



MealsNextDoorTM Business Plan

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Mission Statement

Meals Next Door is an online community kitchen that changes the definition of fast food by offering *quick* and **healthy** options geared towards being economical while improving the lifestyle of our customers.

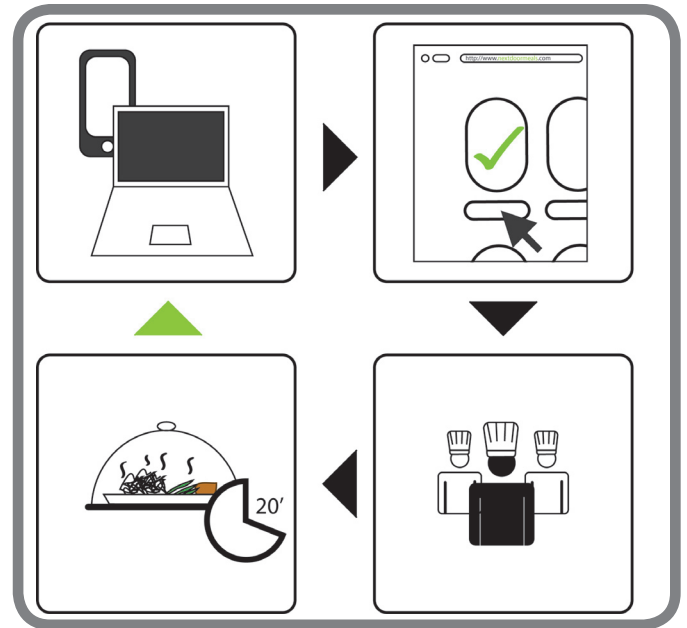
MND, rethinking food

- Food is the most essential human need. Yet over 4 million people in the world will die from starvation annually. ¹
- People waste food. Each month an average American family wastes enough food to create 149 custom MND meals². This waste adds up to a \$43 billion ³ per year economic problem. We are here to turn this waste into energy.
- We believe in quality food. We know that food can have a huge impact on our lives. This is why we work very hard to serve you the freshest and healthiest food options.
- We handle food with respect. Our stations operate differently than a traditional restaurant to eliminate all food related illnesses. Making MND the *safest* way of food consumption.

Meals Next Door is in pursuit of changing the way we think of food.

Executive Summary

- MND is the first online kitchen. We bring together basic nutritional food items and are geared towards being flexible and customizable.
- Our clients are college students and working parents. These individuals are often too busy to eat a balanced meal. MND is also committed to nutrition. Our website keeps track of the member's eating habits and makes suggestions for better health.



- The food waste of an average American family in one month is enough to create 149 custom MND meals. Food waste is more than you think. It means we waste acreage and the resources needed to grow all the food. Our stations are designed to eliminate kitchen waste by bringing order to the way we consume food.
- MND is a delivery only community kitchen. The experience begins by logging onto mealsnextdoor.com. After signing in, the user can simply create meals as if in their own kitchen. Our interactive nutritional label system gives the user an instant glimpse of the meal. The order is then received by the designated cooking station and assembled. Each meal is served in biodegradable packaging and less than 20 minutes, supper is delivered.
- We are seeking an operating line of \$20,000 to finance our first year growth in our first year, since it's our pilot program. We will only have one kitchen and 3 employees. Our staff consists of a chef, sous chef and a runner.

Product Summary

Website

My Kitchen

- The screen shot below shows how the user can customize their meal. On the side bar, they can approve meal combos, see the nutritional information for the meal, change their personal preferences for the meal, and pick their sides.

MEALS NEXT DOOR
online kitchen solutions

Username Password login

HOME **My KITCHEN** My PROFILE ABOUT

Meal Combo

Nutritional Label (3)

Calories	690		
Calories from fat	76		
Total Fat	8g	13%	
Saturated fat	3g	15%	
Trans fat	0g		
Unsaturated fat	5g		
Cholesterol	126mg	42%	
Sodium	40mg	1.6%	
Total Carbohydrate	109g	36%	
Fiber	3g	11%	
Sugar	27g		
Protein	43g		
Vitamin A	2%	Vitamin A	2%
Vitamin C	3%	Vitamin C	3%
Calcium	3%	Calcium	3%
Iron	10%	Iron	10%

Settings (4)

Sides (5)

state code #VA001

2 | 150

1

Website

My Kitchen

1

Selection Pane

This is where customers create their meals virtually as if they were using their own kitchen.

2

Order quota

This tool informs the user on how many more orders the station can handle for that day.

3

Interactive nutritional label

As customers change the ingredients, the interactive nutritional label instantly updates and guides the user for better decision making.

4

Personal preferences

Customers can easily edit the number of calories they consume by selecting specifically what ingredients go into their meal.

5

Side items

We offer a variety of nutritional items to choose from to complete your creation. An overall well balanced meal is our guarantee.

Website

My Profile

- Here is a screen shot of the customer's profile page. On this page, the customer can track, record, and edit data related on personal dietary predictions.

MEALS NEXT DOOR
online kitchen solutions

Sign Up | Log In | Help

HOME | My KITCHEN | **My PROFILE** | ABOUT

Search

Mclovin

1 **Profile Information:**
 Age: 25
 Height: 5'11"
 Weight: 162lbs
 Sex: Male
 Smoking: No
 Exercise: Walk

History

2 **Meal History:**
 02/10/2010 - 02:50 PM
 02/11/2010 - 10:35 AM
 02/17/2010 - 07:39 PM
 -red sauce
 -wixs
 -broccoli+asparagus
 -rice
 -chicken
 -wheat
 -banana
 -water
 02/22/2010 - 11:50 AM

3 **SUGGESTIONS**

4 **Macronutrient Chart:**

Macronutrient	Value
PROTEIN	8
CARBOHYDRATES	5
FAT	2

5 **Sticky Note:**
-Okay Mike ! Its time to focus on some fiber :)

Settings

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 Terms of service | Privacy guidelines | Advertising practices | Advertise with us | About us | Contact us | Work for us | Help

RSS | Twitter | Facebook

Website

My Profile

1

Basic Information (Name , Picture, Body Type)

The software keeps track of personal data such as, height, weight, age, gender, physical activity, etc. to better map the user's health. All data on the website is secured and can be accessed by solely the user. Members are under no obligation to create a profile page.

