

# **Dessert Labs LLC**

## **Business Plan**

March 29, 2010

4100 Redwood Road, #281  
Oakland, CA 94619-2363  
347-513-5461  
[www.DessertLabs.com](http://www.DessertLabs.com)  
[dessertlabs@gmail.com](mailto:dessertlabs@gmail.com)

# **Table of Contents**

1. Executive Summary
2. Business Description & Vision
3. Definition of the Market
4. Description of Products and Services
5. Organization & Management
6. Marketing & Sales Strategy
7. Financial Management
8. Appendices

## **1. Executive Summary**

The Dessert Labs is a brand new type of bakery with a moving storefront, creative flavors and designs, and marketing that embraces social media. As the brainchild of Joe Kalal, Executive Chef, and Karen Goetsch, Business Manager, the Dessert Labs features local ingredients, new ideas, and eco-friendly practices.

Joe Kalal is a classically trained pastry chef with the tools to make traditional high-quality desserts with a creative twist. He was diagnosed with Celiac Disease\* three years ago and he has spent the past three years perfecting gluten-free recipes that taste at least as good as the originals.

The Dessert Labs is committed to making the best desserts with only gluten-free and local ingredients in a certified gluten-free kitchen. From our green containers and plastic-ware to a bio-diesel truck, we will be an eco-friendly company from the ground on up.

Starting as a vendor at Farmer's Markets, Dessert Labs will grow using the gourmet food truck model already well proven in San Francisco. Dessert Labs will have a mobile storefront that brings delicious desserts to the streets of Oakland and the East Bay, focusing on high traffic lunch crowds and late-night club and bar scenes.

In addition to the truck, we will have an online store for gluten-free desserts, dessert catering, and wholesale to local natural food stores and cafes.

\*Celiac Disease is an autoimmune disease wherein the body cannot process gluten mainly from wheat, barley, or rye and can only be treated with a gluten-free diet. Recent studies show that 1 in 133 people have Celiac Disease and there are approximately 15 million gluten-intolerant consumers in the United States. Because of recent diagnostic procedures for Celiac Disease, gluten-free is one of the largest growing diet and health trends within the United States.

## **2. Business Description & Vision**

### **Mission Statement**

The Dessert Labs explores the Science of Yum to share our gluten-free discoveries with all dessert lovers.

The Dessert Labs is focused on creativity and innovation in gluten-free baking. Long-term growth will include expanding gluten-free awareness by making gluten-free treats that are easily accessible and taste good.

Our first step is to bring our gourmet, gluten-free desserts to local Farmer's Markets. Using organic, local, and gluten-free ingredients we will have a niche market at Farmer's Markets in Oakland and throughout the East Bay.

We will also offer our desserts wholesale to several local coffee shops and cafes, delivering fresh pastries daily.

In addition, we will offer dessert catering for parties and events. Working with clients to create a menu and offering delivery for a small fee.

After six months, we will start an online store that sells Dessert Labs products to customers nationwide. The same quality will go into our packaged goods available to gluten-conscious clientele.

At the end of the first year, we will purchase a catering truck in order to sell our gourmet, gluten-free desserts to a wider audience with the convenience of a mobile storefront. Continuing with our eco-friendly practices, our truck will run on bio-fuel.

In the second year, we will focus on expanding our market using the Dessert Labs Truck, making our desserts more accessible.

In the third year we will expand our wholesale market to start selling packaged Dessert Labs items to natural food stores, cafes, and more.

Our long-term goals for Dessert Labs are to create a well-known dessert company that brings gluten-free delicacies to people who love sweets, regardless of gluten-intolerance, and to raise awareness about eating gluten-free.

## **2.1 Key Personnel**

Karen Goetsch, co-owner (51%) and business manager, has the experience of owning and managing a New York-based business for the past two years. As a sole proprietor, she learned the ropes of marketing, pricing, and networking. Previously she was Managing Director for over a year at the non-profit organization Afro Brazil Arts, also located in New York City. This joint venture represents a new step in her career. Her role will include marketing, managing the sales force, and taste testing in addition to the duties of business manager. Her degree in Anthropology from Ithaca College gives her an unexpected advantage in interpersonal relationships, marketing, and selling.

Joseph Kalal, co-owner (49%) and executive chef, is a classically trained pastry chef. He graduated from the French Culinary Institute in New York City and studied cake decorating under Ron Ben Israel. The Dessert Labs is his first solo venture and represents his own style in design and flavors. As a gluten-intolerant chef, Joe designs the menu to be entirely gluten-free, though his food is so good, you would never know.

