



## Business Plan

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Version A

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This business plan is intended solely for informational purposes to assist you with due-diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are of course not guaranteed. The contents of this plan are confidential and are not to be reproduced without express written consent.



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## EXECUTIVE SUMMARY

### Overview

Our mission is to distribute authentic Mexican food products to U.S. retailers in regions where the Mexican-American population is rapidly growing but underserved. Dozens of food manufacturers in Mexico have strong brand equity in Mexico, but have neither the distribution capability nor the sales channels necessary to enter the U.S. market. In the United States, retailers in our target region are just now beginning to focus on authentic Mexican food products and do not have specific knowledge about these products and the targeted customer base. These retailers recognize the importance of attracting what is the fastest growing segment of the United States population.

Hecho en Casa (HEC) will provide distribution and sales/marketing services to food manufacturers in Mexico allowing them to enter the U.S. market. We will also help U.S. food retailers make better decisions on which authentic products to stock and provide them with these products.

### A Growing and Underserved Population

The Hispanic population is the largest minority in America and will include 50 million Americans by 2008 with a purchasing power approaching \$1 trillion (InfoAmericas, 2002). The U.S. Census projects that by 2050, more Hispanics will live in America than in Mexico, and one out of every three Americans will be Hispanic. In the western United States, 75% of Hispanics are of Mexican descent.

Preparing and eating meals at home with family are important to Hispanic-Americans. Hispanic families spend \$117 weekly on groceries versus \$87 for non-Hispanics according to Food Marketing Institute. This is an amazing 34% increase in grocery purchases over non-Hispanics. Mexican consumers make food purchasing decisions based on authenticity, quality, brand, and freshness (Packaged Facts, 2003). In a sampling of our initial target region (Denver, Colorado area) 87% of Mexican consumers feel that supermarkets do not carry a sufficient variety of authentic Mexican foods. Of these people, 94% travel to smaller Mexican grocery stores to find authentic Mexican foods.

In addition, authentic Mexican food products command a 15% to 85% price premium over non-authentic products.

### Solution

HEC will provide the service that links Mexican food manufacturers with U.S. supermarkets whose customers are demanding authentic Mexican products. We are currently negotiating exclusive distribution rights with Mexican food manufacturers who possess strong brand equity in Mexico. These manufacturers are willing to grant exclusivity in our target region in exchange for entry into the U.S. market.

With these agreements in place, HEC will first market and distribute to small Mexican grocers (mercados). HEC will increase the breadth of authentic products and facilitate a consistent, reliable supply chain to these retailers who currently struggle with international logistics.



Once we solidify our supply chain and develop a track record of sales for these products, we will expand our offering to mainstream supermarkets. We will supply supermarkets with the right authentic products from the right manufacturers with the reliability they are accustomed to from domestic suppliers.

## Competitive Advantage

HEC's main competitive advantage is our relationship and exclusive agreements with manufacturers in Mexico. In addition, we are leveraging a network of logistics providers that will supply grocers as reliably as if it were coming from a domestic manufacturer.

HEC is also providing a level of service to its customers beyond that of a traditional distributor. HEC provides supermarkets with intimate knowledge of the Mexican consumer, their demand profile, and top selling authentic products.

## Results

With HEC's assistance, supermarkets can expect to produce higher margins by selling products that command a price premium and, as importantly, attract more Mexican consumers resulting in higher store-wide sales.

## Financials

INCOME STATEMENT	2005	2006	2007	2008	2009
Net Revenues	\$45,000	\$574,000	\$2,824,000	\$8,555,000	\$14,313,000
Cost of Revenues	\$42,000	\$469,000	\$2,213,000	\$6,706,000	\$11,260,000
Operating Expenses	\$73,000	\$288,000	\$897,000	\$1,328,000	\$1,628,000
EBIT	\$(71,000)	\$(183,000)	(\$286,000)	\$521,000	\$1,425,000
NET INCOME	\$(71,000)	\$(183,000)	(\$298,000)	\$510,000	\$934,000

CASHFLOW	2005	2006	2007	2008	2009
EBTIDA	\$(70,000)	\$(181,000)	\$(278,000)	\$535,000	\$1,445,000

## Offering

HEC requires three funding rounds totaling \$795,000 to execute this plan. We anticipate acquisition by a specialty food distributor such as DPI or El Maizal; a diversified supermarket such as Nash Finch; or a national food distributor such as Sysco or United Food Products.

	Round A (June '05)	Round B (Oct '06)	Round C (Aug. '07)
Raise Amount	\$315,000	\$310,000	\$170,000
Post Money Valuation	\$768,293	\$2,000,000	\$4,250,000
Ownership	41.0%	15.5%	4.0%
Projected IRR	84.0%	70.0%	55.0%





## COMPANY OVERVIEW

Hecho en Casa (HEC) is a packaged food distribution company incorporating in the first quarter of 2005. The company will distribute authentic Mexican food products to grocers in the western United States. We will be headquartered in Denver, Colorado with sales and distribution facilities located to support operations as we grow.

### **Mission Statement**

Hecho en Casa supplies food retailers and their customers with authentic Mexican food products. We will provide an increasing number of products to existing and emerging U.S. markets enabling us to become the preferred supplier of authentic Mexican food products in the Western United States.

### **History and Current Status**

Hecho en Casa was founded in 2004 by four MBA students at the University of Colorado, Leeds School of Business. Hecho en Casa will incorporate in early 2005, and is currently looking for strategic investor relationships with expertise in the food and beverage industry.

### **Objectives**

HEC's founders will develop the company into a leading distributor of authentic Mexican food products in the Western United States by executing on the following objectives:

1. Extend relationships and establish exclusive agreements with food manufacturers in Mexico by end of 2005.
2. Solidify the supply chain from Mexico to the United States by end of 2005.
3. Develop a customer base of fourteen of the largest Mexican grocery (mercado) stores in Colorado by end of 2006.
4. After establishing a track record of sales with these mercados, expand into at least 80 supermarket stores by end of 2007.
5. During 2008 and 2009 we will increase our customer base and expand our product line.
6. Provide liquidity to our investors via acquisition or management buyout by end of 2009.



## PRODUCT AND SERVICE DESCRIPTION

Hecho en Casa (HEC) will distribute authentic Mexican food products to retailers in Colorado, Utah, Oregon, Washington, Idaho, Wyoming, and Nevada.

