,396,797	1,396,797	1,396,797	1,396,797
Onion 80g			3,113,642	3,113,642	3,113,642	3,113,642	3,113,642	3,113,642	3,113,642	3,113,642	3,113,642	3,113,642	3,113,642
Sweet Potato Chips													
Olive Oil			3,112,423	3,112,423	3,112,423	3,112,423	3,112,423	3,112,423	3,112,423	3,112,423	3,112,423	3,112,423	3,112,423
Dates			2,876,045	2,876,045	2,876,045	2,876,045	2,876,045	2,876,045	2,876,045	2,876,045	2,876,045	2,876,045	2,876,045
Paprika			1,788,564	1,788,564	1,788,564	1,788,564	1,788,564	1,788,564	1,788,564	1,788,564	1,788,564	1,788,564	1,788,564
Granola Bites													
1			1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
2			1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Broccoli Chips													
1			1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
2			1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
GROSS REVENUE													
			28,180,220	28,180,220	28,180,220	28,180,220	28,180,220	28,180,220	28,180,220	28,180,220	28,180,220	28,180,220	28,180,220
													338,162,636
	Discount												
Market %	17%	0%	5,636,044	5,636,044	5,636,044	5,636,044	5,636,044	5,636,044	5,636,044	5,636,044	5,636,044	5,636,044	5,636,044
Non-Market %	83%	25%	16,908,132	16,908,132	16,908,132	16,908,132	16,908,132	16,908,132	16,908,132	16,908,132	16,908,132	16,908,132	16,908,132
LEBANON NET REVENUE													
			22,544,176	22,544,176	22,544,176	22,544,176	22,544,176	22,544,176	22,544,176	22,544,176	22,544,176	22,544,176	22,544,176
													270,530,109

A.3. 2017 forecasted sales figures per SKU for the Lebanese market

		January	February	March	April	May	June	July	August	September	October	November	December
INTERNATIONALLY													
SKU													
Oat Crackers													
Vegan Cheese 20g	Growth	200%	222	222	222	222	222	222	222	222	222	222	222
Tomato 20g		200%	143	143	143	143	143	143	143	143	143	143	143
Herbs 20g		200%	103	103	103	103	103	103	103	103	103	103	103
Onion 20g		200%	228	228	228	228	228	228	228	228	228	228	228
Vegan Cheese 80g		200%	168	168	168	168	168	168	168	168	168	168	168
Tomato 80g		200%	121	121	121	121	121	121	121	121	121	121	121
Herbs 80g		200%	75	75	75	75	75	75	75	75	75	75	75
Onion 80g		200%	168	168	168	168	168	168	168	168	168	168	168
			1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226
Sweet Potato Chips													
Olive Oil	Growth	200%	375	375	375	375	375	375	375	375	375	375	375
Dates		200%	347	347	347	347	347	347	347	347	347	347	347
Paprika		200%	216	216	216	216	216	216	216	216	216	216	216
			938	938	938	938	938	938	938	938	938	938	938
Granola Bites													
													11,252
1	Growth	200%	300	300	300	300	300	300	300	300	300	300	300
2		200%	300	300	300	300	300	300	300	300	300	300	300
			600	600	600	600	600	600	600	600	600	600	600
Broccoli Chips													
													7,200
1	Growth	200%	300	300	300	300	300	300	300	300	300	300	300
2		200%	300	300	300	300	300	300	300	300	300	300	300
			600	600	600	600	600	600	600	600	600	600	600
Retail Price													
Oat Crackers													
Vegan Cheese 20g			1,554,000	1,554,000	1,554,000	1,554,000	1,554,000	1,554,000	1,554,000	1,554,000	1,554,000	1,554,000	1,554,000
Tomato 20g			997,500	997,500	997,500	997,500	997,500	997,500	997,500	997,500	997,500	997,500	997,500
Herbs 20g			717,500	717,500	717,500	717,500	717,500	717,500	717,500	717,500	717,500	717,500	717,500
Onion 20g			1,593,000	1,593,000	1,593,000	1,593,000	1,593,000	1,593,000	1,593,000	1,593,000	1,593,000	1,593,000	1,593,000
Vegan Cheese 80g			3,182,500	3,182,500	3,182,500	3,182,500	3,182,500	3,182,500	3,182,500	3,182,500	3,182,500	3,182,500	3,182,500
Tomato 80g			2,299,000	2,299,000	2,299,000	2,299,000	2,299,000	2,299,000	2,299,000	2,299,000	2,299,000	2,299,000	2,299,000
Herbs 80g			1,431,500	1,431,500	1,431,500	1,431,500	1,431,500	1,431,500	1,431,500	1,431,500	1,431,500	1,431,500	1,431,500
Onion 80g			3,191,000	3,191,000	3,191,000	3,191,000	3,191,000	3,191,000	3,191,000	3,191,000	3,191,000	3,191,000	3,191,000
Sweet Potato Chips													
Olive Oil			3,189,750	3,189,750	3,189,750	3,189,750	3,189,750	3,189,750	3,189,750	3,189,750	3,189,750	3,189,750	3,189,750
Dates			2,947,500	2,947,500	2,947,500	2,947,500	2,947,500	2,947,500	2,947,500	2,947,500	2,947,500	2,947,500	2,947,500
Paprika			1,833,000	1,833,000	1,833,000	1,833,000	1,833,000	1,833,000	1,833,000	1,833,000	1,833,000	1,833,000	1,833,000
													95,643,000
Granola Bites													
1			1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
2			1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
													39,600,000
Broccoli Chips													
1			2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
2			2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
													64,800,000
GROSS REVENUE													
			31,636,250	31,636,250	31,636,250	31,636,250	31,636,250	31,636,250	31,636,250	31,636,250	31,636,250	31,636,250	31,636,250
													379,635,000
Market %													
		Discount											
Market %		0% 0%	-	-	-	-	-	-	-	-	-	-	-
Non-Market %		100% 40%	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750
INTERNATIONAL NET REVENUE													
			18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750	18,981,750
													227,781,000
TOTAL NET REVENUE													
			41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926
													Net Year Total 498,311,109