## **3. Definition of the Market**

Farmer's Markets in the Bay Area are becoming trendier as places like the Market Building in San Francisco attract foodies with flavor and flair using local and organic ingredients. Focusing on trendy Farmer's Markets in places like Oakland's Grand Lake and Temescal Markets, we can reach an audience of discriminating customers that want quality without sacrificing flavor. Also drawn to the Farmer's Markets are health

conscious, environmentalists and localists looking for products that can't be found at most grocery stores.

To reach a larger audience, Dessert Labs will expand into the Gourmet Food Truck market with a young, technically savvy customer base.

Gourmet food trucks represent the new trend for gourmands in big cities. In places like New York, San Francisco, Los Angeles and Portland, OR, gourmet food trucks are sometimes crowding the traditional taco trucks and hot dog stands. As these new trucks are becoming more popular, new variations have started popping up. In New York City there are three gourmet *dessert* truck companies, each with several trucks. Even Portland, OR has several dessert trucks. And Berkeley hosts the San Francisco Bay Area's first.

In addition to gourmands, the Dessert Labs Truck will be targeting areas rich with young professionals during typical office hours when someone might need a sugary snack, late night college students and young professionals, and people following a gluten-free diet.

According to the Gluten Intolerance Group of North America, there are 15 million established gluten-intolerant consumers and 7 million with wheat allergies in North America. More and more people are being correctly diagnosed with Celiac Disease, according to a recent study from the Center for Celiac Research at the University of Maryland, currently 1 in 133 people. And many people are choosing a gluten-free diet for the health benefits. Even so, there are not enough good-tasting gluten-free foods commercially available, not to mention a lack of awareness concerning contamination in restaurants and bakeries.

We expect to reach many of our customers via the internet. A community of blogs and forums dedicated to celiac and gluten-intolerance has formed online around the plethora of information available on the subject. Gourmands similarly have their own networks to talk about and review food online. Young professionals use their work hours to visit non-work related websites, especially social networking sites like Twitter and Facebook.

By making Dessert Labs easily accessible and mobile in addition to desirable with exceptional quality and ingredients, we will own a strong corner of the gourmet dessert market in Oakland, CA and the East Bay.

### **3.1 Competition**

#### **Farmer's Market Vendors**

There are a number of bakeries that sell their goods at every Farmer's Market. Most of these largely sell bread. With a few exceptions, they all make rustic desserts with traditional flavors. There is one company that sells at most of the Oakland and Berkeley Farmer's Markets that sells two types of gluten-free cookies right next to their regular items, with a high risk of contamination. No other vendors have gluten-free desserts at East Bay Farmer's Markets.

Dessert Labs will offer modern style desserts with specialty items and experimental flavors made in a certified gluten-free kitchen.

### Bakeries

Unlike local bakeries, the Dessert Labs has the mobility to go to the best locations without an increase in rent. We can also be different places at different times of day and different days to reach a larger audience. We will have the truck out selling in the evenings and at night when other bakeries would be closed. In addition, if one location is not netting the desired sales, there is no cost in moving to a new selling location.

Selling at a Farmer's Market also has the advantage of an already existing customer base without needing to attract customers to a new retail space.

### Dessert Trucks

While there are other food trucks, even gourmet food trucks in the San Francisco Bay Area, there is only one other dessert truck that sells in Berkeley and only cupcakes. The Bay Area is large enough to support several dessert trucks especially at different locations with different specialties. We will bring many of our loyal customers earned at Farmer's Markets to our truck. In addition, we will be more accessible than most of the other food trucks that only use twitter to advertise their location and otherwise have very little web presence and no regular schedule. Our regular schedule will include two shifts, one during lunch through the afternoon and a second one in the evening, with a weekly schedule of locations that people can expect us. Other food trucks stick to just the lunch and afternoon crowds.

### Online Gluten-Free Dessert Companies

Many of the gluten-free bakeries have online presences, but do not actually sell their desserts online. Many of the online stores are difficult to use and not intuitive. Our website will go through a period of beta testing to make it one of the best ways to order your desserts online. There are only a few excellent gluten-free bakeries that have easy-to-use online stores. There is room in the growing market of gluten-free products and the Dessert Labs will offer a different, more modern style of baking than the country-style desserts currently on the market.

### Chocolatiers

The San Francisco Bay Area is well known for excellent chocolate, including Ghiradelli based in San Francisco. Many of these chocolatiers make excellent chocolate first and bonbons second. The Dessert Labs is not making its own chocolate, but making it better with non-traditional candies in interesting and new flavor combinations. Most chocolatiers make very traditional style bonbons and ganaches. While we will still use excellent quality ingredients, our focus will be on creative and surprising flavors.