2

Meal Order History

The software also keeps a track of the user's eating habits and makes suggestions on their diet.

3

Suggestions by online nutritionist

For example, if the user is lacking on dietary fiber, the website simply helps the user by pointing out which food items to choose from in the future.

4

Nutritional Statistics

We graph the user's intake levels and compare them to USDA Nutrition Dataset (food pyramid). Providing a clear, easy to understand knowledge on user's eating habits.

5

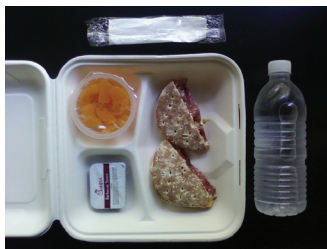
Personal note

Our software also keeps a track of the user's eating habits and makes suggestions on their diet.

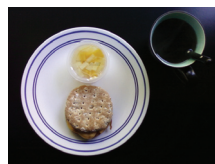
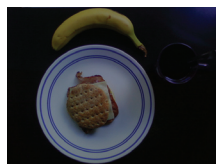
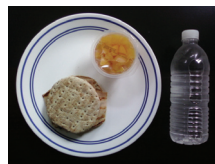
Food

- Below are samples created by one of our MND stations. Each combo includes one free side item (fruit, mixed nuts, desert, etc.). We steam cook all vegetables, since this is the most nutritional way of consumption. First time users will be able to select from a variety of pre made chef's meals if they are unsure what they want or start customizing.

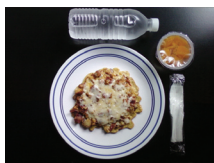
Breakfast Combos - \$3.99



Sandwiches

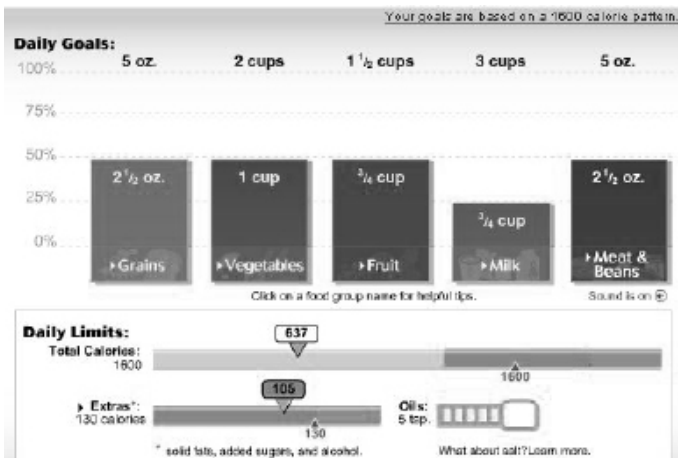
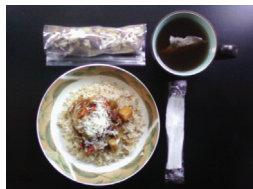
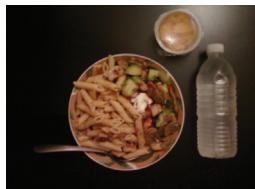


A la cart



Food

Dinner Combos - \$7.99



Here is a nutritional label for one of our samples:

- Broccoli
- Mushrooms
- Steak
- Rice
- Diced Wheat Bread
- Mozzarella Cheese
- **Banana**