A.4. 2017 forecasted sales figures per SKU for the International market

APPENDIX B

FINANCIALS

	2016											
	January	February	March	April	May	June	July	August	September	October	November	December
Cycle Cost												
Oat Crackers Batches	559,481	661,205	762,929	864,653	966,377	1,068,101	1,729,306	1,831,030	1,932,754	2,034,478	2,136,202	2,237,926
Sweet Potato Chips Batches	654,281	773,242	892,202	1,011,162	1,130,122	1,249,083	2,022,324	2,141,285	2,260,245	2,379,205	2,498,166	2,617,126
Granola Bites Batches	-	-	-	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Broccoli Chips Batches	-	-	-	-	-	-	-	-	-	600,000	600,000	600,000
TOTAL	1,213,763	1,434,447	1,655,131	2,215,815	2,436,499	2,657,184	4,091,631	4,312,315	4,532,999	5,353,683	5,574,367	5,795,051
Kitchen Staff												
Salary	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Count	2	2	2	2	2	2	2	2	2	2	2	2
TOTAL	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Gross COGS	2,713,763	2,934,447	3,155,131	3,715,815	3,936,499	4,157,184	5,591,631	5,812,315	6,032,999	6,853,683	7,074,367	7,295,051
Waste Rate	20%	20%	20%	20%	20%	20%	15%	15%	15%	15%	15%	15%
Net COGC	3,256,515	3,521,336	3,786,157	4,458,978	4,723,799	4,988,620	6,430,375	6,684,162	6,937,949	7,881,735	8,135,522	8,389,309

B.1. Forecasted COGS for 2016

	2017											
	January	February	March	April	May	June	July	August	September	October	November	December
Cycle Cost												
Oat Crackers Batches	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199	3,316,199
Sweet Potato Chips Batches	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105	3,878,105
Granola Bites Batches	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Broccoli Chips Batches	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
TOTAL	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303	11,894,303
Kitchen Staff												
Salary	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Count	3	3	3	3	3	3	3	3	3	3	3	3
TOTAL	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Gross COGS	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303
Waste Rate	15%	15%	15%	15%	15%	15%	10%	10%	10%	10%	10%	10%
Net COGC	16,265,949	16,265,949	16,265,949	16,265,949	16,265,949	16,265,949	15,558,734	15,558,734	15,558,734	15,558,734	15,558,734	15,558,734

B.2. Forecasted COGS for 2017

			January	February	March	April	May	June	July	August	September	October	November	December
Staffing														
Managing Owner			-	-	-	-	-	-	-	-	-	-	-	-
Manager	6,000,000	60%	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Account Manager	1,800,000		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Accountant	1,500,000	50%	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Utilities														
HQ			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Facility			250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Expense														
Marketing			750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Facility Rent			2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Facility Charges			750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
POS Rent			165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Telephone			100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Supplies			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Expansion Expense			750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
TOTAL			11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000
														TOTAL 135,180,000

B.3. Forecasted operating cost for 2016

			January	February	March	April	May	June	July	August	September	October	November	December
Staffing														
Managing Owner			-	-	-	-	-	-	-	-	-	-	-	-
Manager	6,000,000	100%	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Account Manager	1,800,000		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Accountant	1,500,000	100%	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Utilities														
HQ			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Facility			400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Other Expense														
Marketing			1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Facility Rent			2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Facility Charges			750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
POS Rent			165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Telephone			200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Supplies			75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Expansion Expense			1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
TOTAL			16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000
														TOTAL 194,280,000