Having so many avenues to both market our products and share them with the community, the Dessert Labs has an edge on the competition. Customers may find us because of one product or avenue and then learn of the other great tasting products we offer and become new customers all over again. In this way, selling at the Farmer's

Market can bring customers to our truck on days when they may not attend a market, and advertising from the Truck can benefit online sales. All of which brings more brand recognition and gives customers a chance to spread our name to their friends and friends of friends.

#### **4. Description of Products & Services**

In the first year, the Dessert Labs has five separate departments of sales each with overlapping products and prices.

##### **Farmer's Market Booth**

Cookies	\$2.00 each/\$20.00 for a dozen
Brownies	\$3.50 each
Chocolates	\$1.50 - \$5.00 each with occasional specialty items up to \$20
Specialty Items	Variable \$3 - \$7 each
Mini Cupcakes	\$2.00 each/\$5.00 for 3

All items will be gluten-free with vegan options available. Flavors will change seasonally. We will use organic, locally produced ingredients, including buying our chocolate from local Chocolatiers, and produce and dairy from local farms.

Specialty items will include ice cream during the warm months, hot chocolate in the winter, and flavors based on seasonal fruits and berries.

##### **Dessert Catering**

Dessert Labs offers custom desserts ranging from a box of custom flavor cupcakes or cookies to trays of desserts to feed a large diverse party to fancy confections for your next dinner party. We will work with our customers to create the perfect menu for their event, whether an informal gathering or a high-class soiree. Delivery is included in orders over \$250, or for a minimal fee for smaller orders.

##### **Wholesale**

Cookies	\$1.00 each
Brownies	\$1.75 each
Mini Cupcakes	\$1.00 each

We will offer Dessert Labs gluten-free desserts to cafes, delis, and bakeries that are not currently selling gluten-free items. We will offer quality products at a reasonable price for resale to other small businesses.

##### **Online Store**

Cookies	\$2.00 each/\$20.00 for a dozen
Chocolates	\$10.00 - \$50.00 per box
Brownies	\$3.50 each/\$40.00 for a dozen
Large Cupcakes	\$5.00 each

All items will be freshly made, packaged carefully into beautiful boxes with the Dessert Labs logo on it and wrapped carefully for mailing. All items will be gluten-free with vegan options available. Flavors will change seasonally.

### **The Dessert Truck**

Cookies	\$2.00 each/\$20.00 for a dozen
Brownies	\$3.50 each
Chocolates	\$1.50 - \$5.00 each with occasional specialty items up to \$20
Specialty Items	Variable \$3 - \$7 each
Mini Cupcakes	\$2.00 each/\$5.00 for 3

All items will be gluten-free with vegan options available. Flavors will change seasonally. We will use organic, locally produced ingredients, including buying our chocolate from local Chocolatiers, and produce and dairy from local farms.

Most of our products will be available at all of our venues; only the proportions will differ based on past sales records for each location.

## **5. Organization & Management**

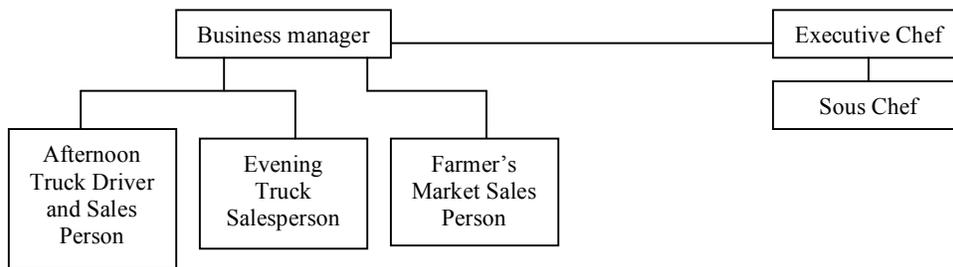
The Dessert Labs will be structured as an LLC located in Oakland, CA. There are two individuals who will personally guarantee a loan, which will fund the business. These two people will be responsible for all aspects of the business.

As a new enterprise, we will focus on brand awareness and making the Dessert Labs a recognizable entity. Beginning with consistent selling at Farmer's Markets in Oakland and the East Bay, and building up a clientele that also uses Dessert Labs for special events. Expanding in six months to include an online store for gluten-free desserts with the intention of expanding to a Gourmet Dessert Truck before the end of the first year.

The Dessert Labs will need to be Gluten-Free Certified by the Gluten-Free Certification Organization (GFCO) as well as obtain permits and licenses for the kitchen and staff. We will need to contact the California State Health Department in Sacramento as well as in the City of Oakland in order to license our kitchen and staff. We will apply to the California State Board of Equalization for a Seller's Permit in addition to a business permit in Oakland and filing with the State of California to become an LLC. We will also trademark the name Dessert Labs.