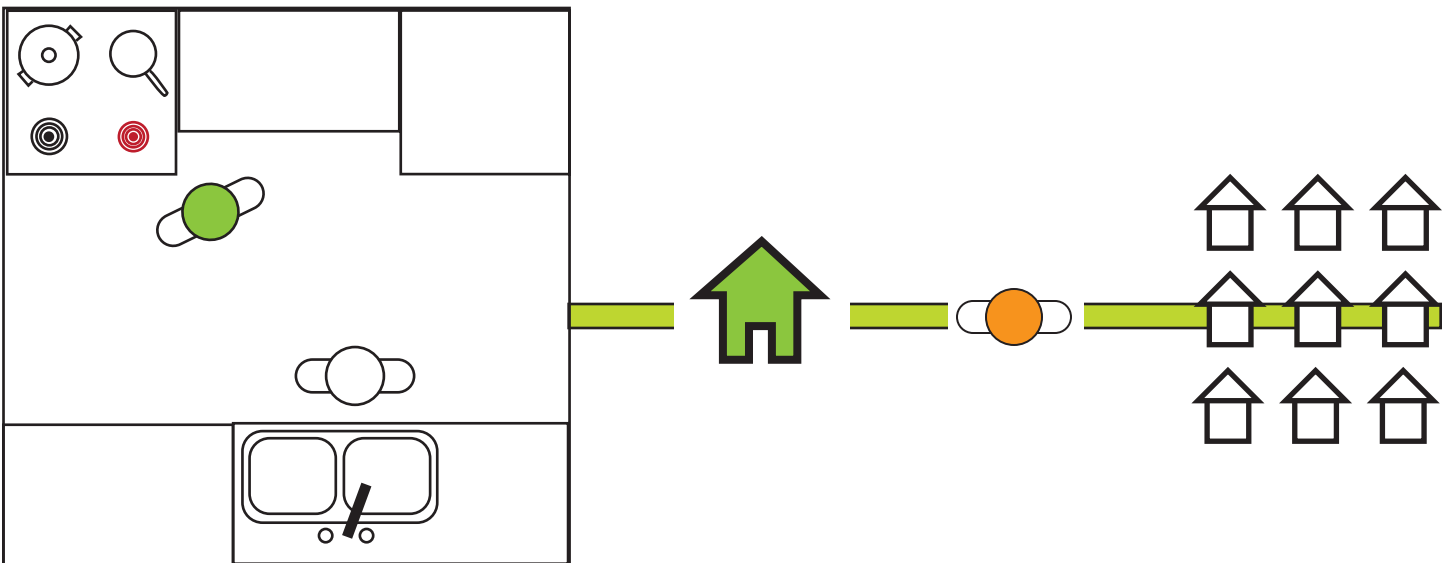
637 Calories

Kitchen

MND operates from a residential kitchen.

Unlike a traditional restaurant, there are no physical dine-in locations. Our business is delivery only. We eliminate all gasoline usage associated with human feeding. We rent our locations on behalf of the franchise owner. Once the location is confirmed, our team makes the necessary arrangements in the kitchen, bringing it up to health and safety requirements. We then purchase the necessary equipment based on the size of the location and its predetermined customer base.

We are a just-in-time, cater from home business.



- Each of our stations will have at least 1 chef, 1 sous chef and 1 runner based on their size and location.

Kitchen

Standard Station Equipment

- Below is the necessary equipment for an average station. Our initial investment will be used towards these equipment.

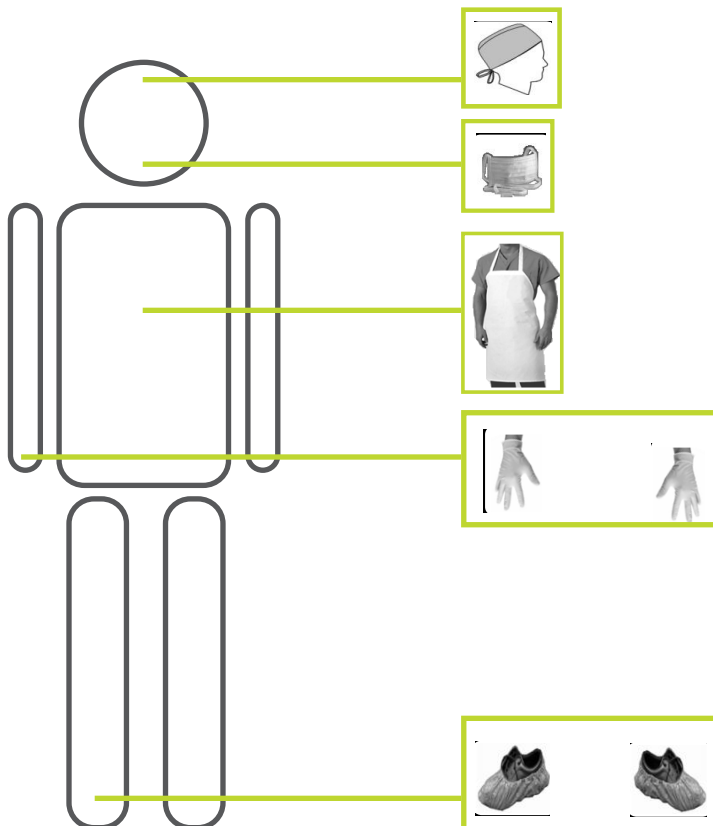


Kitchen

Sanitation

Each of our stations (listed below) are sanitized at the end of each operation day:

- Refrigerator
 - Inside
 - Outside
- Stove
- Oven
- Sink
- Counters and cabinets
- Utensils
- Cabinets
- Floor
- Trash



Each menu item offered is pre-sliced and pre-portioned in individual vacuum bags, eliminating human contact on all raw food items during production.

Each MND kitchen employee is trained to wear a facemask, head mask, shoe covers, gloves and apron.

With such simple yet effective techniques our stations can easily meet and go beyond the requirements of state health departments.

Operation

Setup Day



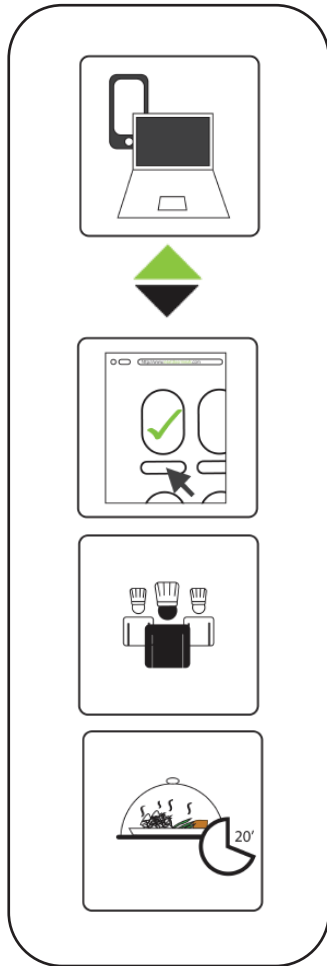
Since we have a limited order quota, we have the advantage of buying exact amounts of food.

We buy much of our food locally from farmers and farmer's markets. When all the food is purchased, we prepare the food items for the upcoming week. We handle raw food only on setup day; during setup day, we individually portion, wrap and freeze the food, making it ready for the upcoming week.

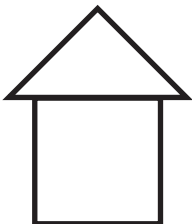
During the setup day we are closed for business. We only organize and sanitize the kitchen.

