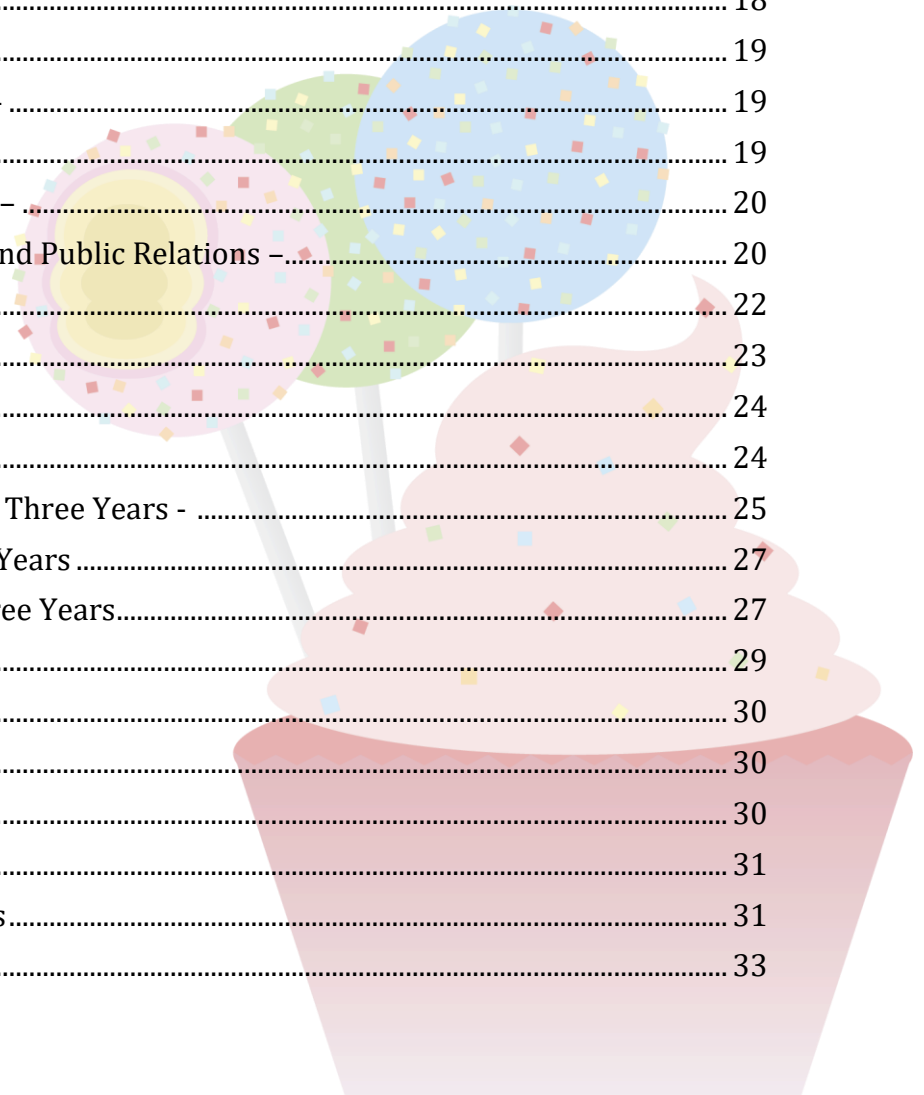


Entrepreneurship HDCS 3369
Sweetest Treats Bakery
Lauren Gallegos, Jordan Dailey, Duc Ta
November 18, 2013

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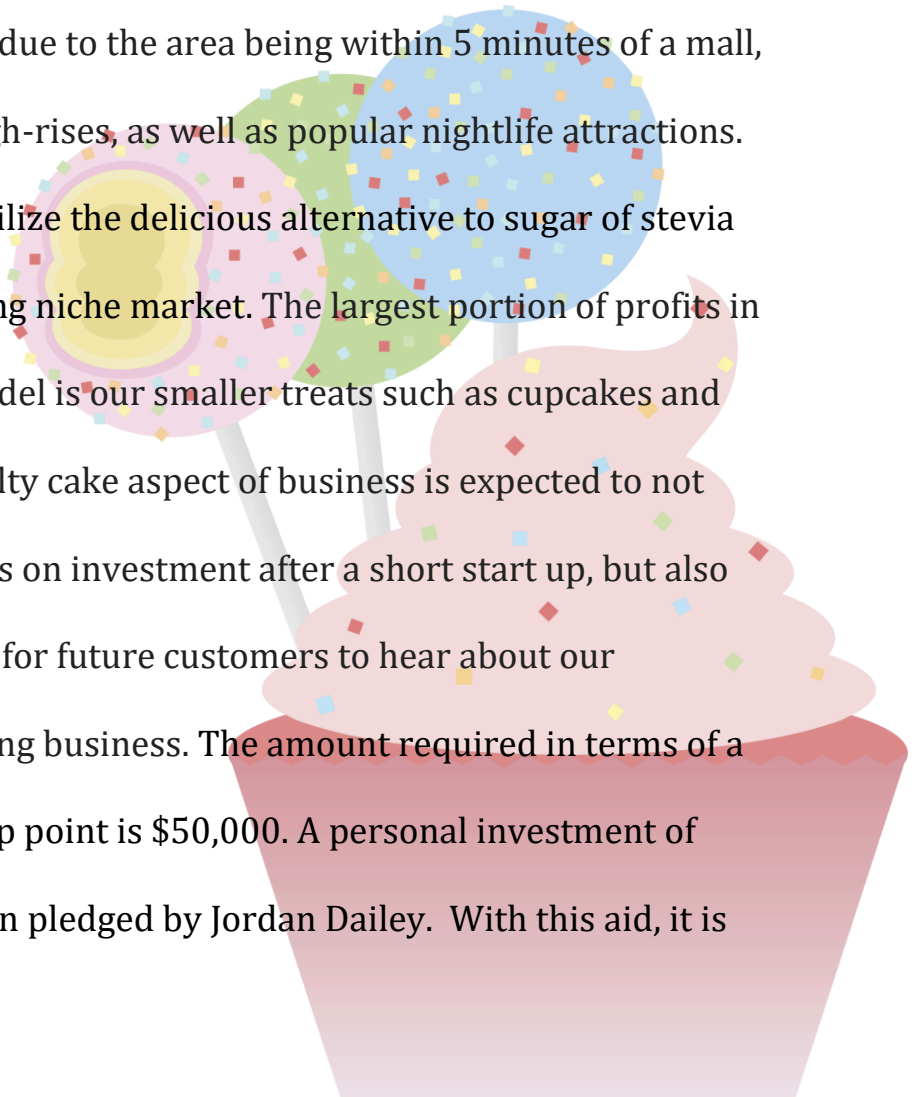


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Executive Summary

The Sweetest Treats bakery plans to be a unique dessert destination through product exclusivity, diversity, and taste while keeping in mind the healthiest options available. Being more than just an average bakery, we plan to offer catering, custom orders, and community involvement programs such as allowing children to make a cupcake alongside our professional chefs. Our location in The Woodlands Texas is optimal for the success of our plans due to the area being within 5 minutes of a mall, expanding corporate high-rises, as well as popular nightlife attractions. Every treat made will utilize the delicious alternative to sugar of stevia to expand on this growing niche market. The largest portion of profits in the current business model is our smaller treats such as cupcakes and cookies while the specialty cake aspect of business is expected to not only skyrocket in returns on investment after a short start up, but also serve as the easiest way for future customers to hear about our products and way of doing business. The amount required in terms of a loan to reach our start up point is \$50,000. A personal investment of \$65,000 has already been pledged by Jordan Dailey. With this aid, it is



expected to reach profitability upon our 14th month in business and soon after that dominate the local pastry market in the entire greater Houston metropolitan area.

Vision

The Sweetest Treats can see itself excelling in the span of 4-5 years to becoming the top bakery in the greater woodlands area. We plan to achieve this goal before our 3rd year in business. Pushing hard to stay on top of our finances as responsibly as a new business can to ensure we reach our aspirations is the most critical objective. We plan to achieve our goals through the quality of our products and acquisition of return customers. Our products range from classic bake goods such as cookies, cupcakes, fudge, to our specially made and delicious one of kind cakes. Our customers are able to choose from a variety of flavors and designs. All of our products are made with stevia allowing our customers to indulge in their cravings while sticking to a more natural, and responsible caloric intake.



Mission

Here at the Sweetest Treats we aim to provide a distinctive service, experience and product offering. Providing a variety of flavors and dessert types, while also offering our customers healthier options by utilizing stevia in all of our products is our main goal. We aim to go above and beyond in customer satisfaction ensuring our guests return. Any special requests made will become our first priority to set us apart from any competitors.