Within the first year, we will also need to obtain the permits and licenses from the City of Oakland in order to sell food from the truck.

### **5.1 Organization Chart**



This chart represents The Dessert Labs at the end of the first year. In the beginning, it will be only the Business Manager and Executive chef with the employees under them to be hired as we grow.

### **Phase 1 (Month 0)**

We are starting small with room to grow. With only the Business Manager and Executive Chef as employees doing all of the baking, marketing, and selling.

- Selling at Farmer's Markets, first just two or three days a week moving up to five days a week.
- Taking custom orders and dessert catering jobs.
- Selling a small amount of desserts wholesale to cafes and bakeries with daily deliveries.

### **Phase 2 (Month 5)**

We open our virtual doors to our new website with an online store that includes the current blog, twitter posts, and information while keeping the same domain.

Hire a sales person to sell at the Farmer's Market three days a week

### **Phase 3 (Month 9)**

We begin selling our gluten-free pastries from our catering truck. Starting with only three days a week to test the market and to try different locations, we will eventually sell from the Dessert Labs truck Monday thru Friday during the afternoon and Wednesday thru Saturday in the evenings.

Hire a sous chef to work in the kitchen under the Executive Chef.

The Farmer's Market Sales person vends for Dessert Labs five days a week at all of our Farmer's Market locations.

Hire one person to help sell in the truck to take over the afternoon shift and by the end of the first year, one more person to assist with the evening shift.

In the **second year**, we will expand the routes and stops of our Dessert Truck as well as expanding our dessert catering. We will hire one more person to sell on the Dessert Labs Truck in the evening and three more people to work in the kitchen.

We will contact several local art schools and culinary schools to start internship programs with the potential for them to be hired as full-time employees.

In the **third year**, we will hire an inside sales person for our wholesale products, one marketing person to take over and expand our current marketing and increase our kitchen staff to compensate for our increase in production.

We want motivated and skilled employees who will rejoice with us in creating new and unique pieces of edible art. We will hire not just people with a long history of experience in the industry, but also skilled people with relatively little experience, but a willingness to try new things. It's also important that in such a small organization we all work well together and have compatible personalities. Trust is important and reciprocated.

## **5.2 Key Personnel**

Karen Goetsch, co-owner (51%) and business manager, has the experience of owning and managing a New York-based business for the past two years. As a sole proprietor, she learned the ropes of marketing, pricing, and networking. Previously she was Managing Director for over a year at the non-profit organization Afro Brazil Arts, also located in New York City. This joint venture represents a new step in her career. Her role will include marketing, managing the sales force, and taste testing in addition to the duties of business manager. Her degree in Anthropology from Ithaca College gives her an unexpected advantage in interpersonal relationships, marketing, and selling.

Joseph Kalal, co-owner (49%) and executive chef, is a classically trained pastry chef. He graduated from the French Culinary Institute in New York City and studied cake decorating under Ron Ben Israel. The Dessert Labs is his first solo venture and represents his own style in design and flavors. As a gluten-intolerant chef, Joe designs the menu to be entirely gluten-free, though his food is so good, you would never know.

## **6. Marketing & Sales Strategy**

### **6.1 Market Profiles**

Gourmand

- Loves new and unusual foods
- Tech savvy and uses the internet to discuss, rate, and find new foods
- Willing to pay more for quality
- Interested in the locavore movement

- 25 – 45 male and female

#### Young Professional

- Works and/or plays in Oakland and the East Bay
- Tech savvy
- Uses social networking sites like Twitter and Facebook
- 20 – 35 male and female

#### Gluten-intolerant/Celiac

- Has Celiac Disease or a non-celiac gluten intolerance
- Uses the internet to research gluten-free foods
- Reads gluten-free blogs, like the Gluten Free Girl
- Willing to travel and/or order online to find gluten-free foods
- All ages, male or female

### 6.2 Marketing Strategy

- We will create an authentic story.
  - A young couple bringing delicious and gluten-free desserts in a new eco-friendly mobile shop in Oakland, CA.
  - Use web-based media to tell the story.
    - A blog with an RSS Feed
    - Twitter
    - Facebook Fan Page
    - Flickr
    - Squidoo Lenses
    - Tumblr
    - You Tube
  - Allow our story to grow and change as our business does thus being more interesting and compelling.
  - Highlight desserts of the month, employee creations, creative endeavors, and more.
- Use word of mouth to promote our story.
  - Create bite-sized pieces of our story that are easy to pass on.
  - Empower our friends, fans, customers, and potential customers to use the internet, flyers, business cards, and their own voices to tell their friends and their friends' friends about us.
    - Add del.icio.us links to all blog posts and product pages.
    - Make it easy to use our RSS feed on the blog.
    - Give incentive for making Squidoo lenses about us.
    - Give incentive for Retweeting our promotions on Twitter.
    - Have "buy 10 get one dessert free" cards with our contact information free for the taking and given with each purchase.
    - Opt-In promotional emails with discounts.
- Create a dialogue with our customers and potential customers.