### Authentic Products

We have and are continuing to build relationships with Mexican food manufacturers that have high brand equity in Mexico but do not have the distribution or sales/marketing capabilities to enter the U.S. We have begun developing these relationships starting with the following manufacturers:

- La Chata
- Sabores Aztecas
- Zote
- Monteblanco
- Trechas

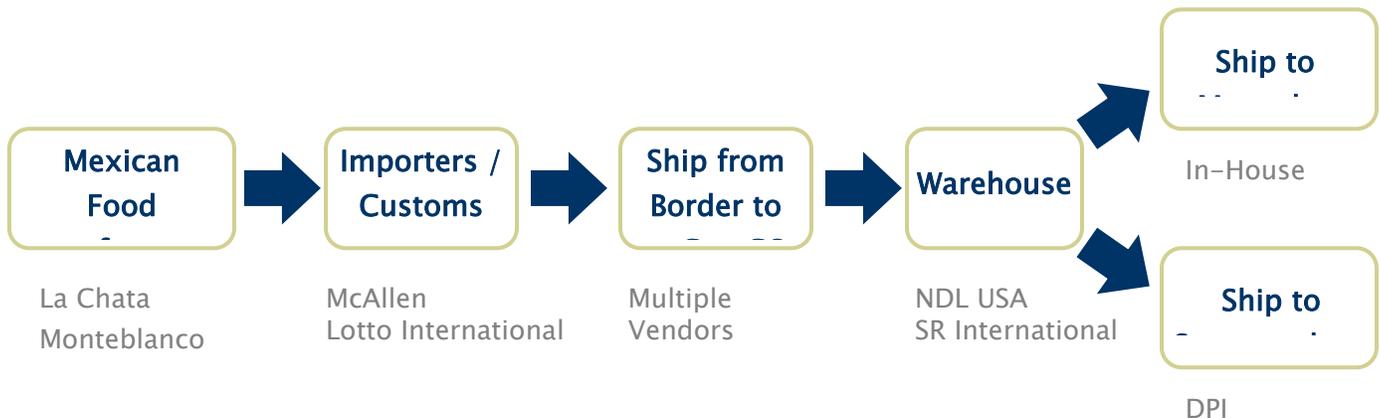
From discussions with these manufacturers, secondary research, conversations with U.S. food retailers, and discussions/surveys with Mexican-Americans in the Denver area, we have identified three product classes that we will initially distribute:

- Canned vegetables and meats
- Juice concentrates from exotic tropical fruits including tamarind, guava and, jamaica
- Regional Mexican candies based on sugar-chile mixes, almonds and, semi dry fruits

We will expand our offering to include cheeses and other perishables as well as additional non-perishables. In addition, we have found high demand for non-food items such as specialty soaps that will also increase the breadth of our product offerings.

### Distribution Services

The distribution network for authentic Mexican food products is fragmented with little established leadership and supply chain expertise. HEC will serve as the leader in providing reliable distribution of these products to food retailers in the United States. We have created a network of logistical service providers to move the products to small Mexican grocery stores (mercados) and to mainstream supermarkets. All of these functions will be outsourced except for final delivery to the mercados as it is important that we keep a close relationship. Our service includes continuous “touches” with these retailers to maintain our edge on customer and product knowledge in our target region. The following is a diagram of our supply chain with examples of key vendors.





## Sales/Marketing Services

In addition to distributing the products of our Mexican manufacturing partners, HEC will act as their representative in the United States. Conversely we will provide category management support to supermarkets so that they may better understand the needs of Mexican consumers. HEC will provide them with the ability to stock the authentic products that their customers demand. We will execute on these services by:

- Continuously researching the market in our target region.
- Utilizing the market knowledge of our manufacturing partners.
- Maintaining close relationships with mercados.
- Continuously expanding our product offerings.
- Developing an ethnic Mexican sales force to support our authentic products.

The following tables outline the features and benefits of our offering to U.S. food retailers and the end consumer:

Features	Benefits to U.S. Food Retailers
Authentic Food Products	Attracts growing population resulting in higher store-wide sales
High Margin Products	Increased Profits

Features	Benefits to End Consumers
Increased accessibility of authentic food items in supermarkets	One-stop shopping results in reduced search time and cost
Higher product volume due to economy of scale of major channels	Decreased per unit cost and increased variety/choice
Focus on Hispanic consumers is more visible in mainstream stores	Increased sense of belonging in the mainstream community

## Stage of Development

Mexican manufacturers have expressed interest in entering into exclusive distribution agreements in exchange for entry into the U.S. market. In addition, we have identified and have entered into preliminary discussions with the key supply chain vendors. During in-depth conversations and interviews, several Mercados and supermarkets (i.e. Safeway and King Soopers) have expressed interest in carrying authentic Mexican products that we will supply.

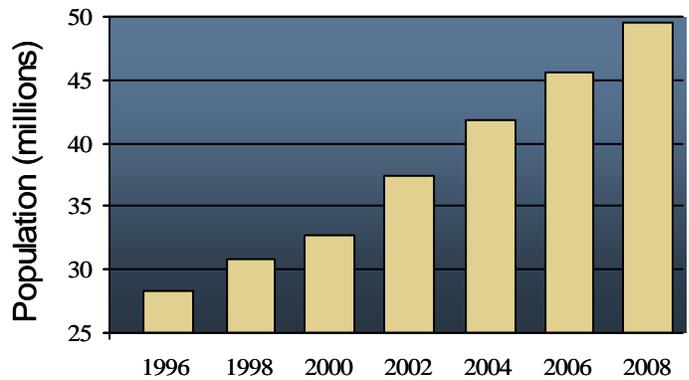


**MARKET AND INDUSTRY ANALYSIS**

**Market Size and Growth**

The U.S. Hispanic population grew at an explosive 53% between 1990 and 2000 and is expected to grow 34% between 2000 and 2010 (U.S. Census). Hispanics are currently the largest U.S. minority and will make up 16% of the population or 50 million people by 2008. By 2050, there will be more Hispanics in the United States than in Mexico and will account for one-third of the American population.