Operation

Day 1, 2, 3

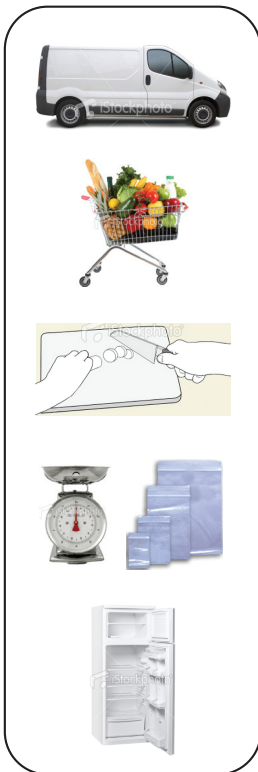


On day 1, 2 and 3 we are open for business. During this time, the orders are received by our webpage. Our chefs prepare the portions of food, which eliminates unsanitary conditions from handling raw food waste. After the portions are cooked and the meal is prepared, it's sent to the customer within 20 minutes.

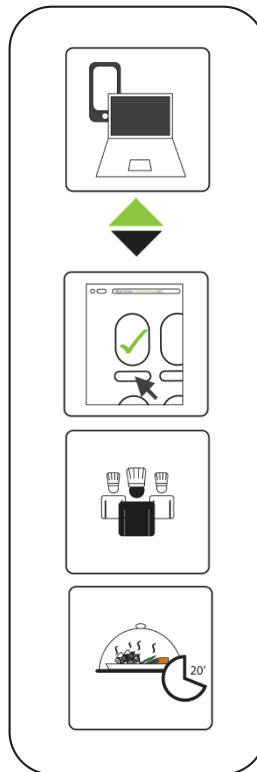


Operation

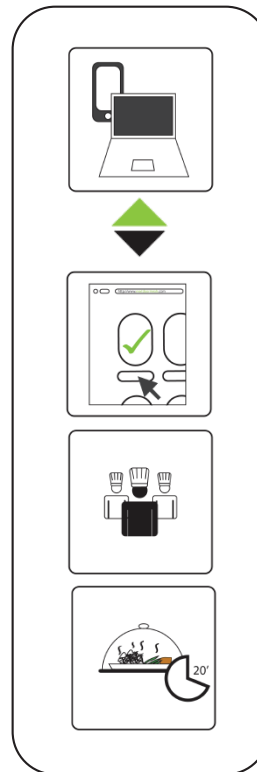
Setup Day



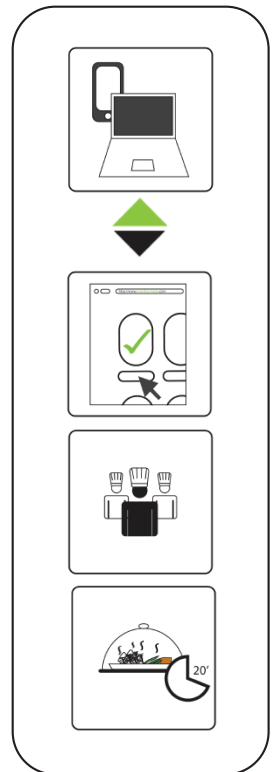
Day 1



Day 2



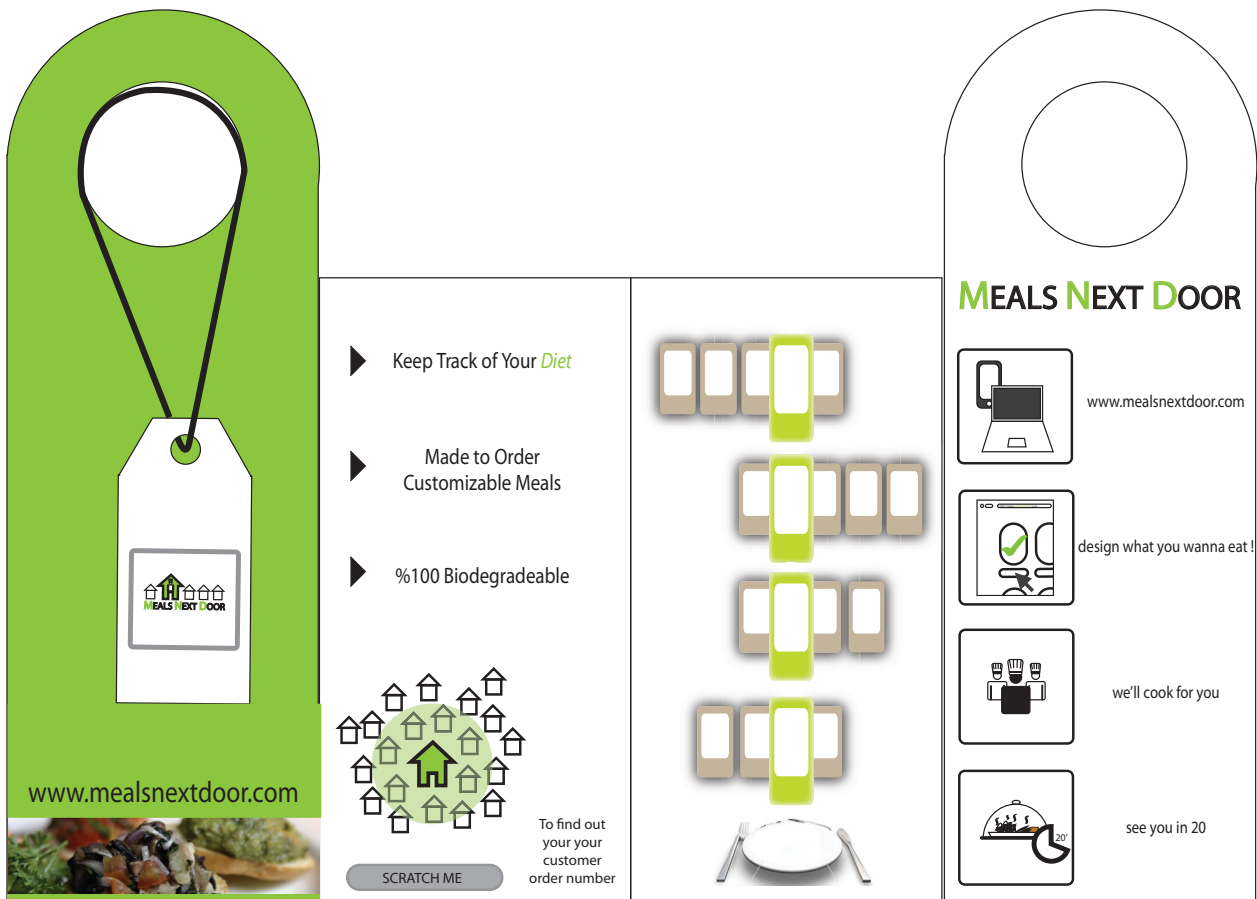
Day 3



- A typical MND station will be open 3 days per week and serving anywhere between 35-75 meals per day.

Marketing Strategy

In our pilot program in year 1, we can only do a limited amount of advertising. We'll do this by delivering our flyer hanging on the doors of students in a 5-mile radius of the initial station. In our flyer, first time customers will have a scratch off login promo code. It will include a free first meal and once they login with the activation code, the user can create their own login code. By specifying our market such as this, we can keep costs low and target our specific customer base.
















Marketing Strategy

- In **Year 2** we will have 3 stations in Blacksburg, the initial station and two new ones. We will continue delivering our flyer to potential customers in the 5 minute radius of our station. Because we will have a larger following with three stations, we will start creating free internet advertisements like a Wikipedia page about Meals Next Door and Youtube.com “how to” videos which talk about how simple our website is.
- In **Year 3** we will have 5 stations in Blacksburg, consisting of the initial station, the two stations from year 2 and two additional stations. Since we will be well known in the town at this point, the company can afford to purchase Facebook advertisements and sponsor small time philanthropies such as Relay for Life, where we can set up booths and promote.