- Our attitude is one of communication and interest in not only telling our story, but also hearing the stories of our customers.
- We'll use the internet to interact and publicize our dialogue.
  - Contests
  - Polls
  - Feedback questionnaires
  - Asking questions and participating in social networking.
- Make it easy for customers and potential customers to reach us, both online and in person with our contact information accessible as well as changing bios and information about each of the employees.
- Sending samples to food and gluten-free blogs, and local press.
- Measuring our success will be included in all of the above techniques.
  - Specifically we will use special discount codes and phrases to be used for the farmer's markets, online sales and at the Dessert Truck and measure growth of different social network followings based on increased use of codes and phrases over time.
  - While it's important to gain a following online, the quality of the conversation including comments on the Dessert Labs blog, responses on twitter, and interaction on facebook is more important than just sheer volume.
  - It's also important not to count followers more than once when estimating the number of people reaching us through different social networking as they may follow us on twitter and be a fan on facebook, for example.
    - We'll use contests and questionnaires with incentives that include questions about where they follow us to determine overlap.
  - Increased online media attention will also show success with online marketing. This includes blog mentions, online magazines and newspapers.

### 6.3 Sales Strategy

- Pricing will be comparable to local bakeries and to other online gluten-free retailers.
- We will have ongoing and short-term promotions to drive traffic from one area of business to others and to attract new customers.
  - Contests, with prizes ranging from products to promotional items.
    - Choose 1 winner per month from submitted photos of someone posing at the Farmer's Market booth, next to the Dessert Labs Truck, or with a Dessert Labs product.
    - Social Networking contests where we ask followers and fans to name new flavor combinations.
  - "Lab Rats" subscription service
    - We will offer subscriptions to our Lab Rats on new flavors before they are available elsewhere.
    - Subscription services are available for 1 to 12 months at a time.

- Each month our chefs will each design one or more new flavor to be sent to our Lab Rats. Our lab rats will then vote on their favorite flavors. The winning flavor will become the special flavor that month promoted in the online store and available at Farmer's Markets and on the Dessert Labs Truck.
  - "Tweet Treats" will be a super secret pass code available once a week (same time every week) on twitter to our followers to receive a special goodie at the Dessert Labs Truck or Farmer's Market booth.
    - For example: We'll tweet one week with: Say "My bunsen burner's name is Luis" to receive free bite-sized ginger snaps at the Truck until 3pm.
  - Seasonal flavors will be available online and at the Dessert Labs Truck in addition to regular flavors like chocolate and vanilla.
- Our products will be made with only the best organic and local ingredients and meet certain Dessert Labs standards.
  - Entirely gluten-free, but you wouldn't notice if we didn't tell you.
  - Includes vegan options.
  - Using local ingredients, like berries from the farmer's market and chocolate from a local chocolate maker.
  - Samples of our best selling and newest products will be offered to attract new customers and promote new products.
- We will begin selling at Farmer's Markets in Oakland.
  - Focusing on trendy farmer's market in areas with a large collection of foodies.
  - Using our Gourmet Dessert Truck to expand our audience, we will focus on the financial district and farmer's markets during the day and move to the areas with nightlife and near students in the evening.
  - By the second year we'll be able to expand to new markets in the Bay Area, like South Bay and Peninsula, while still selling heavily in Oakland.
  - We will keep excellent records of how much of each product is sold at different places to better estimate future sales, most profitable selling locations, and changes to make.

## **7. Financial Management**

The Dessert Labs will need approximately \$30,000 in order to start. This will allow us to rent a commercial kitchen space that requires no modifications to be at code, purchase equipment, and our working capital for the first month to supplement our income until we reach a positive cash flow.

Based on our pro forma cash flow, in May 2010 we will have positive cash flow. We expect to show a profit of \$54,749 in our first year and end the year with a cash balance of \$22,080, which will give us a cushion as we move into the following year.

Our sales forecast are from comparable third parties and our budgeted expenses have been duly researched and include quotes from suppliers, contractors, and government licensing offices.