



# Gourmet Foods Company

BUSINESS PLAN    GOOD EARTH FOODS COMPANY

---

1705 Stubbleton Road  
Bismarck, North Dakota 58502

---

*People are smarter about the foods they eat these days, and more consumers have turned to organic food products for personal health and reasons of quality. The Good Earth Foods Company will provide high-quality organic foods and ready-made convenience items for people who are too busy for complex food preparation but who care about what they eat.*

---

- EXECUTIVE SUMMARY
- STATE OF THE INDUSTRY
- MISSION
- MARKETING STRATEGY
- COMPANY FOUNDER PROFILE
- FINANCIALS

## EXECUTIVE SUMMARY

### Introduction

Good Earth Foods Company has formed to meet the growing demand for unique, organic, partially prepared, specialty convenience foods.

Good Earth Foods is initially focusing on the development, production, and marketing of dry spice products, which is detailed in this document. Other food product development opportunities will be addressed in future amendments to this business plan that will provide additional profit with expanded market share.

Good Earth Foods has retained legal counsel and has developed a business relationship agreement with a volume food manufacturer to partner with in ongoing business operations. In addition to establishing a relationship with a food production producer, Good Earth Foods has sought out and secured professional services firms to evaluate, validate quality, and longevity of products and product life cycle. These additional professional services will allow Good Earth Foods Company to ensure food quality compliance with state, federal, local, and industry group certifications.

Our line of products will conform to the guidelines established by the California Organic Foods Act of 1994.

## STATE OF THE INDUSTRY

The organic and gourmet convenience foods market in the U.S. and Canada is emerging at an accelerating rate.

Organic foods, gourmet convenience products, and partially prepared specialty items, once a novelty, have grown to become an integral part of the overall consumer shopping environment. This serves to indicate a



consumer's commitment to personal health, quality food consumption, and intelligent shopping.

Consumer expectations for food convenience and high quality food products is rapidly "pushing" old-line food manufacturers into new exciting food trends and convenience areas.

The consumer food industry is quickly becoming ready for mass market, customized, organic food products.

## MISSION

GEFC is characterized as a developer of unique organic products catering to the discriminating consumer who demands a high degree of creativity, quality, and convenience.

Before the end of the year 2002, GEFC will be recognized as a highly visible company in the customized, gourmet food, dry spice product marketplace. We will have introduced products aimed directly at industry-standard product brands and will become known for high quality, consistent taste, and easy-to-prepare products. Our anticipated revenues will exceed \$7,000,000. GEFC will actively seek to develop new products and promote expansion into other additional market opportunities.

## MARKETING STRATEGY

Create an essence of high quality premium products through the delivery of high quality merchandise consumer food shoppers can count on time and time again. We will approach the market as a premium manufacturer of premium products with the highest quality organic ingredients. Our reputation will be unmatched in our product segments. We will position ourselves head-to-head with other industry brand leaders while maintaining a degree of perceived "smallness." Our customers demand the very best and we will provide it.

Our sales, merchandising, and distribution strategies will play a linchpin role in the success of our company. Our ability to foster relationships within the retail and distribution value chain will challenge traditional business models.

### Expected Accomplishments—Year One

In order for Good Earth Foods Company to attain its vision as described in our mission statement, the following primary goals need to be achieved in year one of operations.

- Develop two products and release to retail marketplace
- Establish marketing and consumer image processes
- Establish distribution process for promotions and product release
- Establish two additional products into development pipeline
- Participate with industry-leading trade associations for relationship and brand development opportunities
- Leverage market recognition of the quality of our product and develop demand for our products featuring similar uniqueness

### Customer Profile

Our strategy is to focus first on those prospective consumers who understand food, appreciate high quality food products, and earn a high degree of income. These customers will be the basis for working out price points, product development, and expected consumer volumes.

We believe a ready-made market exists for our products and those in the premium, convenience food category.

The demographics of the typical Good Earth Food Company consumer are:



- Over \$42,000 annual income
- Business person with little time for complex food preparation
- Equally split between male and female, age 32-40 years old
- Highly educated regarding food ingredients
- Creative spirit with love for outdoors
- Shop primarily in high-end grocery stores and specialty shops

## Competition

**Smith Specialty Foods:** Unveiled a new product line with similar characteristics in February 2000. These products included organic certifications. The demonstration of these products was being featured in high-end retail grocery chains. It is not known whether the features of these products include similar ingredient formulas.