- In **Year 4** we will 10 stations total. Our name will be well known outside the Blacksburg area and to improve community relations, MND will be a large donor in schools’ philanthropies such as the Big Event, small sorority/fraternity philanthropies and after-school sports. We will have a promotional giveaway of free tshirts with our name and logo to customers who purchase a large amount of meals from us on a consistent basis.
- In **Year 5** we will have 30 stations total.) The company will continue its public relations and expand to handing out samples through a van, similar to how Red Bull hands out free product. These representatives will also promote MND by handing out free tee shirts and flyers.

Competition

- Fast food restaurants, chains, home cooking. Two companies we're looking at and closely observing are mealassembly.net (180+ locations) and thefreshpalate.com (in Blacksburg).

	 Fast Food	 Chain	 Cook at Home	
Healty Food		Sometimes		
Speed		Sometimes		
Low Cost			Sometimes	
Convinience				

Fast Food companies (Using McDonalds as an example).

Strengths: Fast, convenient, cheap, consistency

Weakness: Many restaurants (McDonalds, Hardys, Wendys, ect) only have unhealthy options, no knowledge of ingredients, potential bad customer service

Chain Restaurants (Using Outback as an example).

Strengths: Rich menu options, friendly environment, one on one costumer service, consistency

Weakness: Seating/ Waiting time. Potential bad customer service, Expensive

People who choose to cook at home

Strengths: Know exact ingredients, healthier options, unlimited food options,

Weakness: Time consuming, grocery shopping,

Competition

MealsNextDoor

Strengths: Fast* and Healthy food options, 20 minute delivery guarantee, hassle-free online ordering system, made from scratch home cooked meals, consistency, deliver in all weather conditions*

Weaknesses: Limited order quota, limited customer base (only serves to close range customers), designed to deliver food quickly to a predefined area

- Did you know there are 3750 blockbuster locations in the US? Guess how many Redbox locations are out there? 22000+!

Blockbuster, just like our competitors go out of their way to create physical locations to attract customers. This is why their costs stay high and their turnover ratio has to be high. They have to at least break even to stay in business. Just like red box, our stations will not be affected during downtimes.