B.4. Forecasted operating cost for 2017

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
2015	911,455	911,455	911,455	911,455	911,455	911,455	911,455	911,455	911,455	911,455	911,455	911,455
Jan-16		390,833	390,833	390,833	390,833	390,833	390,833	390,833	390,833	390,833	390,833	390,833
Feb-16			-	-	-	-	-	-	-	-	-	-
Mar-16				-	-	-	-	-	-	-	-	-
Apr-16					50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
May-16						-	-	-	-	-	-	-
Jun-16							-	-	-	-	-	-
Jul-16								-	-	-	-	-
Aug-16								50,000	50,000	50,000	50,000	50,000
Sep-16									-	-	-	-
Oct-16										-	-	-
Nov-16											50,000	50,000
Acc. Depreciation	911,455	1,302,289	1,302,289	1,302,289	1,352,289	1,352,289	1,352,289	1,402,289	1,402,289	1,402,289	1,452,289	1,452,289

B.5. Forecasted depreciation for 2016

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Dec-16	-	-	-	-	-	-	-	-	-	-	-	-
Jan-17		125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Feb-17			-	-	-	-	-	-	-	-	-	-
Mar-17				-	-	-	-	-	-	-	-	-
Apr-17					-	-	-	-	-	-	-	-
May-17						-	-	-	-	-	-	-
Jun-17							-	-	-	-	-	-
Jul-17								-	-	-	-	-
Aug-17									-	-	-	-
Sep-17										-	-	-
Oct-17											-	-
Nov-17												-
Dec-17												-
Acc. Depreciation	1,452,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289

B.6. Forecasted depreciation for 2017

	January	February	March	April	May	June	July	August	September	October	November	December
Net Sales	6,116,333	7,228,394	8,340,455	10,332,515	11,444,576	12,556,636	18,255,947	19,368,008	20,480,068	23,032,129	24,144,189	25,256,250
COGS	2,713,763	2,934,447	3,155,131	3,715,815	3,936,499	4,157,184	5,591,631	5,812,315	6,032,999	6,853,683	7,074,367	7,295,051
Operating Expenses	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000	11,265,000
Accumulated Depreciation	911,455	1,302,289	1,302,289	1,302,289	1,352,289	1,352,289	1,352,289	1,402,289	1,402,289	1,402,289	1,452,289	1,452,289
EBIT	(8,773,885)	(8,273,342)	(7,381,965)	(5,950,589)	(5,109,212)	(4,217,836)	47,028	888,404	1,779,781	3,511,157	4,352,534	5,243,910
											Net Loss	(23,884,016)

B.7. Forecasted income statement for 2016

	January	February	March	April	May	June	July	August	September	October	November	December
Net Sales	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926
COGS	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303
Operating Expenses	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000	16,190,000
Accumulated Depreciation	1,452,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289	1,577,289
EBIT	9,739,334	9,614,334	9,614,334	9,614,334	9,614,334	9,614,334	9,614,334	9,614,334	9,614,334	9,614,334	9,614,334	9,614,334
											Net Profit	115,497,005

B.8. Forecasted income statement for 2017

	January	February	March	April	May	June	July	August	September	October	November	December
Initial Cash Position 01-01-16												
Net Revenue	8,000,000	8,000,000	8,000,000	6,116,333	7,228,394	8,340,455	10,332,515	11,444,576	12,556,636	18,255,947	19,368,008	20,480,068
COGS	2,713,763	2,934,447	3,155,131	3,715,815	3,936,499	4,157,184	5,591,631	5,812,315	6,032,999	6,853,683	7,074,367	7,295,051
Operating	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000	9,015,000
Capex	23,450,000	-	-	3,000,000	-	-	3,000,000	-	-	3,000,000	-	-
	(41,235,054)	(3,949,447)	(4,170,131)	(9,614,482)	(5,723,105)	(4,831,729)	(7,274,115)	(3,382,739)	(2,491,362)	(612,736)	3,278,640	4,170,017
												(75,836,244)

B.9. Forecasted cash flow for 2016

	January	February	March	April	May	June	July	August	September	October	November	December
Initial Cash Position 01-01-16												
Net Revenue	23,032,129	24,144,189	25,256,250	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926	41,525,926
COGS	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303	14,144,303
Operating	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000	13,940,000
Capex	7,500,000	-	-	-	-	-	-	-	-	-	-	-
	(45,878,363)	(3,940,114)	(2,828,053)	13,441,622	13,441,622	13,441,622	13,441,622	13,441,622	13,441,622	13,441,622	13,441,622	13,441,622
												68,328,073

B.10. Forecasted cash flow for 2017

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