Since this company is also a start-up we consider them a direct competitor not only in product, but brand image as well. There has been no information in the marketplace suggesting this company has gained greater market share than us.

**Target Gourmet:** Unveiled a new line of products with similar characteristics in March 2000. Their product line release included a demonstration of organic products mixed with traditionally processed ingredients. Like the Smith Specialty Foods demonstration, it was not shown that their product line has any significant market share beyond our own.

**The Organic Food Market:** A 500-person organic product-oriented grocery chain. This company, which has developed its own line of "store brand" products in the past, should be viewed as a partner as well as a tier II competitor. They have stated that they wish to continually develop competitively branded products but will market them as a moderately processed brand. This company will play a major role in our "retail shelf" strategy. This company has expressed interest in our products and is currently evaluating volume commitments from our manufacturing partners.

## Industry Participation & Relationships

The importance of industry relationships and participation in consortiums in this marketplace cannot be underestimated. Industry relationships are an absolute requirement for competing. The organic industry and marketplace should be seen as a multi-faceted, multi-layered marketplace. Relationships and industry presence at each of these levels plays a critical role in attaining success in this market.

GEFC currently participates and will continue to participate in food industry consortiums and standards setting/development organizations. This participation will allow GEFC to play a role in establishing industry standards and brand precedence. Participation in industry organizations will also allow GEFC to leverage research and development conducted by other participants and maintain a "pulse" on market trends and the competitive environment. GEFC will be able to use association with these organizations to establish market presence and develop an industry leadership position.

## Sales Promotions

Good Earth Foods Company will take advantage of and leverage all media outlets available. While we feel that, based on market research, our target audience and consumer base is highly fragmented and distributed across regional markets, a highly focused sales and media promotions strategy will, in part, drive short-and long-term brand and sales success. The following list of opportunities will shape our sales promotions plans into a highly targeted marketing communications, sales promotion, and media plan.

- Traditional media: Television and newspaper advertising will target specific local buyers



- Targeted consumer event sponsorship will provide awareness and firsthand experience with products
- In-store specialty displays will promote seasonal and regional programs to drive retail sales
- Direct contact product demonstration in participating grocery locations will address a highly focused segment of the consumer population
- Online retail networking with other new media consumer food product properties will provide a source of prescreened, targeted prospective consumers
- Promote multi-cultural, social, and economic diversity to extend product reach and marketshare

## Product Pricing

Our products will be priced at competitive market rates for premium products. Our products will be presented alongside competitive products and priced at a slightly higher "sticker" price resulting in a higher profit margin.

This also will promote a higher degree of cost basis/profit benefit to our retailers and increase brand perceptions among targeted consumers. Our products are expected to drive a 5-7 percent margin rate among our specialty retailers and high-end grocery chains that normally operate on a 3-5 percent profit margin basis. This pricing strategy dovetails with stated marketing strategies to result in greater retail attractiveness, thus resulting in enhanced market share for GEFC.

## Venture Capital Required

According to the opportunities and requirements for Good Earth Foods Company described in this business plan, and based on what we feel are sound business assumptions, our initial total capital requirements total \$13,000,000. This sum of initial "seed" capital will enable Good Earth Foods Company to develop a high-energy, high-quality start-up company specializing in desirable food products. Investment monies will be used primarily for brand development, food packaging, manufacturing and distribution, and ongoing operations. Based on percentage of investment contributions, Good Earth Foods Company is willing to entertain option share ownership arrangements with the investor community.

## Go to Market Progress to Date

### Business Operations

- Engaged real estate specialties to locate and complete contract for product development and test space
- Relocated offices from leveraged office space to current site location
- Attracted local culinary talent to provide consultation for product manufacturability and desirability
- Formed LLC business organization within Burleigh County, North Dakota
- Engaged local financial and legal institutions to provide services at discount rates (negotiated potential for account growth)
- Established business relationships with industry-leading trade organizations
- Engaged and finalized manufacturing agreement with certified organic food processor
- Began discussions with retail food consumer grocery chains, gourmet food distributors, and specialty food catalog distributors (traditional and new media outlets)

### Product Development, Sales and Marketing

- |  |         |
|--|---------|
| • Initial product development  | 05/2000 |
| • Initial packaging design completed                                 | 06/2000 |
| • Initial product and packaging testing with target market consumers | 06/2001 |

- Initial product development

05/2000



- Initial packaging design completed 06/2000
- Initial product and packaging testing with target market consumers 06/2001

## COMPANY FOUNDER PROFILE

### Mr. John Langolf

As founder of the Good Earth Foods Company, Mr. Langolf is responsible for all marketing, sales, and business development activities, as well as customer delivery and service and product concept/development.