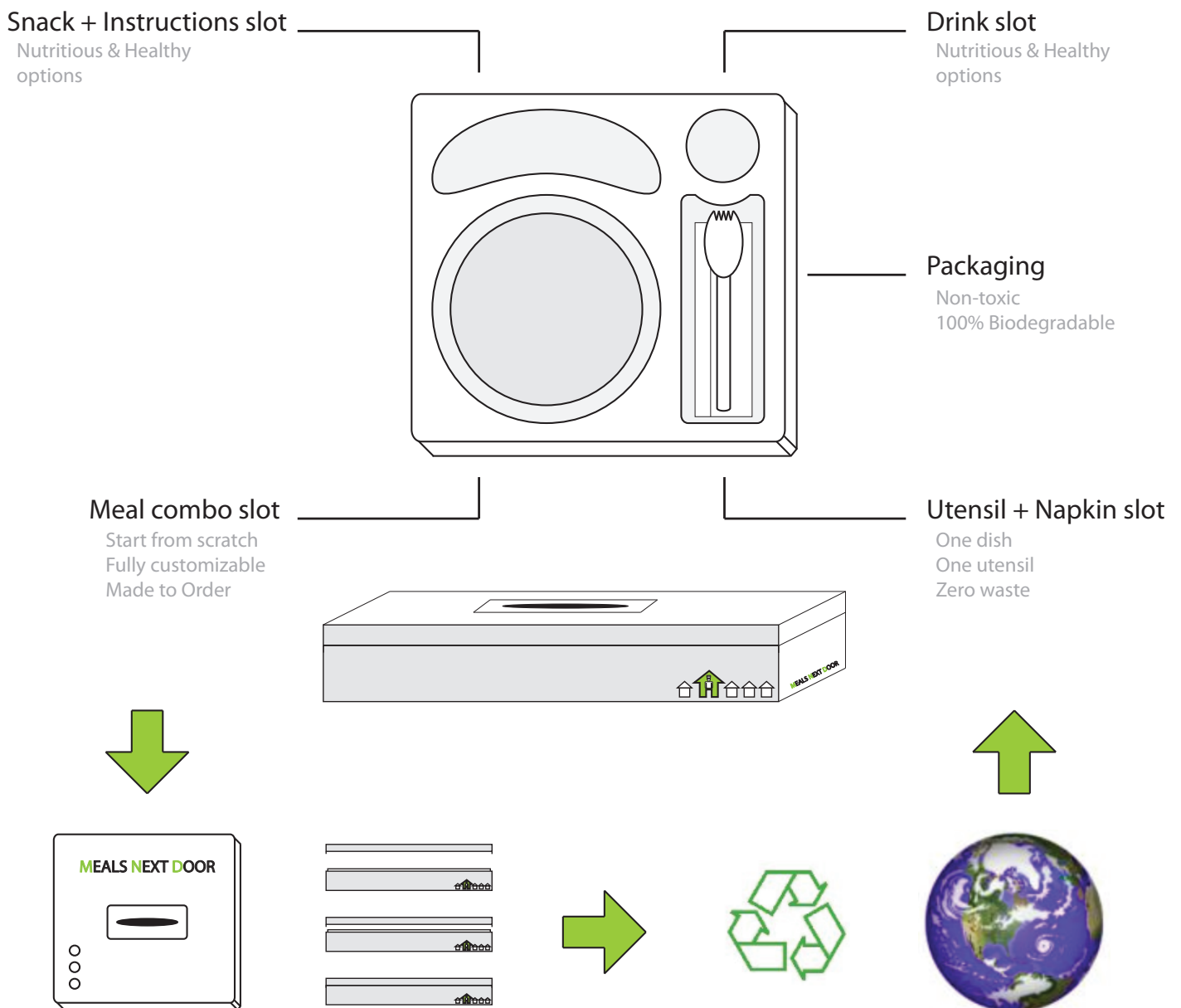
- Mealassembly.net does exactly what we are doing in a physical location. Customers drive to these locations, pick exact frozen ingredients, bring them home and cook using their own kitchen. They mainly appeal to stay home mothers. Their entrées range from \$15-\$30. On the right hand side is a map showing their locations.



Distribution

Packaging

- Meals Next Door offers a 20 minute delivery guarantee of our product. The packaging for our food is 100% biodegradable, microwavable, keeps the temperature static and has all of the accessories needed to enjoy the meal (napkin, spork, tray and cup holder).



Distribution

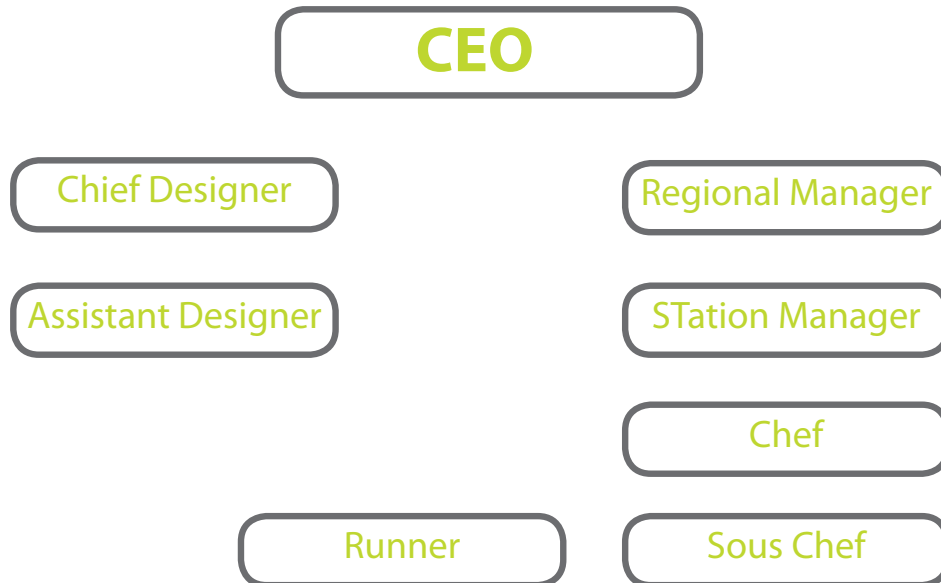
Delivery Range

Each station has a runner who delivers the food on foot or by bicycle, depending on the size and location of the station (no gasoline used). This **delivery** range is designed to be within a 5-minute walk-able distance of the station.



In the **future** there is a possibility of using an electric vehicle for certain stations, depending on the size, location and weather conditions.