Company Overview

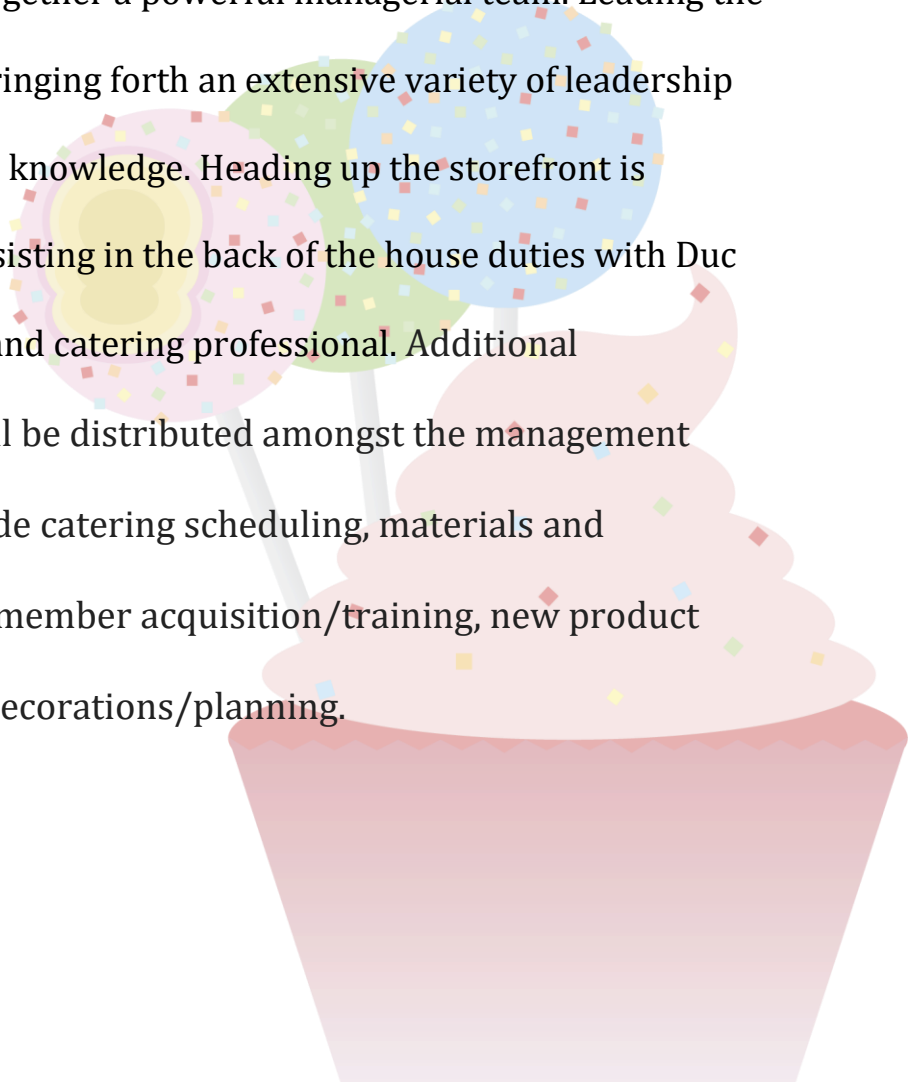
Legal

The organizational form of this business is a sole proprietorship owned by Jordan Dailey. We also plan to acquire a food enterprise permit and have food manager certifications upon opening.

Management

Recognizing the need for a strong managerial presence the Sweetest Treats Bakery has put together a powerful managerial team. Leading the team is Jordan Dailey, bringing forth an extensive variety of leadership skills as well as financial knowledge. Heading up the storefront is Lauren Gallegos, also assisting in the back of the house duties with Duc Ta our lead pastry chef and catering professional. Additional responsibilities that will be distributed amongst the management team after launch include catering scheduling, materials and packaging orders, new member acquisition/training, new product research, and interior decorations/planning.

Advisory Council

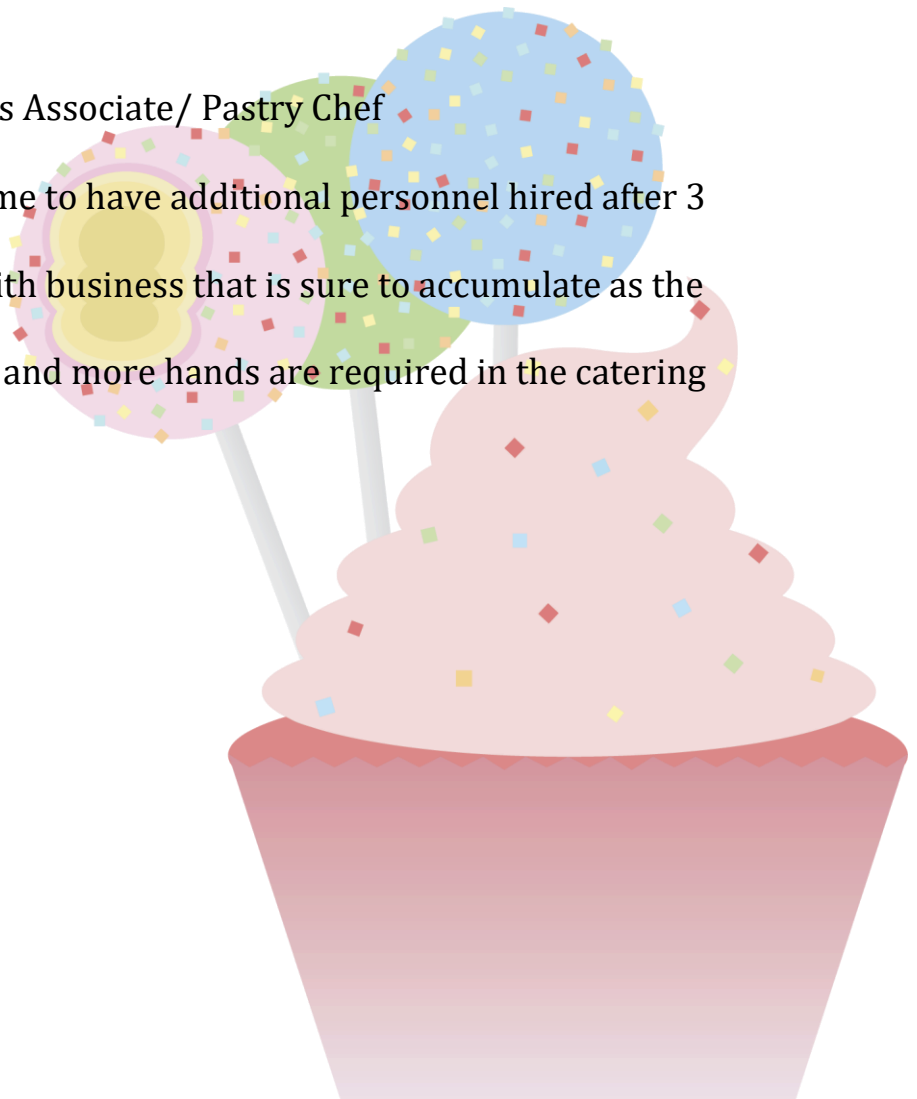


As well as being potential store managers, Duc Ta and Lauren Gallegos plan to be a part of the advisory council as well with their expertise in marketing, cooking and sales. Jordan Dailey serves as the human resources expert and a third party expert will be brought in for all accounting and legal matters.

Staffing

- Jordan Dailey: Store Owner/Manager/Financial supervisor
- Duc Ta: Pastry Chef/Deliver/Inventory Management/Marketing efforts
- Lauren Gallegos: Sales Associate/ Pastry Chef
- It is planned at the time to have additional personnel hired after 3 months to keep up with business that is sure to accumulate as the orders pick up steam and more hands are required in the catering presence.

Strategic Alliances

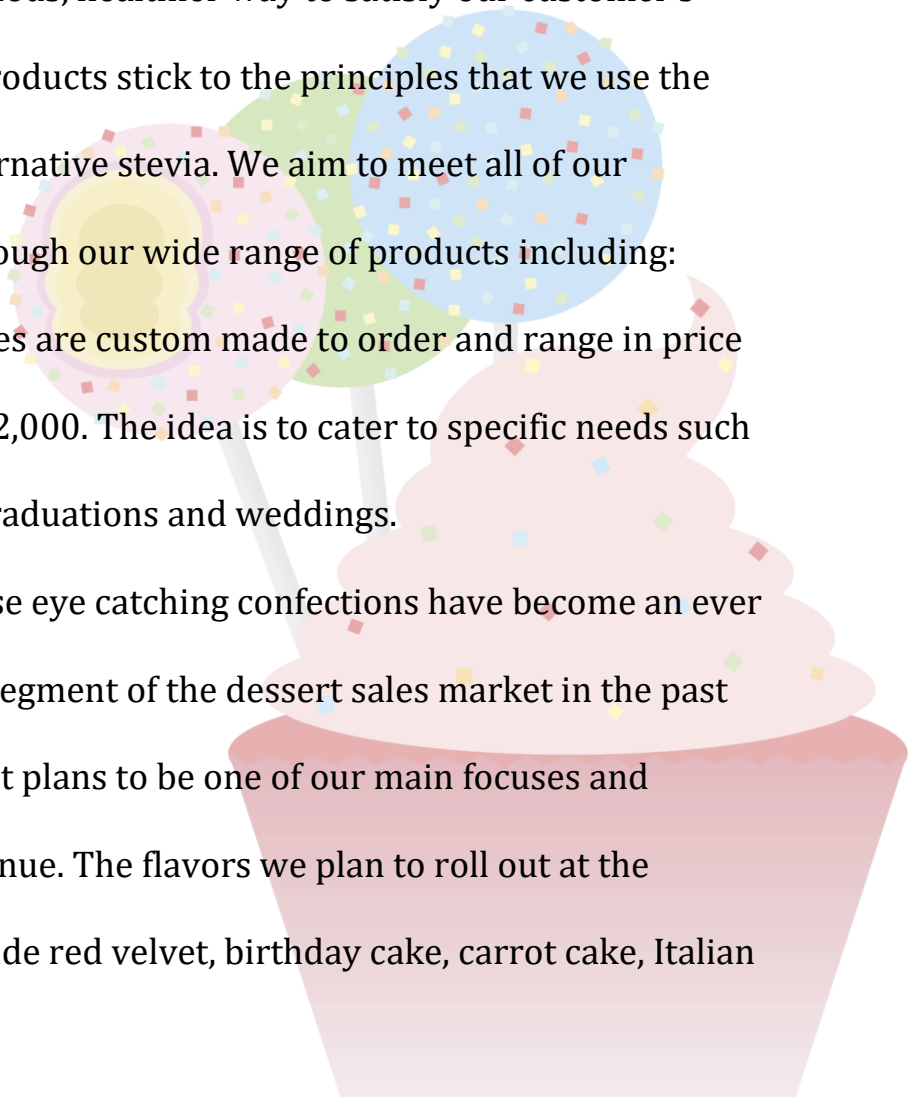


A strategic alliance has already been set up with the company that runs the woodlands trolley service. Upon the end of the tour the trolley will stop at our bakery for a quick bite to eat before everyone heads on their way. Additional alliances will be sought in the form of providing our delicious cake pops, brownies and cookies to the movie goers at the Woodlands Tinseltown cinema only 5 minutes down the road in order to produce brand reinforcement and increase sales among even larger portions of the varying woodlands demographics.