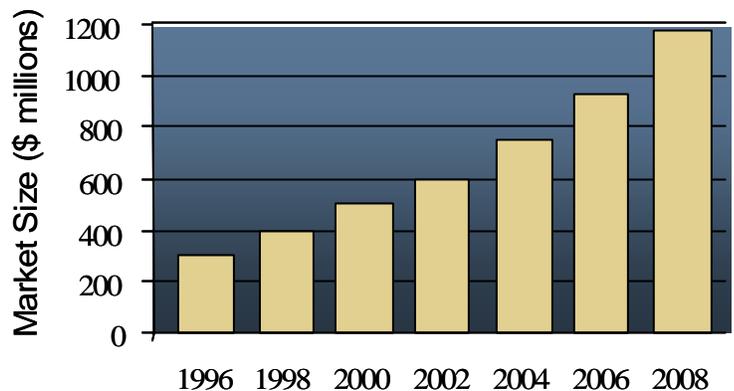
**U.S. Hispanic Population**



The Hispanic purchasing power is expected to grow by 9% on an annual basis over the next 15 years and reach \$939 billion by 2008 (InfoAmericas, 2002). These trends offer solid financial opportunities for businesses to capitalize on the growing size and influence of the Mexican-American population, which comprises two-thirds of the Hispanic population nationwide and nearly three-quarters of the Hispanic population in the western U.S.

The overall market for authentic specialty Mexican food is estimated at \$750 million and \$25 million in Colorado (based on MarketResearch.com, FMI, and Census data). These figures are expected to grow 20-30% over the next five years. This growth would put the national market above \$1 billion and the Colorado market above \$33 million by 2008. Once a foothold is established in Colorado, our marketing efforts will expand to capture additional states in our target region.

**U.S. Market for Authentic Specialty Mexican Food**



**Target Market**

HEC’s initial sales channel is small Mexican grocery stores (mercados) in Colorado that specialize in selling authentic Mexican foods. After we have established a track record of sales with these stores, we will target mainstream supermarkets in the western United States (refer to the “Marketing Plan” section for more detail on this strategy). Our target end consumer is the same for both channels.

Mercados

There are over 100 small Mexican grocers, or mercados, located throughout Colorado concentrated in the Front Range. Mercados range from single unit sole proprietorships to corporations with multiple stores.



The supply chain serving these stores is fragmented and less reliable than the network serving supermarkets. In smaller mercados, it is not uncommon for an owner or family member to travel to Mexico or southern US states to personally bring back authentic products.

The mercado proprietor determines which products it carries on its shelves and bases his/her decision on quality, authenticity, customer demand, and price. We have met with our targeted mercados and have determined their purchasing criteria to be:

- Longmont Packing- Must be authentic; evidence of demand; price; increase of product segment variety; low/flexible initial purchases
- Tortilleria Americas- Must be authentic; evidence of demand; price; low minimum quantities and flexible terms
- Avanza- Must show evidence of demand; weekly buyer meetings decide which products to drop/adopt
- Grocery Warehouse- Must show evidence of demand; build rapport and reputation with buyers and sales reps

These mercados are the most frequented in Colorado, have fourteen locations concentrated in the Denver metro area, and represent our initial entry point.

## Supermarkets

In contrast to the mercados, supermarkets are managed by large corporations and have facilities that range from 20,000 to 40,000 square feet. Although the majority of their sales come from traditional American products, supermarkets typically have aisles of varying sizes that cater to various ethnicities. These supermarkets have started to realize the importance and size of the Mexican-American population and are watching local mercados closely to determine the best-selling authentic products. The supermarket buyers we spoke with admitted they are consistently behind the mercados in terms of innovation and authenticity.

Authentic Mexican food products are not charged a slotting allowance in any of the supermarkets we are initially targeting. This is a significant advantage over standard practice where these fees can amount to thousands of dollars per SKU. Purchasing decisions at supermarkets vary, and our discussions with the larger chains in the Denver area revealed the following:

- **Albertsons:** Regional purchasing decisions in cooperation with corporate buyers determine which products are stocked. New products must have proven sales record; net 30 terms.
- **King Soopers:** Nearly all purchasing decisions are made at the regional offices. Only commodity products and very high mover products (produce, sodas, beer) are purchased at corporate level. Store managers have latitude in choosing specialty items. New products must have proven sales record and turn 5 to 6 cases per week, net 30 terms.
- **Safeway:** All purchasing decisions are made at the regional offices. Only commodity products and very high mover products (produce, sodas, beer) are purchased at corporate level; net 30 terms.

These supermarkets all require a proven track record of sales, which is one of the main reasons why our initial entry point is through the mercados.



## The End Consumer

Our offering is ultimately directed toward Mexican-American families. Specifically we are targeting women in these households (typically wives). In the Mexican-American culture, women make 71% of grocery shopping decisions (Simmons data), and serving meals at home with family is important. According to a 2002 Food Marketing Institute study, Hispanic households in the U.S. spent \$51 billion on food in 2000, \$33 billion of which was consumed at home. This study also reports that Hispanic families spend \$117 weekly on groceries versus \$87 for non-Hispanics. This is an amazing 34% increase in grocery purchases over non-Hispanics.

Mexican consumers make food purchasing decisions based on authenticity, quality, brand, and freshness (Packaged Facts, 2003). In our sampling of our initial target region (Denver, Colorado area) 87% of Mexican consumers feel that the larger supermarkets do not carry a sufficient variety of authentic Mexican foods. Of these people, 94% travel to smaller Mexican grocery stores to find authentic Mexican foods (see Appendix). Most Mexican-Americans we spoke with even bring food back from Mexico when returning to the United States. We have collected price data from supermarkets and mercados in the Denver area and determined that these shoppers also pay a 15% to 85% price premium over non-authentic products or close substitutes.

## Target Region

Many markets in the western United States currently serve the Hispanic population and have strong competition (i.e. southern CA, NM, southern TX). We are focusing on regions with moderately sized and growing Mexican populations that are currently underserved. Colorado, our entry point, is \$25M, or 3.2% of the overall market. The estimated Mexican population living in Colorado is 850,000, comprising 90% of Colorado's overall Hispanic population. Of the 850,000 Mexican-Americans residing in Colorado, 90% have Chihuahuan origins enabling HEC to refine our product offering to cater to their specific tastes. This population is expected to grow 22% annually over the next four years.