Company Structure



CEO

Oversees the chief designer and the regional managers

Chief Designer

Head of design operations, specifically packaging, the website, and anything as it relates to design decisions

Assistant Designer

Works under chief designer

Regional Manager

In charge of 5 – 7 station managers, invests time in new station opportunity, feasibility studies

Station Manager

In charge of 3 – 5 stations, compares food prices from local vendors

Chef

Cooks the meals and acts as local authority within the kitchen

Sous Chef

Assists main chef and takes orders, buys/delivers raw food in bulk to station

Runner

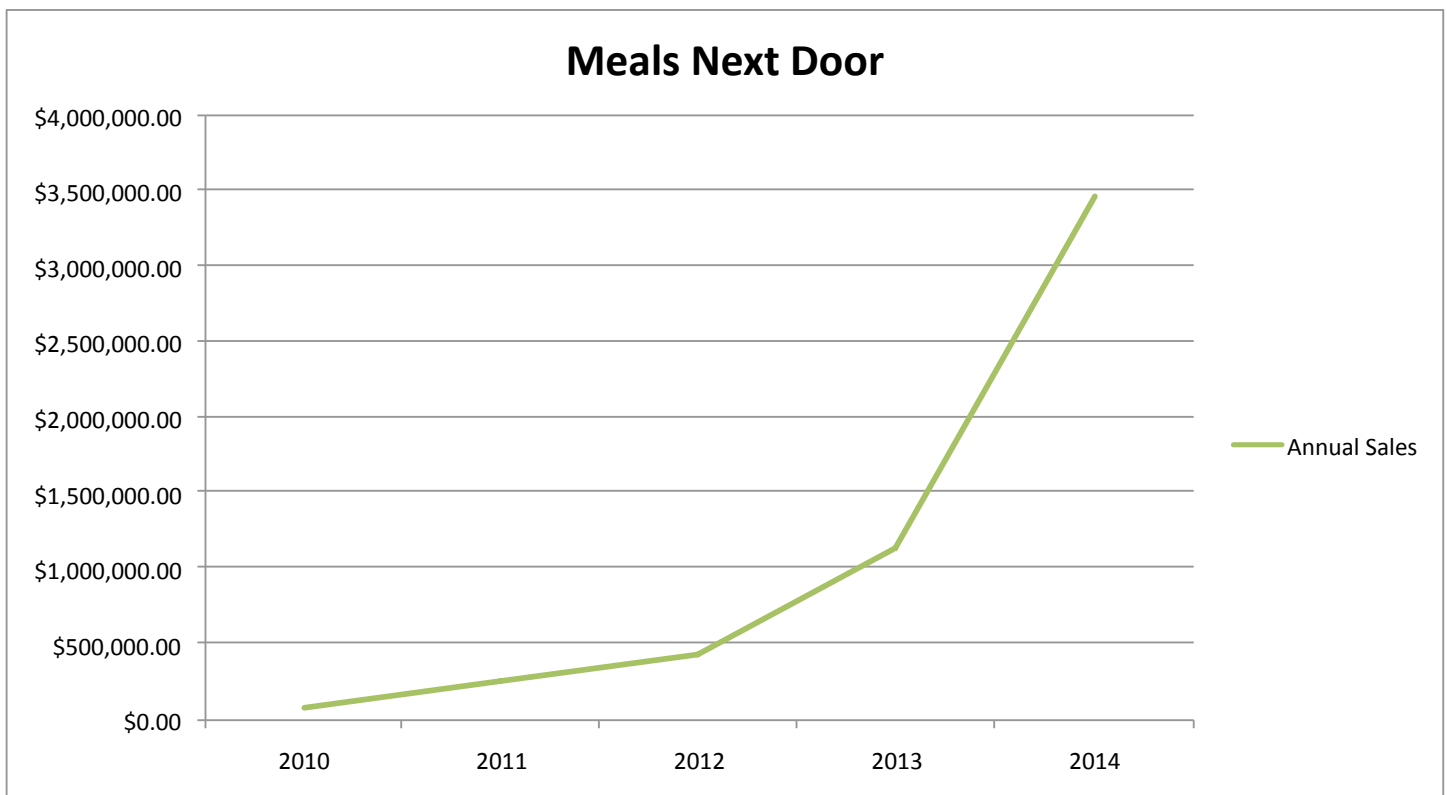
Delivers food from kitchen to doorstep in under 20 minutes

Risk Management

- We are doing a pilot program in Blacksburg for the first year of Meals Next Door. Blacksburg Virginia is a college town with many students and many faculty and staff who have families. Since we are already located in Blacksburg, it's an inexpensive place to live and Forbes magazine voted Blacksburg the number ten best small metro to start a small business.
- In terms of safe food preparation for our stations, Akin Yidtz is Serve Safe certified and majored in Hospitality and Tourism Management at Virginia Tech. All of our staff will be taught by Akin about FDA, health regulations and preparing food safely.
- If we fail in Blacksburg, it will not be a huge financial lost. Since our start up costs are only \$20,000, we can easily exit without losing a huge amount of our venture capitol. We can also sell the equipment that we had bought to minimize loss. With so many restaurants in Blacksburg, our chef, sous chef and runner would have many options if we have to fire them.

Financial Summary

- As we are starting out small with only one station and three employees, our costs will be very low for the first year as we will only need \$20,000 initial investment. Once we have successfully completed the pilot program we will expand using our income from the pilot program. Roughly 25% of our initial investment is towards basic operational needs, the remaining money will be utilized for a stable first year. During this pilot program, we will collect important demographic data, such as what times/days/food items our customers order to better predict our future financial.