Product/Service Strategy

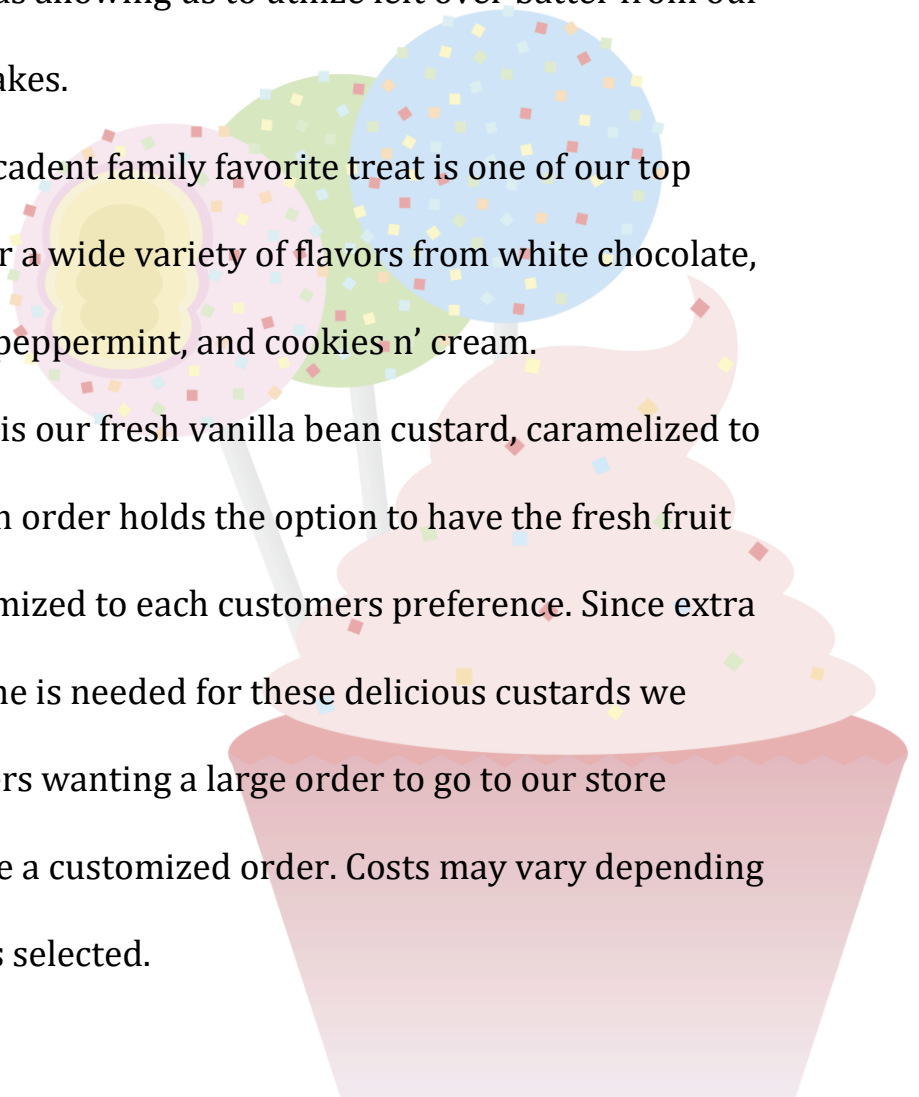
Product

- Current Product - The Sweetest Treats carries a wide range of delicious as well as health conscious pastries, all made from high quality ingredients. Sweetest Treats caters to all of its customers by providing each customer delicious desserts to suit the customer down to the smallest detail. Our main focus at the Sweetest Treats aims to create a delicious, healthier way to satisfy our customer's cravings. All of our products stick to the principles that we use the delicious natural alternative stevia. We aim to meet all of our customer desires through our wide range of products including:
 - Cakes- Our cakes are custom made to order and range in price from \$100 to \$2,000. The idea is to cater to specific needs such as birthdays, graduations and weddings.
 - Cupcakes- These eye catching confections have become an ever more popular segment of the dessert sales market in the past years. This treat plans to be one of our main focuses and sources of revenue. The flavors we plan to roll out at the beginning include red velvet, birthday cake, carrot cake, Italian

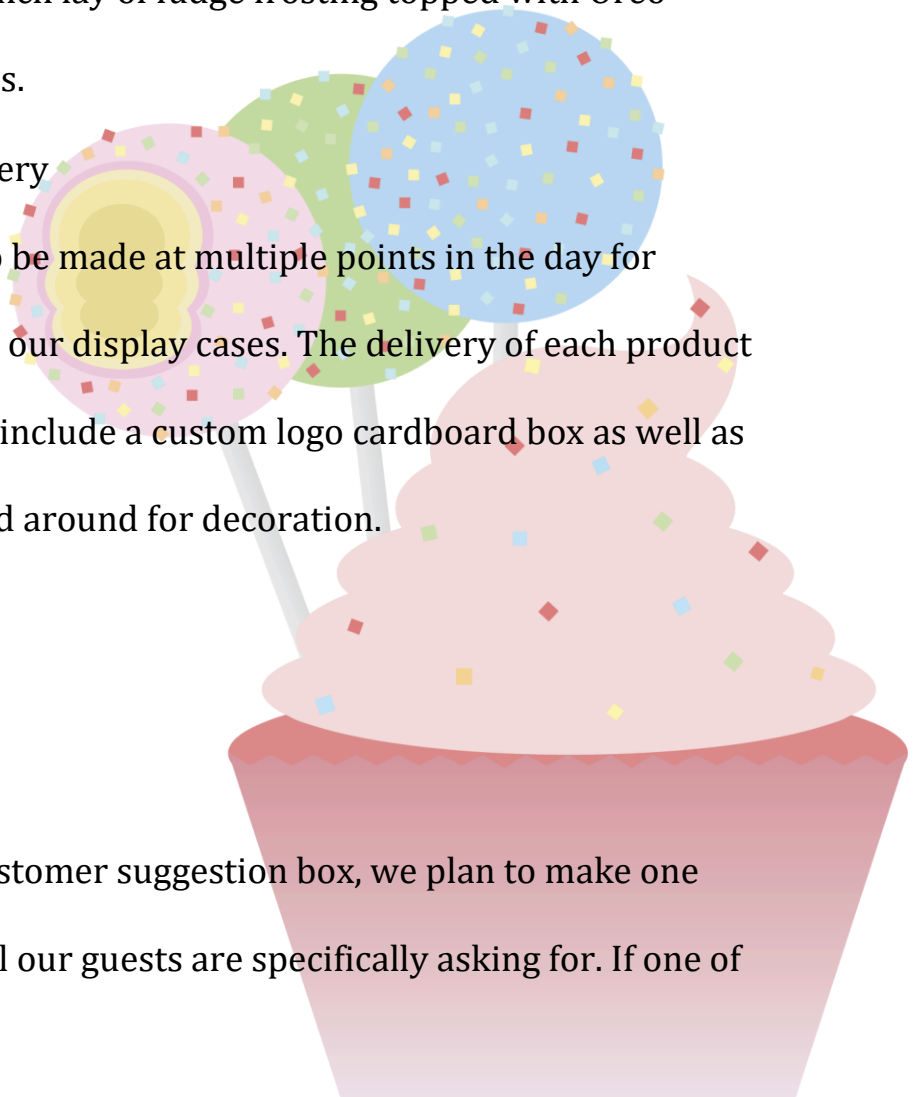


crème, double chocolate, cookie dough, white chocolate, and German chocolate. We plan to include pet friendly cupcake options to ensure people have another member of the family to purchase for. Samples will be utilized in order to assure people our pet friendly treats are even better than the human standard of delicious.

- Cake pops- Our kid friendly dessert option offers portability, small portions and longer shelf life for our delicious cake flavors as well as allowing us to utilize left over batter from our special order cakes.
- Fudge- This decadent family favorite treat is one of our top sellers. We offer a wide variety of flavors from white chocolate, peanut butter, peppermint, and cookies n' cream.
- Crème brûlée - is our fresh vanilla bean custard, caramelized to perfection. Each order holds the option to have the fresh fruit toppings customized to each customers preference. Since extra preparation time is needed for these delicious custards we advise customers wanting a large order to go to our store website to place a customized order. Costs may vary depending on the toppings selected.