## **Competition**

Competitors are broken down into five tiers: National Players, Distributor/Retail, Regional Specialty, Manufacturer/Distributor, and State Level. No direct competitor controls a large portion of authentic Mexican food distribution.

Competitor	Tier	2003 Sales	Authentic/ Tex Mex	Main Mexican Products
Sysco	National	\$23 billion	Tex Mex	Restaurant Products
PFG	National	\$5.5 billion	Neither	None
DPI	National	\$1.7 billion	Both	Salsa, Tortillas, Salsas, Specialty Items
Novamex	Regional	\$150 million	Authentic	Beverages
Nash Finch	Manf./Dist.	\$1.9 billion	Both	Extremely Diverse
El Maizal	Regional Specialty	\$74 million	Authentic	Tortillas, Canned Food, Fresh Fruits and Vegetables,



				Cookies, Beverages
Goya	Manf./Dist.	\$750 million	Both	Rice and Beans
Centennial	Manf./Dist.	\$5 million	Tex Mex	Green Chile Salsa
La Preferida	Regional Specialty	\$11 million	Authentic	Chiles, Tortillas, Beans, Salsas
Mile High Mexican	State	Not Available	Authentic	Varied

Other than the large national players who compete indirectly, many of the direct competitors are regional. Novamex sees themselves as the Mexican beverage company and El Maizal is focused on the Southeastern U.S. In the Denver area, Mile High Flea Market provides many authentic Mexican products. However, their supply chain is unreliable and mercado retailers cannot count on a steady supply of all products.

## MARKETING PLAN

### Target Market Strategy

We will initially offer authentic canned goods, juice concentrates, and Mexican candies to mercados. We differentiate ourselves within this market by providing a reliable and consistent supply chain for authentic Mexican food products. We are not looking to replace their existing distributors or manufacturers, rather we are providing them with more product variety and a consistent product offering. We will maintain a close relationship with these customers and will keep the delivery of these products in-house.

As we are establishing a track record of sales with the mercados, we will begin marketing to supermarkets. Our conversations with buyers in supermarkets show that we must have a proven sales record to enter this channel. Mercado owners are easy entry points and are willing to bring on new products provided a flexible minimum volume. Supermarkets are much more structured in their approach and we must be able to prove that the products we are providing will sell better than the ones we are displacing on the supermarket’s shelves. However, attracting Mexican clientele is a high priority for supermarkets in the western U.S., and authentic Mexican products are of great interest in this channel. While entry into supermarkets is anticipated to occur after establishing a solid track record in mercados, our stretch goal is to enter supermarkets earlier.

Once we have established a footprint with a grocer (both mercados and supermarkets), we will supply additional products that allow the grocer to serve their customers better. This not only includes products that we have already identified but also new products from new manufacturers. For example, Mexican cheeses are an item we found that our target consumers are demanding. Even non-food products such as specialty soaps will be included in our expanded product lines.

One of the key differentiators in our service to both groups is category management support. This support includes insights into what products the Mexican-American population wants in the grocery stores it frequents. HEC will employ surveys and additional market research tactics both in the US and Mexico to determine these authentic Mexican food preferences. Ultimately, this



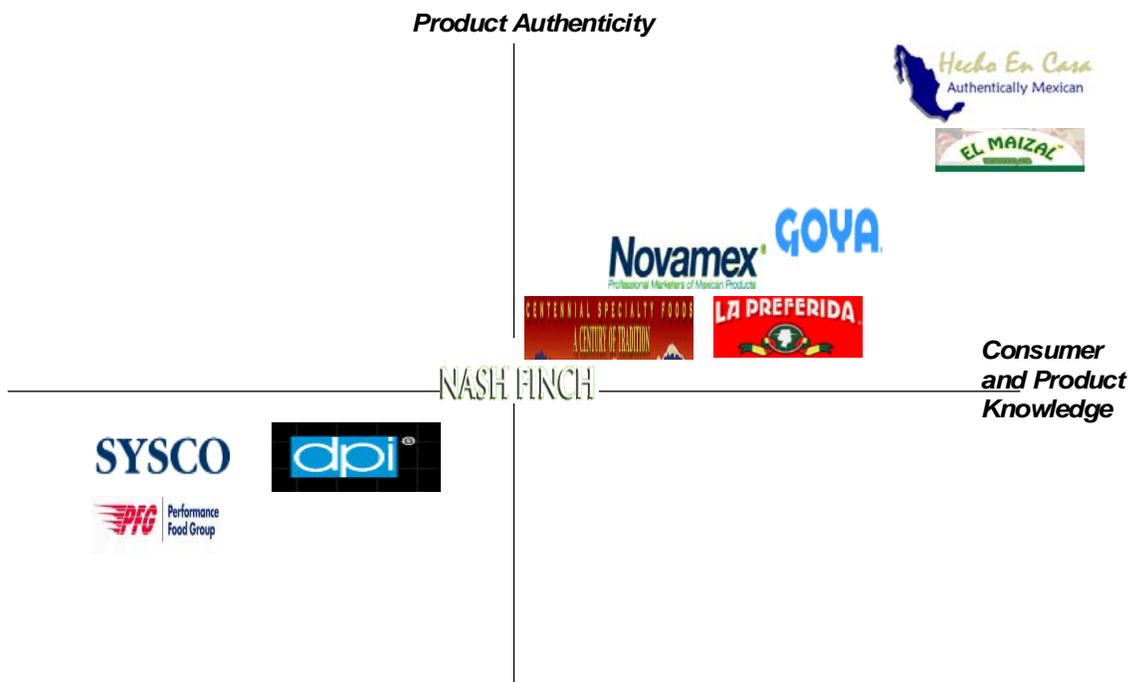
Category Management Support will drive additional revenue to supermarkets by bringing in more Mexican customers.



## Product Positioning

Hecho en Casa is a specialty food distributor that delivers unique, authentic Mexican food products to a rapidly growing Mexican-American population. HEC differentiates itself from other distributors by focusing on the authentic Mexican food market, rather than acting as a generalist and distributing multiple food categories. A growing population and increasing demand for authentic Mexican food creates an opportunity for HEC to act as a bridge between Mexican manufacturers and retail channels looking to attract this market.