Financial Summary

Meals Next Door - Proforma Financial Statements					
Table 1: Pro Forma Assumptions:					
INPUT DATA:	2010	2011	2012	2013	2014
Income Statement					
Annual Sales	\$82,230.72	\$248,785.68	\$434,642.80	\$1,131,607.00	\$3,464,821.00
Sales Returns and Allowances (2%)	\$1,644.61	\$4,975.71	\$8,692.86	\$22,632.14	\$69,296.42
Number of Units Sold	\$13,728.00	\$41,533.50	\$69,222.50	\$138,445.01	\$415,335.03
Production Costs	\$41,222.08	\$144,222.12	\$240,370.20	\$480,740.40	\$1,442,221.20
Warehousing	\$12,000.00	\$36,000.00	\$60,000.00	\$258,000.00	\$762,000.00
Shipping Costs	\$50.00	\$150.00	\$150.00	\$300.00	1,000
Federal-plus-state tax rate	40.00%	40.00%	40.00%	40.00%	40.00%
Meals Next Door					
Table 2: Pro Forma Income Statements: (in 000s)					
(For 12 months Ending December 31)					
	2011	2012	2013	2014	2015
SALES REVENUE					
Net sales	\$82,230.72	\$248,785.68	\$434,642.80	\$1,131,607.00	\$3,464,821.00
Less: Sales Returns and Allowances	\$1,644.61	\$4,975.71	\$8,692.86	\$22,632.14	\$69,296.42
Net Sales Revenue	\$80,586.11	\$243,809.97	\$425,949.94	\$1,108,974.86	\$3,395,524.58
COST OF GOODS SOLD					
Cost of Goods Sold	\$16,473.60	\$56,284.80	\$93,808.00	\$156,346.67	\$469,040.00
GROSS PROFIT	\$64,112.51	\$187,525.17	\$332,141.94	\$952,628.19	\$2,926,484.58
OPERATING EXPENSES					
Selling Expenses					
Warehousing Expense	\$12,000.00	\$36,000.00	\$60,000.00	\$258,000.00	\$762,000.00
Shipping (Freight Out) Expense	\$50.00	\$150.00	\$150.00	\$300.00	\$1,000.00
Advertising and Promotion	\$50.00	\$150.00	\$200.00	\$200.00	\$350.00
General Travel	\$0.00	\$0.00	\$0.00	\$5,000.00	\$10,000.00
Association Dues	\$0.00	\$0.00	\$0.00	\$0.00	\$2,000.00
Administrative Expense					
Contractor salary	\$23,206.92	\$70,684.05	\$117,806.75	\$235,613.50	\$706,840.50
Station Manager (3.5% annual increase)	\$0.00	\$30,000.00	\$31,050.00	\$62,100.00	\$155,250.00
Regional Manager (3.5% annual increase)	\$0.00	\$0.00	\$50,000.00	\$51,750.00	\$103,500.00
Chief Designers	\$0.00	\$0.00	\$0.00	\$35,000.00	\$36,225.00
Student Design Interns	\$0.00	\$0.00	\$2,000.00	\$2,000.00	\$2,000.00
Employee Benefits and Taxes (26.5%)	\$6,149.83	\$26,681.27	\$53,227.04	\$102,412.83	\$266,011.11
Product Liability Insurance (2% of Sales)	\$1,644.61	\$4,975.71	\$8,692.86	\$22,632.14	\$69,296.42
Consulting	\$0.00	\$0.00	\$0.00	\$10,000.00	\$10,000.00
Rent Expense	\$0.00	\$0.00	\$0.00	\$20,000.00	\$20,000.00
Design Costs - Equipment	\$2,000.00	\$2,000.00	\$4,500.00	\$4,500.00	\$4,500.00
Design Costs - Printing & Lamination	\$50.00	\$175.00	\$225.00	\$500.00	\$1,000.00
Design Costs - Materials	\$0.00	\$0.00	\$0.00	\$500.00	\$1,000.00
Design Costs - Software	\$5,120.00	\$150.00	\$150.00	\$150.00	\$150.00
Depreciation	\$0.00	\$500.00	\$1,500.00	\$2,500.00	\$5,000.00
Insurance - CEO	\$700.00	\$700.00	\$800.00	\$800.00	\$800.00
Telephone and Internet Expense	\$792.00	\$2,376.00	\$3,960.00	\$7,920.00	\$23,760.00
Office Supplies	\$100.00	\$100.00	\$200.00	\$1,000.00	\$15,000.00
Utilities Expense	\$2,000.00	\$6,000.00	\$10,000.00	\$20,000.00	\$60,000.00
Copyright, Trademark upkeep	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00
Legal Services and Fees	\$450.00	\$900.00	\$1,800.00	\$2,000.00	\$5,000.00
Accounting Services and Fees	\$200.00	\$500.00	\$1,000.00	\$2,000.00	\$6,000.00
Stationary, Supplies and Postage	\$0.00	\$100.00	\$200.00	\$200.00	\$500.00
Property Insurance	\$100.00	\$300.00	\$500.00	\$1,000.00	\$3,000.00
TOTAL OPERATING EXPENSE	\$55,513.37	\$183,342.04	\$348,861.64	\$848,978.47	\$2,271,083.03
Earnings Before Interest and Taxes	\$8,599.14	\$4,183.13	-\$16,719.70	\$103,649.73	\$655,401.55
Taxes	\$3,439.65	\$1,673.25	-\$6,687.88	\$41,459.89	\$262,160.62
NET INCOME	\$5,159.48	\$2,509.88	-\$10,031.82	\$62,189.84	\$393,240.93

- As we are expanding in year 2-3, our costs go up, because we hire station and regional managers to stay on top of the operation. Our expansion continues in year 4 and 5, which takes care of negative income.

Advisory Board

Pamela Weaver

weaver@vt.edu, (540) 231-3263
Virginia Tech Business Professor

Sue Kurtz

skurtz@vt.edu, (540) 231-3580
Blacksburg Real Estate Mogul

As a local resident of Blacksburg for over 20 years, Sue gives MND an insight perspective on trends and tastes in Blacksburg as it relates to student living.

Darlene Conrad

ldconrad@vt.edu, (540) 231-6708

Owens Dining Hall Manager, Virginia Tech

Conrad is the perfect candidate for the Advisory board since she is consistently interacting with students and their culinary experiences.

Jenny Schwanke

bbfarmersmarket@gmail.com, 540-239-8290

Market Director, Blacksburg Farmers Market

For MND a person with insight to marketing as it pertains to food is essential.

Gary Hagy

gary.hagy@vdh.virginia.gov

Virginia Department of Health

With a complicated business operation like MND, Hagy will be able to better advise than anyone on how to stay safe and efficient in the jurisdiction of health regulations.

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