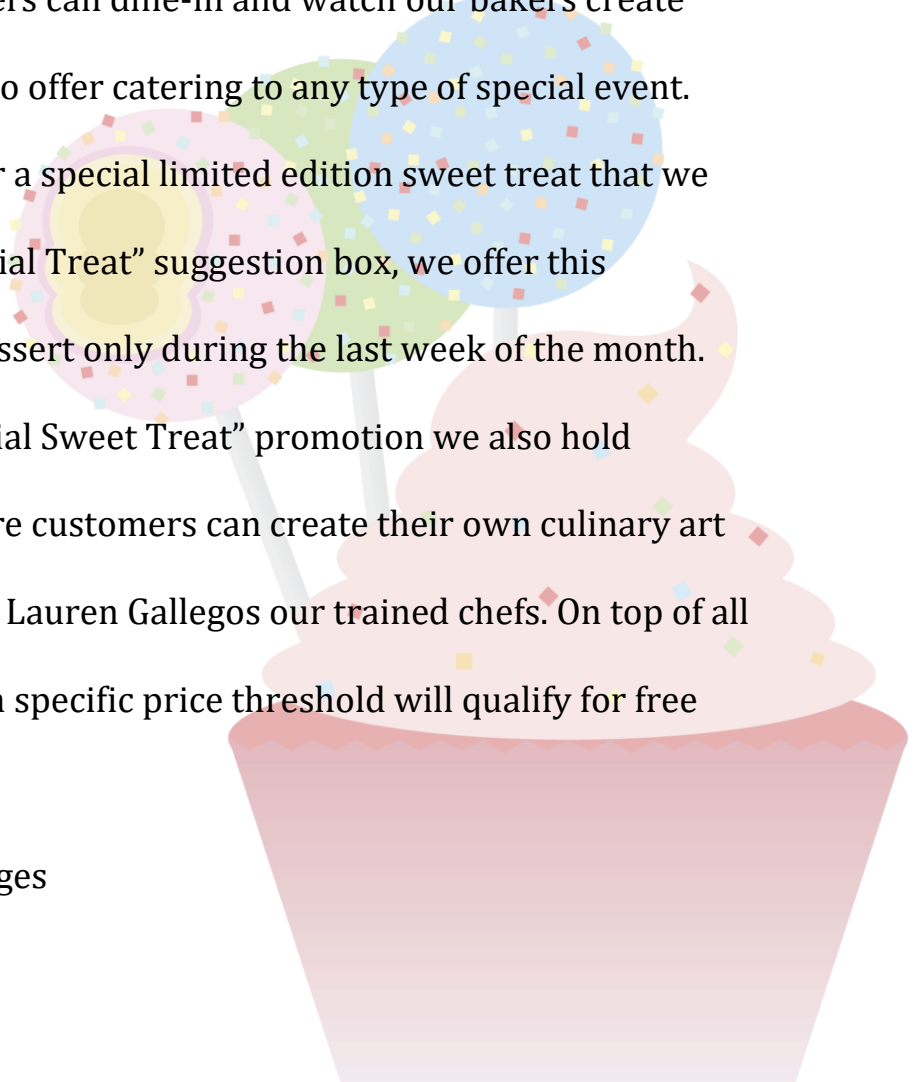
- Cookies- Our cookies along with our cake pops are favorites of both the young and old. For our dine-in customers, they are given a complementary glass of organic whole, 2%, or skim milk. The flavors we plan to roll out at launch are M&M, Snicker doodle, Sugar Cookies, Chocolate chunk, Peanut butter and oatmeal raisin.
- Brownies – Our snacks go above and beyond in this typically mundane dessert. To spruce up this common classic our recipe calls for a half inch lay of fudge frosting topped with Oreo cookie crumbles.
- Production and Delivery
 - Pastries plan to be made at multiple points in the day for presentation in our display cases. The delivery of each product purchased will include a custom logo cardboard box as well as ribbon wrapped around for decoration.
- Potential for Growth
 - Utilizing the customer suggestion box, we plan to make one monthly special our guests are specifically asking for. If one of



these specials sells in high volumes, we plan to keep it as a permanent selection in our normal line up of treats. Should a new form of pastry come along in the same fashion as cake pops did in the past, we plan to jump on the bandwagon and strive to make the best version of that treat possible.

Services

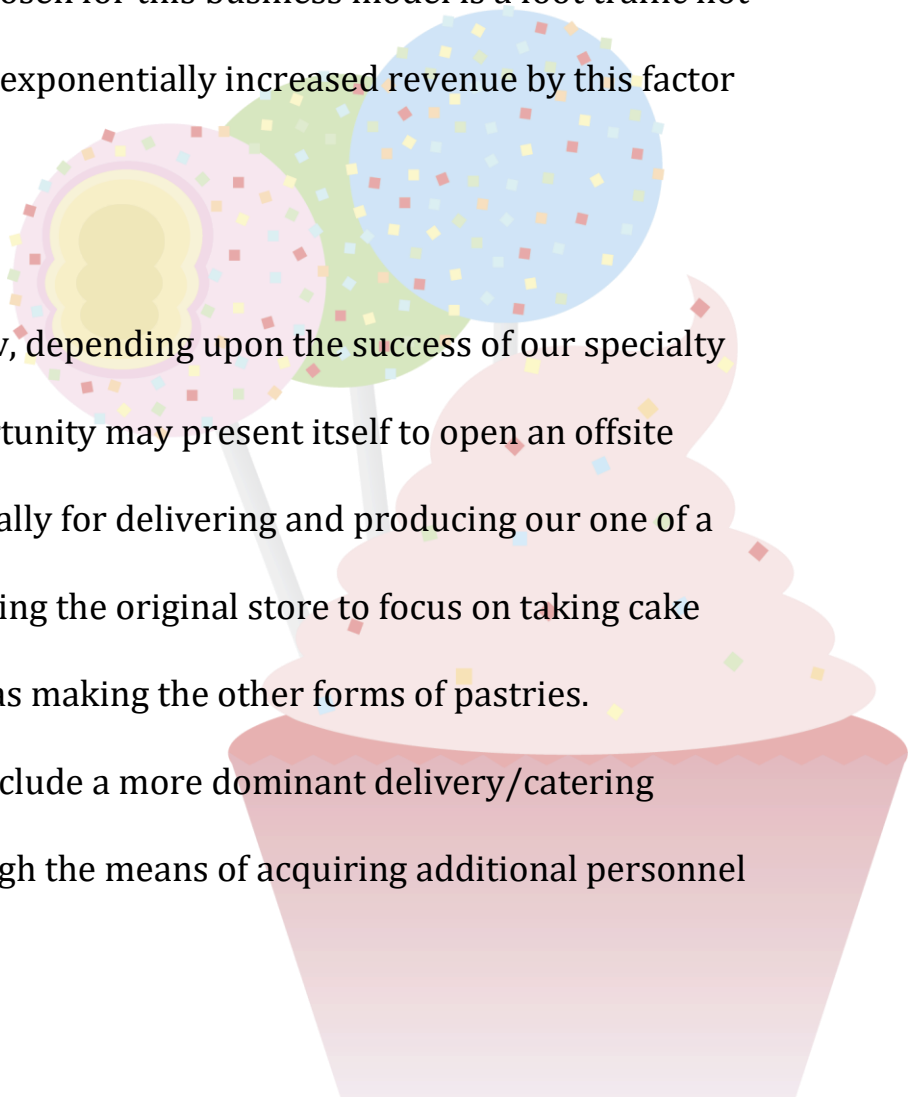
- Current Services: Sweetest Treats sells gourmet stevia based desserts coupled with exceptional customer service in a comforting atmosphere. Customers can dine-in and watch our bakers create their desserts. We also offer catering to any type of special event. Every month we offer a special limited edition sweet treat that we select from our “Special Treat” suggestion box, we offer this customer selected dessert only during the last week of the month. Along with our “Special Sweet Treat” promotion we also hold monthly classes where customers can create their own culinary art taught by Duc Ta and Lauren Gallegos our trained chefs. On top of all this, orders meeting a specific price threshold will qualify for free catering/delivery.
- Competitive Advantages



- There are many aspects of this model of business that give us a leg up on any potential competitors. Stevia is a popular underutilized alternative in this market leading people to flock in far and wide. Offering pet friendly treats in the same place as people treats ensures even more guests will be purchasing for another member of the family. The service of delivering our cakes/catering is not something offered everywhere and is another opportunity to spread the word about our business. The location chosen for this business model is a foot traffic hot spot leading to exponentially increased revenue by this factor alone.

- Potential for Growth

- Years from now, depending upon the success of our specialty cake, the opportunity may present itself to open an offsite bakery specifically for delivering and producing our one of a kind cakes leaving the original store to focus on taking cake orders as well as making the other forms of pastries.
- Future Plans include a more dominant delivery/catering presence through the means of acquiring additional personnel



and delivery trucks as deemed appropriate by quantity of order demands.



Market Analysis

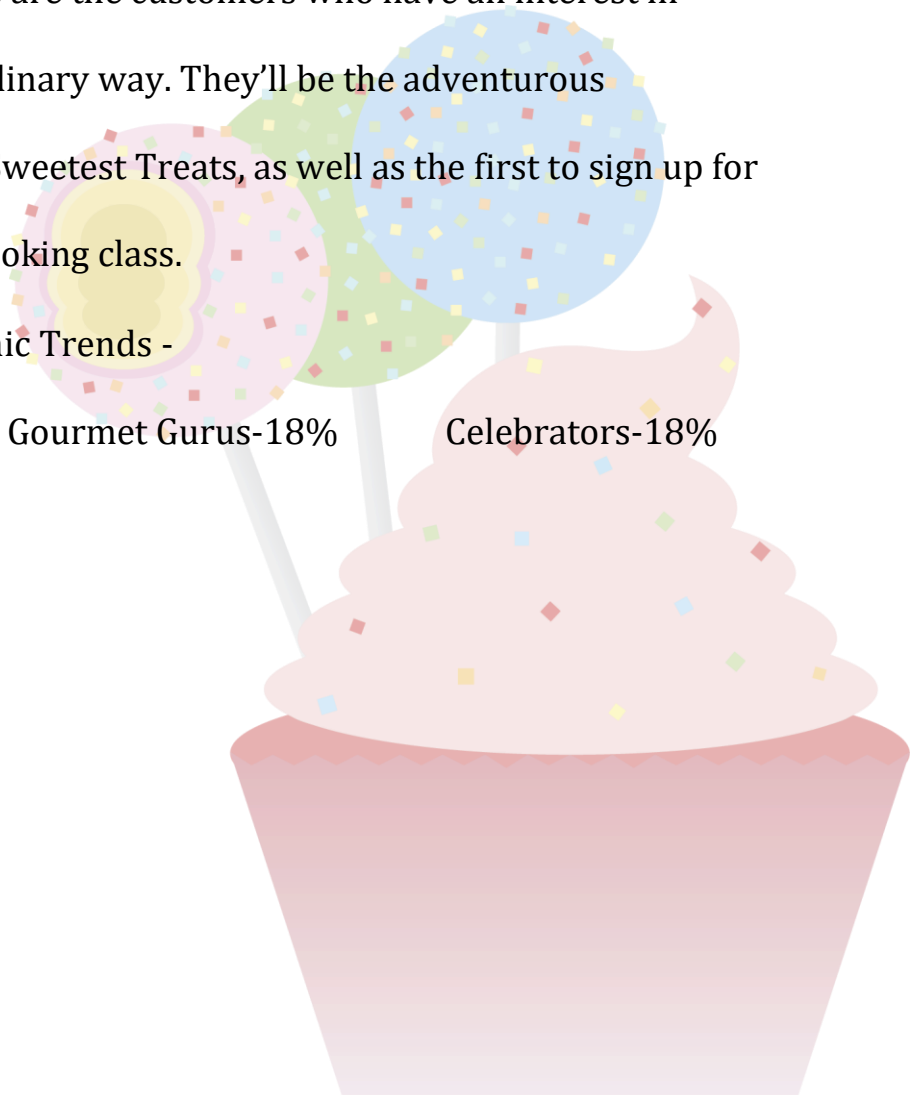
- The focus of Sweetest Treats is on meeting the demand of a regular local resident customer base, as well as acquiring a significant level of tourist traffic from the nearby highway I45.