Below is a perceptual map that further illustrates HEC's position in the market:



## Sales Strategy

HEC is using a direct sales strategy approach to reach our channels. Our sales strategy for reaching the mercados is to develop a relationship directly between the founders and the mercado owners. Relationships are extremely important to these businesses and it is imperative that our touch point be knowledgeable and bilingual. Francisco Ardila will lead this initial effort.

The founders will also take an active roll in selling to supermarkets. Because purchasing decisions for authentic food items are made at a regional level, we will sell to regional buyers. For King Soopers and Albertsons, specialty Mexican food managers have been identified that will also serve as entry points. A key hire for HEC is a Vice President of sales with experience selling to major supermarket chains that will lead this effort.

## Advertising and Promotions

Since HEC has two customer segments, the grocers and end consumers, we will use various tactics to drive awareness to both groups. HEC will employ the following tactics to advertise HEC and the products it supplies:



- **Point of Purchase-** Currently in the Denver area, authentic Mexican food manufacturers and brokers are not offering point of purchase promotions for customers at supermarkets. HEC will capitalize on this opportunity by working with mercados and supermarkets to provide point of sale advertising, promotions, and in-store displays to increase customer awareness.
- **Marketing Collateral-** Brochures will be used to detail HEC’s messaging, distribution capabilities, and product categories/lines.
- **Trade Journals-** We will use journal articles and advertisements to target the mercados and supermarkets to promote our manufacturer relationships and expertise in the authentic Mexican food market.
- **Trade Shows and Exhibitions-** Local food exhibitions and regional/national trade shows will allow us to meet with potential clients. We will partner with manufacturers to share booth costs.
- **Newspaper-** Local newspaper advertisements will target the end consumers that typically look for coupons and ads for product specials. Such advertisements will begin in Phase 2 when we are supplying supermarkets.
- **Unique Promotion-** Our research has shown that the Mexican-American market appreciates fun promotional ideas. Retailers will be visited by HEC’s Senor “Chancho” (Spanish for pig) to promote new products supplied by HEC, such as chilorio (specialty canned pork). The idea is to bring awareness to HEC’s new product offerings as well as attract and keep customers in the store.

## Pricing Strategy

The standard markup from manufacturer to the end consumer in the grocery business is roughly  $\text{Manufacturer's Cost} + 30\% = \text{Distributor} + 30\% = \text{Retailer} + 25\% = \text{End consumer's price}$ . Using this markup strategy, we are able to price our products from the bottom-up. One of our key advantages is our ability to charge a higher markup (35%) due to the 15% to 85% price premium that authentic Mexican products command. This pricing advantage not only increases our gross profit margins, but increases the margins for our channel customers. This 35% markup represents a conservative estimate based on our product research, and we expect that our final markup could be in excess of this. The table below has a sampling of the products we will introduce initially and the retail pricing we expect given the markup structure described above.

Product	Brand	US Retail Price
<b>Canned Meats and Vegetables</b>		
Chilorio (400 g)	La Chata	\$4.68
Cochinita Pibil (400 g)	La Chata	\$4.18
Flor de Calabaza (400 g)	Monteblanco	\$1.44
Cuitlacoche (400 g)	Sabores Aztecas	\$2.44
<b>Fruit Concentrates</b>		
Tamarindo (700ml)	Trechas	\$1.99
Jamaica (700 ml)	Trechas	\$1.99
<b>Candies</b>		
Flan (172 g)	Pronto	\$1.17



Obleas (90 g)	Coronado	\$1.05
Jamoncillo (450 g)	Chispa	\$3.69
Glorias (280 g)	Nogate	\$3.98



## Revenue Model

The first revenue stream is projected for Q4 2005 and totals \$45,000. This number will increase to \$14.3 million in 2009 as the mercado customer base is achieved and supermarket store penetration increases.

Revenue projections include a growth of mercado per-store sales starting at \$2,200 to a sustained \$3,760. This per-store growth is anticipated to occur over a two-month period. Supermarkets sales are projected to start at \$3,760 per store and reach a sustained level of \$5,730 the first quarter after entering each store. The explosive sales growth from 2006 to 2007 is a result of successful supermarket entry. After entering the first supermarket chain in 2007 and proving the benefits of our offering, we project rapid growth as we expand to additional stores in the chain. Further, having a proven sales record in a major supermarket will facilitate attracting new supermarket customers.

Year	2005	2006	2007	2008	2009
Net Revenues	\$45,000	\$574,000	\$2,824,000	\$8,555,000	\$14,313,000
Growth %		1173%	395%	205%	69%
Total Units	4,254	60,613	187,185	269,712	459,437
Total Stores	8	14	98	194	290
<i>Development Phase</i>	<i>I - Mercados</i>		<i>II - Supermarkets</i>		



## OPERATIONS PLAN

### Introduction

Delivering truly authentic Mexican food products requires working with foreign manufacturers, crossing borders, and moving specialty products. This distribution network with multiple supply chain “touches” will result in increased costs to deliver these products to US markets. However, we are not competing on price but on the authenticity and reliable supply of our products.

### Operations Strategy

The Mexican specialty food market is fragmented, with little established leadership and supply chain expertise. HEC will serve as the leader in identifying products demanded by Mexican-Americans and finding a reliable and consistent supply of these products. Initially, we will introduce new products into mercados, while working with the manufacturers to ramp up their production. Once the product is established in mercados and demand is growing, the product will move to supermarkets. When our products reach supermarkets this will require increase production and increased logistical demands.

Throughout this process HEC will work with recognized third party logistics providers to ensure a smooth and constant supply of product to our customers (mercados and supermarkets). Providing a consistent source of inventory is a strength we can leverage in our service of mercados, as their current supply chain is fragmented and unreliable. This is also a strength that we can leverage with supermarkets who need to increase their variety of authentic Mexican foods offered but have difficulty finding dependable manufacturers and distribution networks from Mexico. We will provide both channels with authentic products via a reliable and consistent supply chain.

### Scope of Operations

Because we are focused on reliable delivery and we are initially dealing with relatively small demand, nearly all facets of our operations are outsourced. The table below shows the six steps of product movement, lead times, and whether they are outsourced or in house functions.