### Professional Experience (Private)

Mr. Langolf has helped many clients achieve communications success in a wide range of capacities ranging from providing day-to-day sales tools and graphics systems consulting, to establishing and maintaining direct-mail promotional plans and corporate identity.

### Professional Experience (Corporate)

After beginning his career with Kraft Foods as a food packaging engineer in May 1990, Mr. Langolf progressed through a series of management and executive positions, playing an active role for many high-level product line development efforts and product rollouts.

In October 1998, John moved to Sacramento, California, to establish and head the global product development team for Sunshine Organic Foods. While in that position, John was recognized as an outstanding achiever by an outside consulting firm performing a food industry best practices audit. Sunshine Organic included customers like Safeway Stores, Albertson's Inc, and Organic Brands.

### Education

Mr. Langolf is a graduate of the University of California, in Berkeley, California, with a B.S. degree in agricultural engineering. While completing his master's work at the University of Oregon, in Eugene, Oregon, Mr. Langolf was distinguished with numerous agricultural industry awards for leadership in research and organic food processing methods.

### Personal

John and his wife, Susan, and their two children reside in Bismarck, North Dakota.

Mr. Langolf enjoys, golf, kayaking, and wildlife photography in his leisure time.

## FINANCIALS

Expense/Investment Line Items	2000	2001	2002	2003
<b>Business Management/Leadership</b>				
Executive Business Operations	\$150,000	\$175,000	\$200,000	\$250,000
Financial Operations	\$175,000	\$200,000	\$250,000	\$300,000
Day-to-Day Operational Leadership	\$120,000	\$120,000	\$130,000	\$140,000
<b>Functional Operations Leadership</b>				
Legal & Industry Counselors	\$250,000	\$200,000	\$200,000	\$150,000



Expense/Investment Line Items	2000	2001	2002	2003
<b>Business Management/Leadership</b>				
Sales & Marketing	\$200,000	\$250,000	\$300,000	\$350,000
Marketing/PR (budget includes salary)	\$200,000	\$225,000	\$250,000	\$275,000
Advertising/Marketing Specialties	\$125,000	\$150,000	\$175,000	\$200,000
Administration and Human Resources Support	\$75,000	\$77,000	\$79,000	\$81,000
Food Prep, Test, Kitchen Staff	\$200,000	\$200,000	\$250,000	\$300,000
<b>Technology and Systems Requirements</b>				
Desktop and office automation (software and hardware)	\$100,000	\$125,000	\$133,750	\$143,113
External Package Design and manufacturing consultation	\$125,000	\$150,000	\$100,000	\$100,000
Website (Concept, design, and production)	\$75,000	\$100,000	\$75,000	\$75,000
Communications (Voice and Data)	\$25,000	\$30,000	\$36,000	\$36,000
Space/Facilities	\$100,000	\$100,000	\$100,000	\$100,000
Specialized Kitchen and Test Equipment	\$100,000	\$120,000	\$80,000	\$60,000
Product Development Operations	\$75,000	\$100,000	\$125,000	\$150,000
<b>Total</b>	<b>\$2,095,000</b>	<b>\$2,322,000</b>	<b>\$2,483,750</b>	<b>\$2,710,113</b>

2004	5-Year Total
\$260,000	\$1,035,000
\$350,000	\$1,275,000
\$160,000	\$670,000
\$150,000	\$950,000
\$400,000	\$1,500,000
\$300,000	\$1,250,000
\$300,000	\$950,000
\$83,000	\$395,000
\$350,000	\$1,200,000
\$153,130	\$654,993
\$100,000	\$575,000
\$75,000	\$400,000
\$43,200	\$170,200
\$100,000	\$500,000
\$50,000	\$410,000
\$200,000	\$650,000
<b>\$3,074,330</b>	<b>\$12,685,193</b>