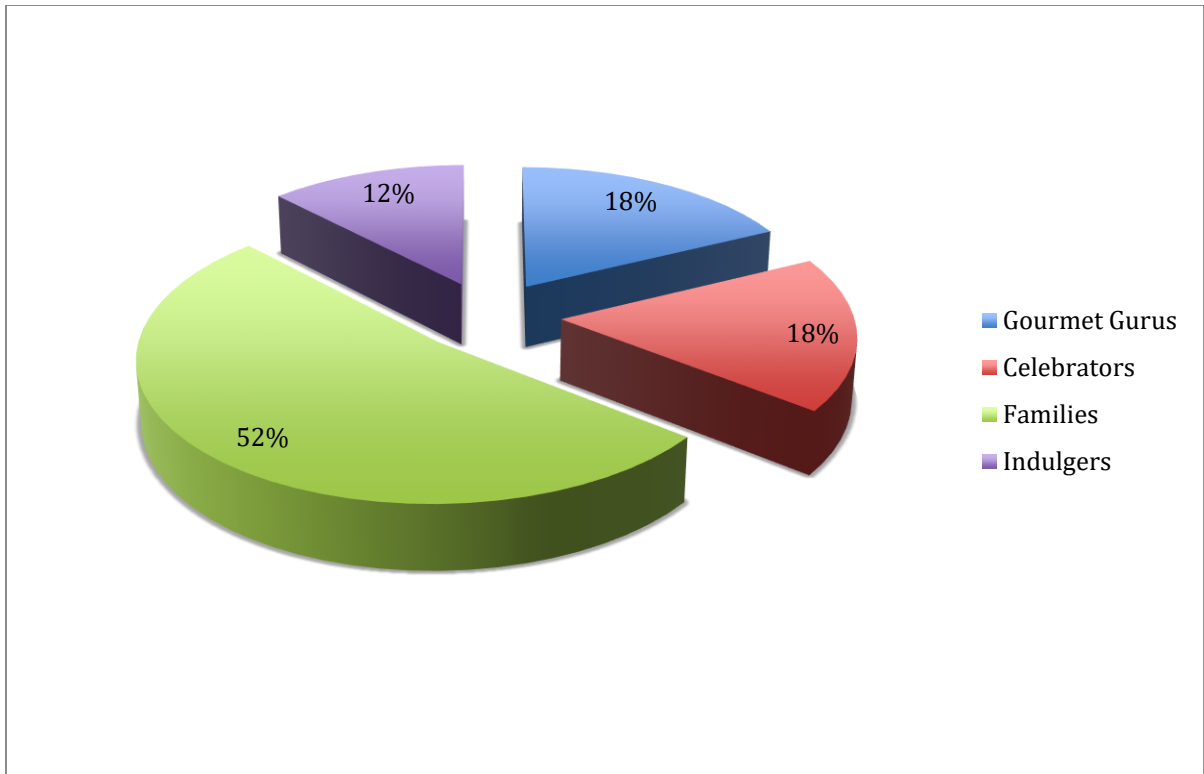
Market Definition

- Our market is divided into four different psychographics: Indulgers, Celebrators, Families, and Gourmet Gurus. These four groups all represent people holding specific behavior patterns and reasons for patronizing Sweetest Treats that we plan to cater to in order to realize an exponentiation of profits.
 - Indulgers are mainly white collar workers from the surrounding upscale woodlands businesses who are driven by their careers, busy lifestyles, and prestige, yet still crave homemade treats like mom used to make. They may stop in on their own or bring clients in for a gourmet dessert experience.
 - Celebrators are that people persons that tend to get together for special occasions ranging from: birthdays, anniversaries, weddings, Valentine's Day, and plain old thank god it's Fridays.



- Families are a large part of our clientele in that they come in and purchase for the whole family or drag in the whole gang to get the full experience. Sweetest Treats plans to become a gathering place where families are welcomed and feel comfortable. Customers of all ages interested in learning the basics of baking can come in for a day of fun as well as walk away with an experience the whole family can participate in together.
- Gourmet Gurus are the customers who have an interest in learning the culinary way. They'll be the adventurous purchasers at Sweetest Treats, as well as the first to sign up for our monthly cooking class.
- Expected Demographic Trends -
 - Families- 52%
 - Indulgers-12%
 - Gourmet Gurus-18%
 - Celebrators-18%





Customer Profile

- Sweetest Treats has a wide range of customers all varying in age, sex, and ethnicity. Our location in The Woodlands allows us to cater to more of an upscale client base. The average household income of our target market is over \$85,000. Our typical daily walk-in customers tend to be female, age ranging from 16-45 years of age. Our special event catering demographics tend to attract couples or soon-to-be couples ages 20-45 years. Our unique health-conscious bakery does not only attract those with a sweet tooth, but also owners of

dogs with a sweet tooth! We have recently introduced our new product line of pet friendly sweet treats.

Competition

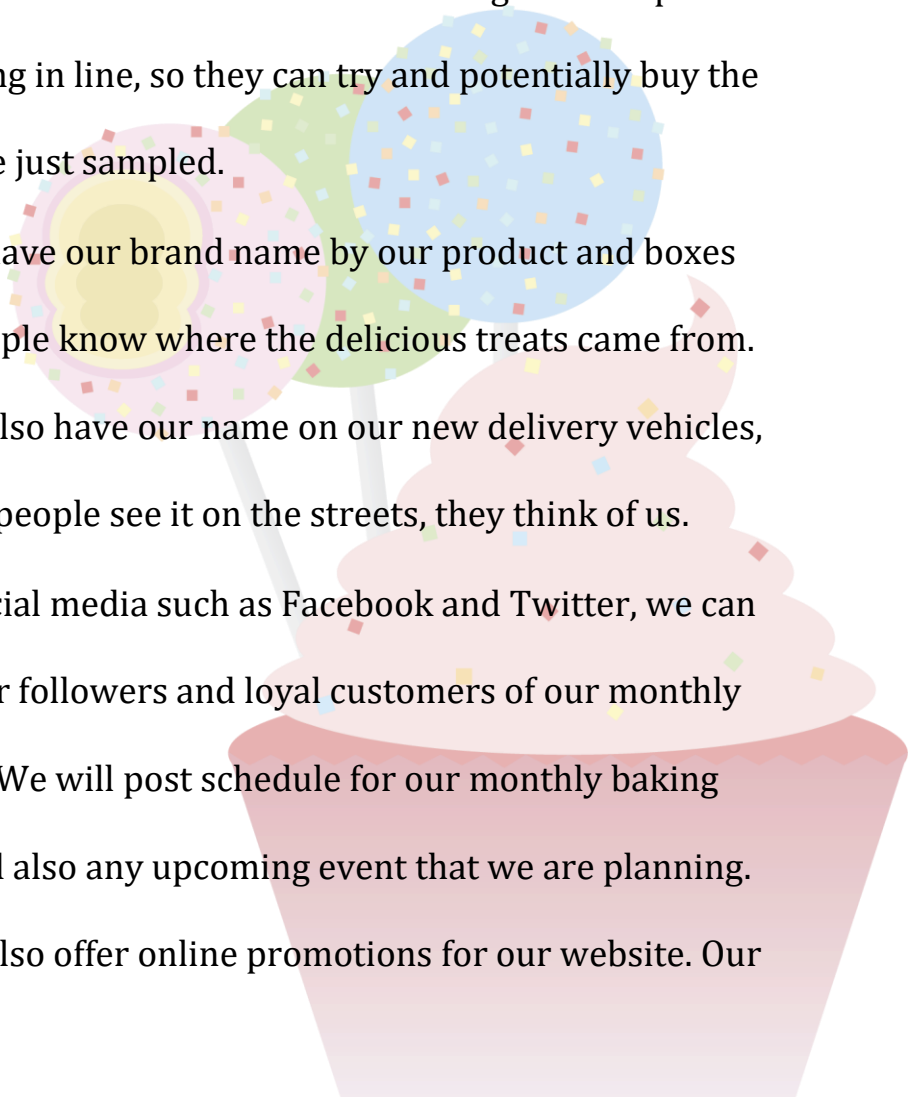
- Competition in the local area is somewhat sparse; our closest competition is La Madeline Café, being 5 miles away from our store location at Mall Ring Rd and Lake Robins Drive. Although our location does have a moderate amount of competition in the form of other small bakeries in the area, it does not provide nearly the level of product quality and customer service as Sweetest Treats. Local customers are looking for a high quality product in a relaxing atmosphere. They desire a unique healthy alternative, and classy experience.



Marketing Plan

Marketing Strategy –

- We will advertise with traditional means with our name on our products, napkins, packaging, and delivery trucks, as well as advertising using social media and *The Woodlands Villager*. We will also have an online presence through online banner ads, Google Adwords, and coupon apps such as Groupon, Savored, Yipit, and Thrillist Rewards. We will be offering free samples for those waiting in line, so they can try and potentially buy the product they've just sampled.
- We will have our brand name by our product and boxes to let people know where the delicious treats came from. We will also have our name on our new delivery vehicles, so when people see it on the streets, they think of us.
- Using social media such as Facebook and Twitter, we can notify our followers and loyal customers of our monthly specials. We will post schedule for our monthly baking class, and also any upcoming event that we are planning. We will also offer online promotions for our website. Our



social media presence will help attract young people and make our shop a trendier environment.