Step	Outsourced?	Lead Time	Key Vendors
Deliver from manufacturer to border	Manufacturer Delivers	14 days	La Chata, Monteblanco, Sabores Aztecas, Trechas, Zote
Move product across border	Outsourced	3 days	McAllen, Lotto International
Shipping from border to HEC in CO	Outsourced	3 days	Multiple Vendors
Warehousing	Outsourced	Varies	NDL USA, SR International
Shipment to Mercado	In-House	1 day	In-House
Shipment to supermarket	Outsourced	Varies	DPI

We have chosen to keep delivery to the mercados an in-house function since most of the buying decisions in these mercados are based on personal relationships. Using our product knowledge



and familiarity with the Mexican consumer, we will build strong relationships with the mercados. Even once we are established with the large grocery stores we will continue to deliver to the mercados ourselves and not utilize a third party. Colorado has 100+ mercados; however, we are only targeting four of the most frequented mercados, which have fourteen stores between them. This will further strengthen our relationships and allow us to collect insight into product demand, which will be critical as we introduce new products.

**Ongoing Operations**

As we move forward and our demand escalates we will continue to focus our efforts in providing a consistent and reliable source of inventory. We will seek to establish relationships with industry leaders who have the capacity to grow with us. We recognize that this may cost more initially, but will provide the relationships necessary to ensure quality service and delivery of product when we are moving over 9,500 cases of product per month in 2009. We have already established relationships with key vendors at most steps in our process.

An efficient and smooth running warehouse is critical to HEC’s success as we ramp-up to meet the supermarkets’ demands. Our warehousing strategy requires the flexibility to go from processing 89 cases per month, to more than 9,500 cases per month, over a two-year period of time. Given this flexibility requirement and the substantial cost savings, we expect to outsource our warehousing needs beginning in 2006. The following table details our projected volume growth.

Phase	Approximate Date	Product Demand (Cases per Month)
Start-up	Sept. '05 to Dec. '05	89
Expansion into Mercados	Jan. '06 to Jan. '07	421
1 <sup>st</sup> Supermarket Chain	Jan. '07 to June '07	981
2 <sup>nd</sup> Supermarket Chain	June '07 to June '08	3641
Ongoing Expansion	June '08 through 2009	9572

**Inventory Policies**

Initially, the lead time from the manufacturer to our warehouse in Denver/Boulder, CO is 21 days. Given this long lead time, the potential for delays at the US/Mexico border, and our need to be a dependable supplier, we have set a conservative inventory policy. Safety stock is set at 50% of the next month’s anticipated demand.

Given the long lead times and initial low demand, we will place orders once per month. As we grow and demand increases, we will evaluate and modify the inventory policy as necessary. Ordering one time per month will also save us costs related to border crossings and transportation to the warehouse. This policy will slightly increase costs due to warehousing expenses. Overall, the costs savings in border crossing and transportation outweighs the costs associated with stocking more products in the warehouse. More importantly, we cannot afford to have stockouts in our operations – even one stockout could jeopardize a major retail account.



## DEVELOPMENT PLAN

### **Buildup and Preparation Phase: (May 2005 to September 2005)**

- Investigate and file special permits with the FDA
- Finalize vendor agreements
- Secure first round financing. Identify potential investors for later phases
- Obtain formal supplier contracts
- Finalize contracts with supply chain partners: customs agent, freight forwarder, and warehouse provider

### **Phase I- Mercados: (September 2005 to December 2006)**

- Secure second round financing
- Streamline operations while obtaining solid sales record with local mercados
- Begin sales efforts to supermarkets (founders)
- Hire key sales staff for sales into supermarkets
- Once agreements are in place, penetrate supermarkets
- Initiate and formalize agreements with specialty distributor of supermarket's choice

### **Phase II- Mainstream Supermarkets: (December 2006 to December 2009)**

- Secure third round financing
- Establish efficient operations and sales record with first supermarket
- Introduce products to second supermarket
- Continue streamlining of operations
- Introduce products to third supermarket
- Introduce to supermarkets on regional level

Essential to Phase II is the development of a successful sales track record of HEC's initial product offerings with the first supermarket. A successful product launch and/or introduction with one retailer will give HEC the required leverage to offer the same products to other retailers and move at eight stores per quarter.



## MANAGEMENT PLAN

HEC was founded by Francisco Ardila, Brock Middleton, Jeff Scott, and Charlie Suthard, four University of Colorado MBA students in late 2004 (See Appendix for resumes). After incorporation in early 2005, Francisco Ardila and Charlie Suthard will continue running the company as CEO and COO respectively.

Key hiring begins in year two with a Vice President of Sales who has supermarket sales experience. This position will be responsible with gaining entry into the mainstream grocery store market. In year three we will hire a bilingual logistics manager to oversee the increased movement of product from Mexico to U.S. supermarkets.

The founders realize that funding will likely create a change in management. We encourage this transition as long as the investors share our vision and desire to create a truly unique specialty food distributor.

### Board of Advisors

Upon incorporation, HEC will convene a Board of Advisors. This board will consist of:

- William N. Buak, 30 years experience in the produce distribution business. Owner of distribution company in WA with \$250M in annual sales
- Cristina Wells, owner of La Abuela, a tortilla manufacturer that supplies Wal-Mart and other retailers throughout the southwest
- Don Boyd, 20 years experience in the food brokerage business. Owner of brokerage firm in CA with \$2M in annual commissions
- Advisor TBD, local entrepreneur, specifically in the food business
- Advisor TBD, local financier/entrepreneur to advise on raising capital
- Advisor TBD, local expert in distribution and logistics

### Board of Directors

Upon receiving the first round of funding, HEC will convene a Board of Directors. This board will consist of five members comprised of the following:

- Two investors
- Two founders
- One specialty food industry expert

Members of both the Board of Advisors and Directors will be compensated with equity shares.



## FINANCIAL PLAN

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Summary Financials (\$000)</b>					
Revenue	\$ 45.5	\$574.5	\$2,824.2	\$8,554.5	\$14,321.1
Gross Profit	\$3.3	\$105.2	\$611.4	\$1,848.9	\$3,053.6
EBIT	(\$71.4)	(\$182.8)	(\$286.3)	\$521.4	\$1,425.4
EBITDA	(\$70.3)	(\$180.8)	(\$277.8)	\$534.9	\$1,445.4
Net Earnings	(\$71.4)	(\$182.8)	(\$298.5)	\$509.9	\$934.0
Net Cash from Operating Activities	(\$116.1)	(\$211.6)	(\$463.4)	\$763.3	\$1,577.0
Capital Expenditures	(\$8.0)	(\$7.0)	(\$40.0)	(\$40.0)	(\$50.0)
Interest Income (Expense)	(\$ -)	(\$ -)	(\$12.2)	(\$11.5)	(\$11.5)
Dividends	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$210.9	\$302.4	\$109.0	\$831.4	\$2,353.4
Total Equity (Book value)	\$263.6	\$390.8	\$262.3	\$772.3	\$1,706.3
Total Debt	\$ -	\$ -	\$100.0	\$75.0	\$75.0
<b>Growth</b>					
Revenue Growth Rate –CAGR	N/A	1,163.3%	391.6%	202.9%	67.3%
Net Earnings Growth Rate –CAGR	N/A	(155.8%)	(63.3%)	270.9%	83.2%
<b>Ratios</b>					
Current Ratio	13.1	6.3	1.4	1.4	1.5
Debt to Capital (LT Debt + Equity)	0.0	0.0	0.28	0.11	0.06
<b>Profitability</b>					
Gross Profit %	7.3%	18.3%	21.7%	21.6%	21.3%
Operating Expenses %	131.4%	44.0%	30.7%	14.9%	11.1%
Net Earnings %	(157.1%)	(31.8%)	(10.6%)	6.0%	6.5%
<b>Returns</b>					
Return on Assets	(25.1%)	(39.5%)	(27.1%)	18.8%	18.0%
Return on Equity	(27.1%)	(46.8%)	(113.8%)	66.0%	54.7%
Return on Capital (LT Debt + Equity)	(27.1%)	(46.8%)	(82.4%)	58.5%	51.7%

### Key Assumptions

#### Revenue

a) Store penetration rates:

- Mercados 2005 and 2006: 2 stores / month; 14 stores by mid 2006
- Supermarket 2006 to 2009: 8 stores / quarter; 209 stores by end of 2009
- Sequential mercado and supermarket store penetration per product line

b) Store sales per month:

- i. Minimum \$2,200                      ii. Average \$3,760                      iii. Maximum \$5,730

c) Store sales evolution

- Mercados to start at minimum sales and reach average sales per store after 2 months
- Supermarkets to start at average sales and reach maximum sales per store after 1 quarter



## Income Statement

- Markup of 35%
- Price erosion of 1% per year due to competition
- Personnel benefit equal to +14% of base compensation

## Cash flow

- Minimum cash balance of 6% of net months net sales
- Accounts Receivable and other current assets days outstanding starting at 30 days in 2005 and decreasing to industry/comparable company standard of 20 days by 2008
- Accounts Payable and other current liabilities days outstanding starting at 15 days in 2005 and increasing to 35 days by 2009
- Inventory days starting at 40 days in 2005 and decreasing to 18 days by 2009

## **Sources and Uses of Funds**

Financing	Amount	Ownership	Uses of Funds	
Round A (June 2005)	\$315,000	41.0%	Salaries	\$221,800
			Inventories	\$ 60,100
			Working Capital	\$ 16,400
			Capex	\$ 15,000
			Other	\$ 1,700
Round B (Oct. 2006)	\$310,000	15.5%	Salaries	\$197,100
			Inventories	\$ 79,200
			Capex	\$ 30,000
			Other	\$ 3,700
Round C (Q3 2007)	\$170,000	4.0%	Salaries	\$122,000
			Inventories	\$ 41,700
			Capex	\$ 6,300

- **Round A:** These funds will be dedicated to penetrating mercados in the state of Colorado. The key uses of these funds are inventory, salaries, operating expenses, and the cash flow gap between accounts payable and accounts receivable.
- **Round B:** These funds will be dedicated to entering supermarkets in the State of Colorado and surrounding regions. The key uses of these funds are inventory, salaries for additional key hires, administrative support, and capital expenditures.
- **Round C:** The funds of round C are dedicated to support HEC's projected sales and volume growth with supermarkets. After this round of financing, HEC will be in position to sustain additional growth by internally generated funds.



## Major Risks

Because we are a small distributor, we are vulnerable to a large distributor (i.e. Sysco) providing authentic Mexican foods to our customers. However, the core competency of large distributors is not actively seeking out Mexican manufacturers and understanding this niche market. El Maizal is a direct competitor but does not service the western United States. DPI is in our region but does not provide the same level of service. We look at DPI as more of a partner as we will likely become a customer of theirs and use their service for the final leg of our distribution into supermarkets. Our exclusive agreements also mitigate the direct competitive risks for the manufacturers we service.

Selling to supermarkets will likely involve a long sales cycle and could impact our revenue numbers significantly. For this reason, our strategy has been focused on establishing our products in smaller retail establishments before entering the large retail outlets. This will allow us to solidify our logistics, prove demand to large retailers, and generate cash flow during the initial stage of operations.

In addition, the ability for us to secure exclusive distribution agreements with Mexican manufacturers is not proven. These agreements are the cornerstone to our strategic advantage and we cannot proceed with our plan without these in place. However, we are confident in our ability to leverage existing relationships with these manufacturers to secure these arrangements.

## OFFERING

### Funding Requirements

HEC is soliciting investment of \$795,000 over three rounds of financing from private investors. These funds will be used to:

- Finance customer acquisition (mercados and supermarkets)
- Develop manufacturing and logistics relationships
- Finance working capital requirements

	Round A (June '05)	Round B (Oct. '06)	Round C (Aug. '07)
Raise Amount	\$315,000	\$310,000	\$170,000
Post Money Valuation	\$768,293	\$2,000,000	\$4,250,000
Ownership	41.0%	15.5%	4.0%
Projected IRR	84.0%	70.0%	55.0%

### Valuation

HEC's forecasted earnings at end of 2009 are \$958,000. Using a P/E trading multiple of 13.6 (one-half the specialty food industry current trading multiple of 27.2), our valuation in 2009 will be \$12.7 million.

### Exit



There are multiple paths for HEC to pursue at exit. The most financially attractive options are acquisition by a major food distributor such as DPI or El Maizal or a management buyout. Regional distributors and retailers such as Nash Finch would also be an attractive option.