Sales Strategy –

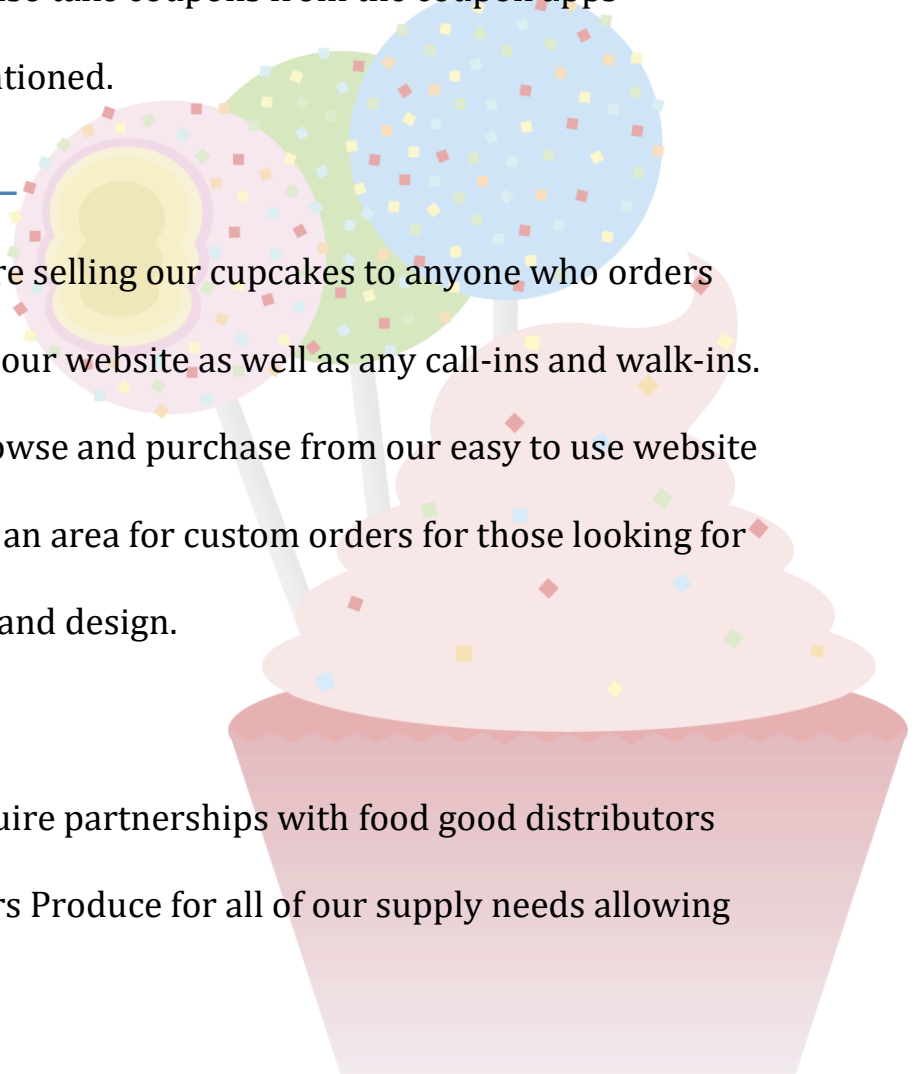
- We will offer a 10% discount to anyone with our loyal customer card in order to incentivize them to keep buying our product and have our name in their wallet every time they open it. We also offer a discount to those who order a large amount of certain products such cupcakes, brownies and cake pops. We will also take coupons from the coupon apps previously mentioned.

Current Selling Methods –

- Currently we are selling our cupcakes to anyone who orders online through our website as well as any call-ins and walk-ins. Anyone can browse and purchase from our easy to use website which includes an area for custom orders for those looking for a specific taste and design.

Distribution Channels –

- We plan to acquire partnerships with food good distributors such as Brothers Produce for all of our supply needs allowing



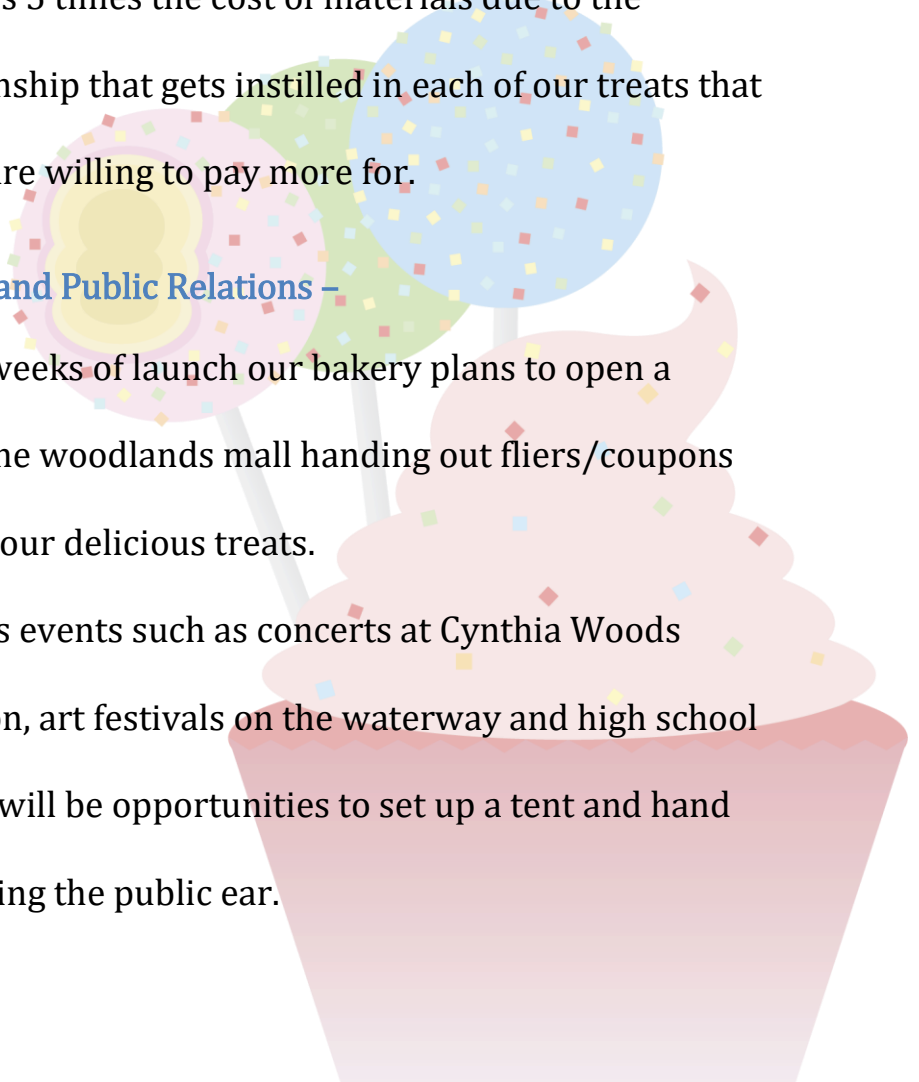
us to order in bulk and have delivery options available straight to our back door.

Pricing Plan and Strategy –

- The average cost estimated for our small pastries is 4 dollars. The range is from \$2.50 for smaller treats such as cake pops to \$9.00 for our crème brûlée. Cakes range in price from \$100 to well over \$2,000 to ensure there is something for everyone in any price range. Pricing strategy is 5 times the cost of materials due to the craftsmanship that gets instilled in each of our treats that patrons are willing to pay more for.

Advertising Promotions and Public Relations –

- Upon the first weeks of launch our bakery plans to open a stand outside the woodlands mall handing out fliers/coupons for 15% any of our delicious treats.
- Any woodlands events such as concerts at Cynthia Woods Mitchell Pavilion, art festivals on the waterway and high school football games will be opportunities to set up a tent and hand out fliers reaching the public ear.





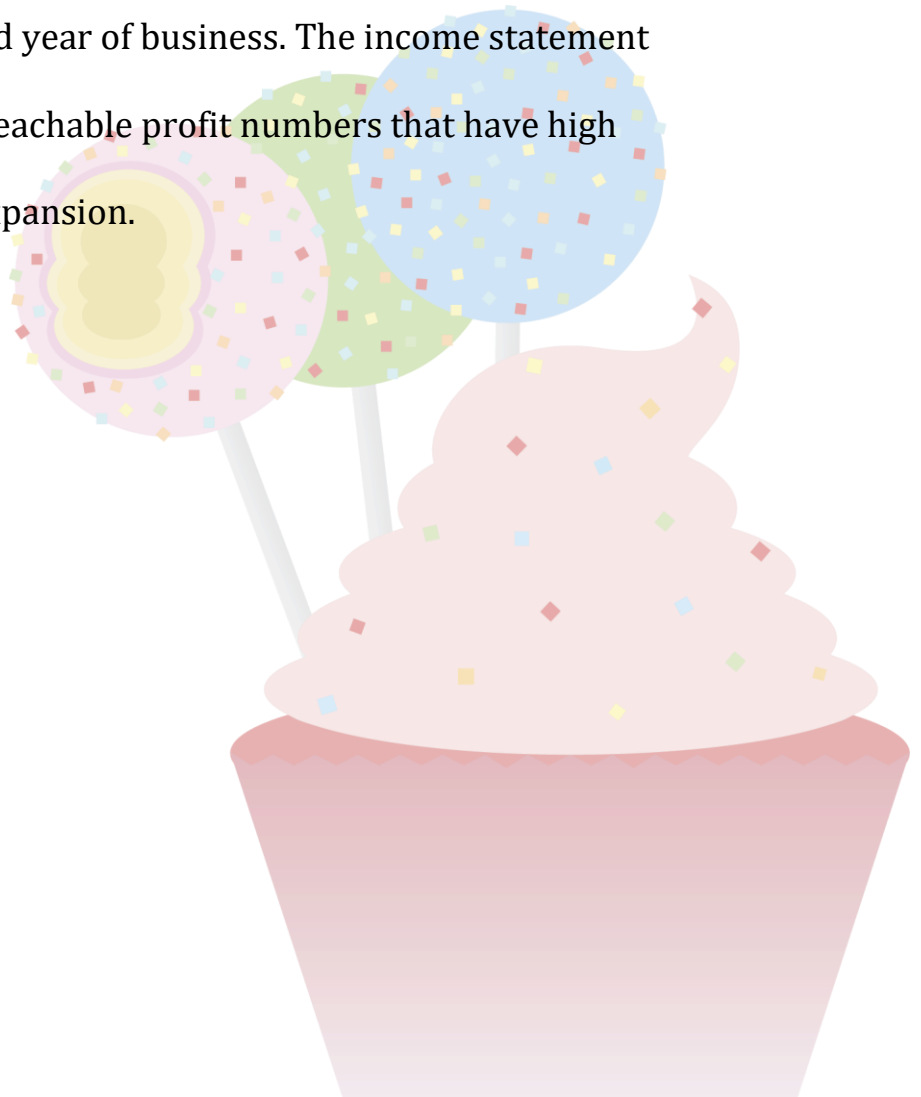
Advertisement

Advertisement

Financial Plan

Narrative

- This bakery plans to reach its profitability upon the 14th month of business. Cash flow analysis projects revenues of \$61,200 for the first year, \$80,000 the second year and \$84,000 by the third year. Cash flow is projecting greater profitability during wedding seasons however still displays very conservative estimates. Our balance sheets estimate paying off any debts before our third year of business. The income statement displays very reachable profit numbers that have high potential for expansion.



Cash Flow Projections for Three Years -

Cash Flow Statement - Year 1				
Months	Janurary	February	March	April
Starting Cash	\$32,000	\$32,400	\$34,800	\$39,200
Revenues	\$10,500	\$13,000	\$15,500	\$17,000
Cost	-\$2,100	-\$2,600	-\$3,100	-\$3,400
Rent/Utilities	-\$3,000	-\$3,000	-\$3,000	-\$3,000
Salary	-\$5,000	-\$5,000	-\$5,000	-\$5,000
Profits Before Tax	\$400	\$2,400	\$4,400	\$5,600
Total Cash	\$32,400	\$34,800	\$39,200	\$44,800

Cash Flow Statement - Year 1				
Months	May	June	July	August
Starting Cash	\$44,800	\$52,000	\$58,000	\$64,400
Revenues	\$19,000	\$17,500	\$18,000	\$17,000
Cost	-\$3,800	-\$3,500	-\$3,600	-\$3,400
Rent/Utilities	-\$3,000	-\$3,000	-\$3,000	-\$3,000
Salary	-\$5,000	-\$5,000	-\$5,000	-\$5,000
Profits Before Tax	\$7,200	\$6,000	\$6,400	\$5,600
Total Cash	\$52,000	\$58,000	\$64,400	\$70,000

Cash Flow Statement - Year 1					
Months	September	October	November	December	Total
Starting Cash	\$70,000	\$76,400	\$82,000	\$87,600	\$32,000
Revenues	\$18,000	\$17,000	\$17,000	\$17,000	\$196,500
Cost	-\$3,600	-\$3,400	-\$3,400	-\$3,400	-\$39,300
Rent/Utilities	-\$3,000	-\$3,000	-\$3,000	-\$3,000	\$36,000
Salary	-\$5,000	-\$5,000	-\$5,000	-\$5,000	\$60,000
Profits Before Tax	\$6,400	\$5,600	\$5,600	\$5,600	\$61,200
Total Cash	\$76,400	\$82,000	\$87,600	\$93,200	\$93,200

Cash Flow Statement - Year 2	
Starting Cash	\$103,300
Revenues	\$226,000

Cost	-\$45,000
Rent/Utilities	-\$36,000
Salary	-\$65,000
Profits Before Tax	\$80,000
Total Cash	\$183,300

Cash Flow Statement - Year 3	
Starting Cash	\$183,300
Revenues	\$231,000
Cost	-\$46,000
Rent/Utilities	-\$36,000
Salary	-\$65,000
Profits Before Tax	\$84,000
Total Cash	\$267,300



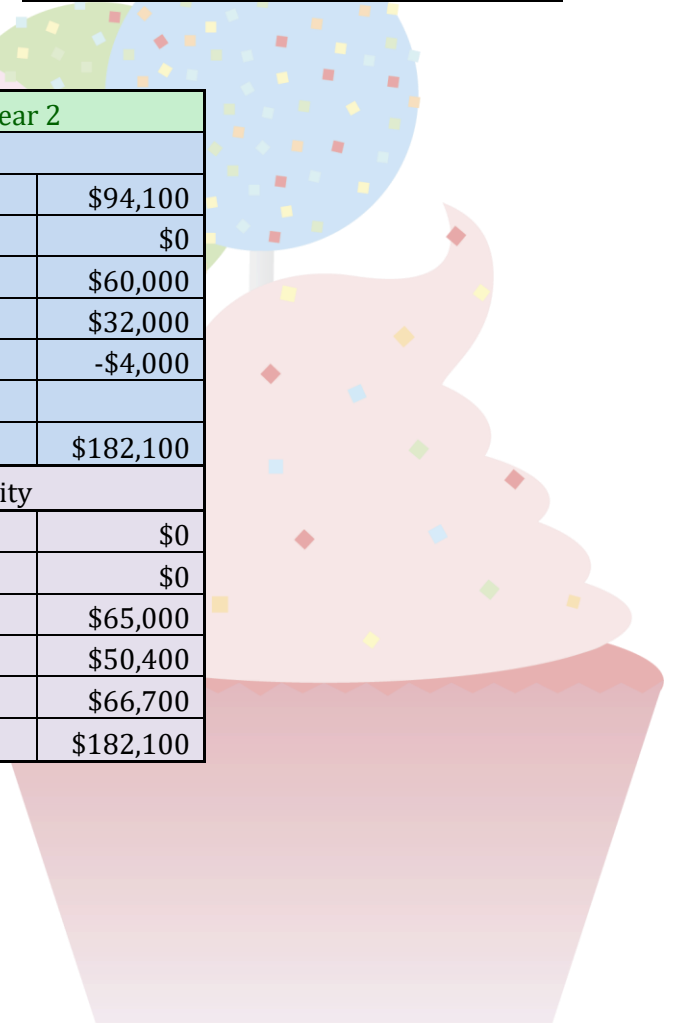
Balance Sheets for Three Years

Balance Sheet Year 1	
Assets	
Cash	\$68,700
Accounts Receivable	\$0
Inventory	\$47,000
Fixed Assets	\$40,000
Depreciation	-\$4,000
Total Assets	\$151,700
Debt and Equity	
Accounts Payable	\$0
Long-term Debt	\$50,000
Owner's Investment	\$65,000
Net Profit	\$36,700
Retained Earnings	\$0
Total Debt and Equity	\$151,700

Balance Sheet Year 2	
Assets	
Cash	\$91,700
Accounts Receivable	\$0
Inventory	\$58,000
Fixed Assets	\$36,000
Depreciation	-\$4,000
Total Assets	\$181,700
Debt and Equity	
Accounts Payable	\$0
Long-term Debt	\$25,000
Owner's Investment	\$65,000
Net Profit	\$48,000
Retained Earnings	\$43,700
Total Debt and Equity	\$181,700

Balance Sheet Year 2	
Assets	
Cash	\$94,100
Accounts Receivable	\$0
Inventory	\$60,000
Fixed Assets	\$32,000
Depreciation	-\$4,000
Total Assets	\$182,100
Debt and Equity	
Accounts Payable	\$0
Long-term Debt	\$0
Owner's Investment	\$65,000
Net Profit	\$50,400
Retained Earnings	\$66,700
Total Debt and Equity	\$182,100

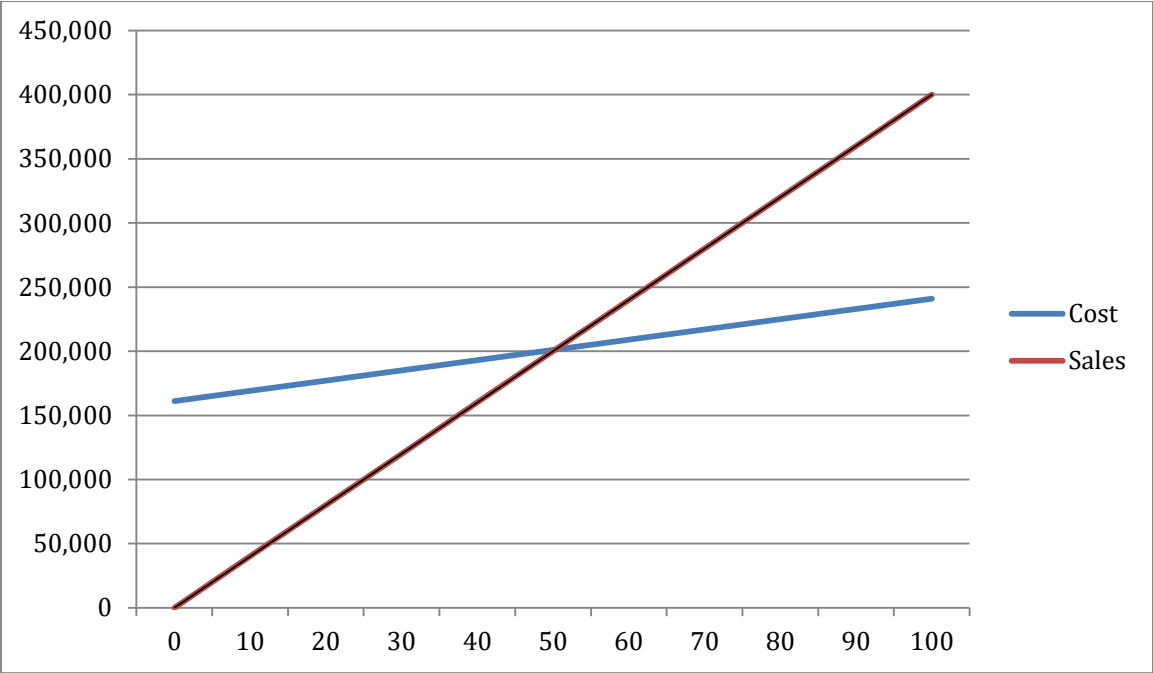
Income Statement for Three Years



Income Statement - Year 1			Income Statement - Year 2			Income Statement - Year 3	
Sales	\$196,500		Sales	\$226,000		Sales	\$231,000
Cost	-\$39,300		Cost	-\$45,000		Cost	-\$46,000
Operating Expenses	-\$96,000		Operating Expenses	\$101,000		Operating Expenses	\$101,000
Profits Before Taxes	\$61,200		Profits Before Taxes	\$80,000		Profits Before Taxes	\$84,000
Taxes	40%		Taxes	40%		Taxes	40%
Net Profits	\$36,720		Net Profits	\$48,000		Net Profits	\$50,400



Break Even Analysis



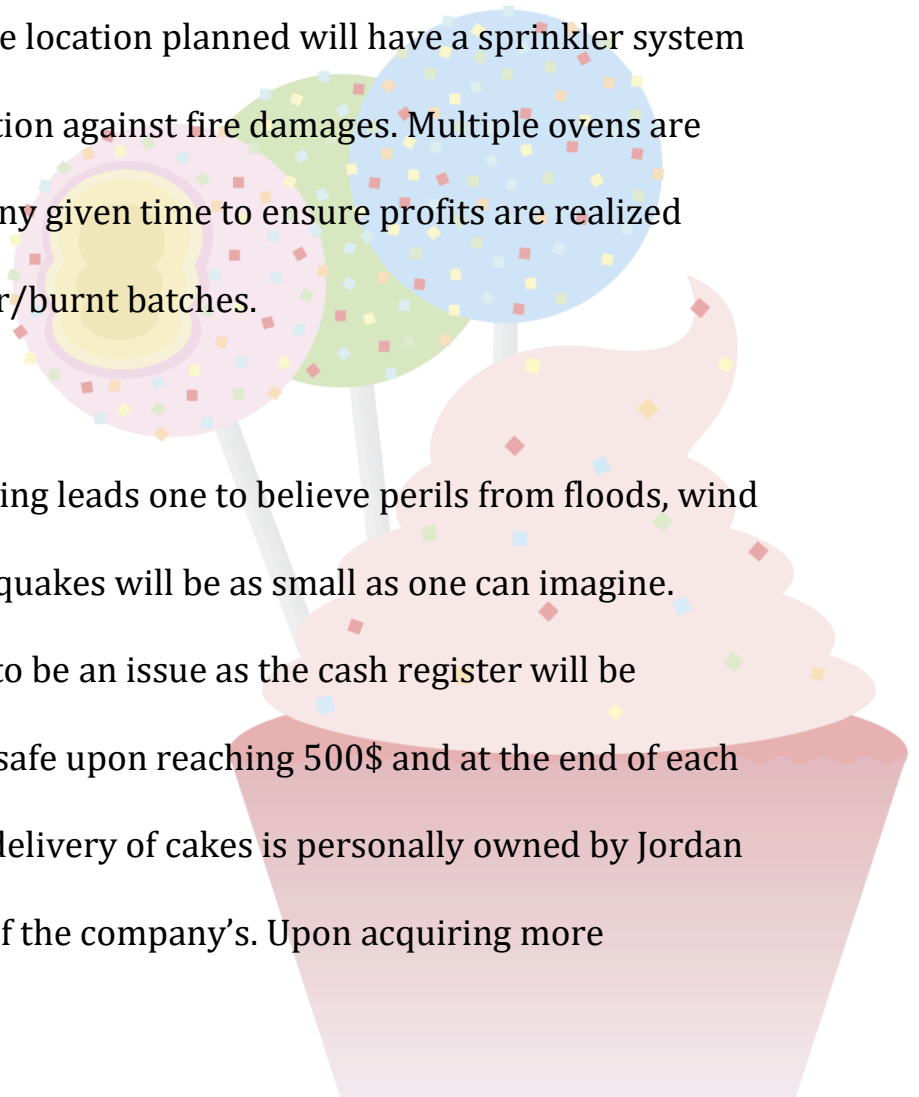
Critical Risk Assumptions

Loss Prevention

Workers will be required to wear slip resistant shoes while on the clock to minimize injuries and loss of equipment and. Proper training of any future cooks/delivery drivers/front of store associates will ensure precautionary steps are always being taken to ensure losses of product and materials are kept to the smallest margins possible. Theft is not planned to be an issue as The Sweetest Treats plans to keep its pastries behind display cases. The location planned will have a sprinkler system preinstalled as a precaution against fire damages. Multiple ovens are planned to be in use at any given time to ensure profits are realized despite mechanical error/burnt batches.

Property Risk

The location of the building leads one to believe perils from floods, wind damage, fires, and earthquakes will be as small as one can imagine. Robbery is not planned to be an issue as the cash register will be partially emptied into a safe upon reaching 500\$ and at the end of each day. The truck used for delivery of cakes is personally owned by Jordan Dailey and is not a risk of the company's. Upon acquiring more



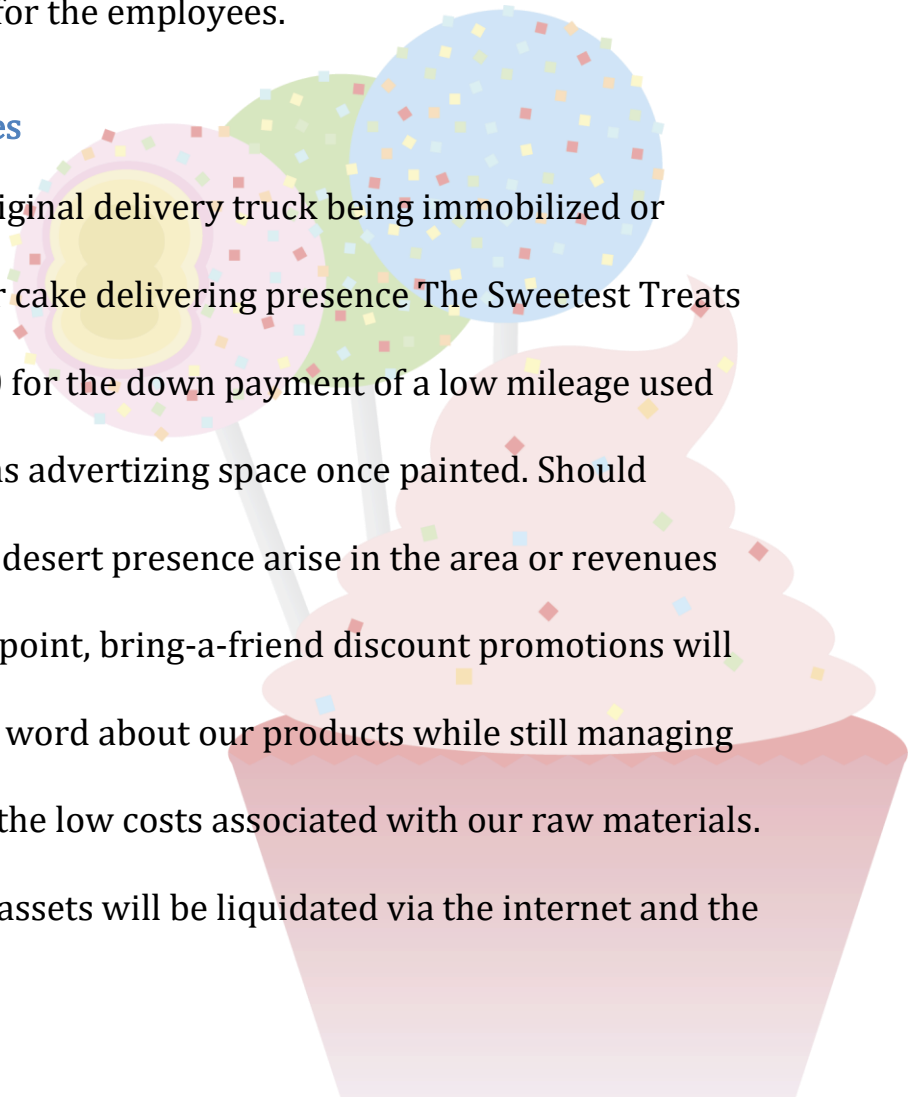
personnel, the use of all equipment will be overseen by a managerial presence at all times.

Insurance Coverage

The Sweetest Treats bakery plans on acquiring three insurance policies for maximum protection against liabilities. The first being a general liabilities policy to cover accidents, injuries and claims of negligence. The second policy that will be sought will be in the form of an all-risk commercial property protection. The third to be purchased will be (HMO) health coverage for the employees.

Anticipated Contingencies

Upon the event of the original delivery truck being immobilized or demand calls for a larger cake delivering presence The Sweetest Treats plans to set aside \$7,500 for the down payment of a low mileage used van that will also serve as advertizing space once painted. Should another more dominant desert presence arise in the area or revenues dip below a satisfactory point, bring-a-friend discount promotions will be utilized to spread the word about our products while still managing to pull in a profit due to the low costs associated with our raw materials. Should profitability fail, assets will be liquidated via the internet and the



space will be sublet to minimize debts. Alternatively, a food truck will be purchased to easily change business models while keeping the ideals the same depending on the situation.



Appendix

SWOT

- Strengths- location, stevia uniqueness, quality, natural ingredients, family atmosphere, customer involvement
- Weaknesses- higher price due to stevia alternative, cost of location, fluctuation in prices, difficulty in portraying our healthier product
- Opportunities- woodlands area still expanding, many potential high dollar clientele, many new weddings in the area.
- Threats- La Madeline competition, traffic congestion in the area as well as lack of parking, dessert industry booming leading more competition into the area



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Who Did What?

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