## APPENDIX

INCOME STATEMENT (000's)	2005	2006	2007	2008	2009
<b>NET REVENUES</b>	<b>45.5</b>	<b>574.5</b>	<b>2,824.2</b>	<b>8,554.5</b>	<b>14,313.1</b>
<b>COST OF REVENUE</b>	<b>42.1</b>	<b>469.3</b>	<b>2,212.7</b>	<b>6,705.6</b>	<b>11,259.5</b>
<i>% of Revenues</i>	<i>92.7%</i>	<i>81.7%</i>	<i>78.3%</i>	<i>78.4%</i>	<i>78.7%</i>
<b>GROSS PROFIT</b>	<b>3.3</b>	<b>105.2</b>	<b>611.4</b>	<b>1,848.9</b>	<b>3,053.6</b>
<i>% of Revenues</i>	<i>7.3%</i>	<i>18.3%</i>	<i>21.7%</i>	<i>21.6%</i>	<i>21.3%</i>
<b>OPERATING EXPENSES</b>					
Sales & Marketing	2.4	146.7	464.8	751.2	949.0
Research & Development	0.0	0.0	0.0	0.0	0.0
General and Administration	57.4	106.2	401.6	524.4	633.8
<b>TOTAL OPERATING EXPENSES</b>	<b>59.8</b>	<b>252.9</b>	<b>866.5</b>	<b>1,275.6</b>	<b>1,582.8</b>
<i>% of Revenues</i>	<i>131.4%</i>	<i>44.0%</i>	<i>30.7%</i>	<i>14.9%</i>	<i>11.1%</i>
<b>EARNINGS FROM OPERATIONS</b>	<b>(56.4)</b>	<b>(147.8)</b>	<b>(255.0)</b>	<b>573.3</b>	<b>1,470.8</b>
EXTRAORDINARY INCOME / (EXPENSE)	(15.0)	(35.0)	(31.3)	(51.9)	(45.3)
<b>EBIT</b>	<b>(71.4)</b>	<b>(182.8)</b>	<b>(286.3)</b>	<b>521.4</b>	<b>1,425.4</b>
INTEREST INCOME / (EXPENSE)	0.0	0.0	(12.2)	(11.5)	(11.5)
<b>NET EARNINGS BEFORE TAXES</b>	<b>(71.4)</b>	<b>(182.8)</b>	<b>(298.5)</b>	<b>509.9</b>	<b>1,413.9</b>
TAXES	0.0	0.0	0.0	0.0	(479.9)
<b>NET EARNINGS</b>	<b>(71.4)</b>	<b>(182.8)</b>	<b>(298.5)</b>	<b>509.9</b>	<b>934.0</b>
<i>% of Revenues</i>	<i>-157.1%</i>	<i>-31.8%</i>	<i>-10.6%</i>	<i>6.0%</i>	<i>6.5%</i>



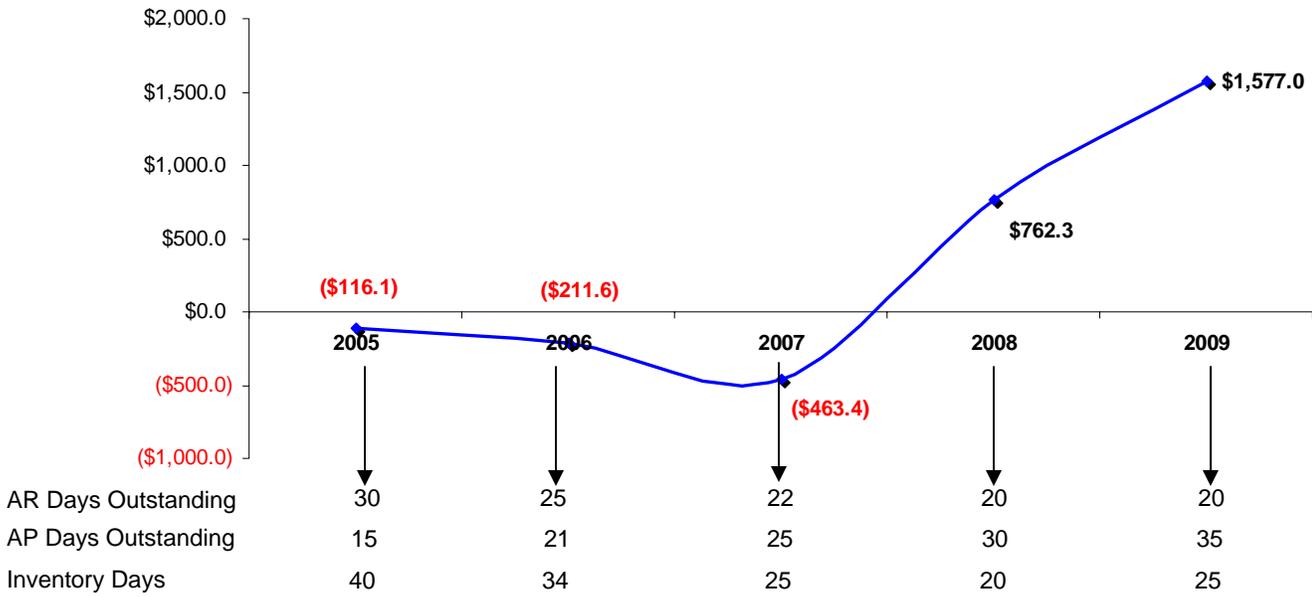
BALANCE SHEET (000's)	2005	2006	2007	2008	2009
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	210.9	302.4	109.0	831.4	2,353.4
Accounts Receivable	20.7	44.3	299.9	605.0	935.0
Inventories	25.5	60.1	349.9	605.0	850.0
Other Current Assets	20.7	44.3	299.9	605.0	935.0
<b>Total Current Assets</b>	<b>277.9</b>	<b>451.0</b>	<b>1,058.7</b>	<b>2,646.3</b>	<b>5,073.5</b>
PROPERTY & EQUIPMENT	6.9	11.9	43.4	69.9	104.9
<b>TOTAL ASSETS</b>	<b>284.8</b>	<b>462.9</b>	<b>1,102.1</b>	<b>2,716.2</b>	<b>5,178.4</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short Term Debt	0.0	0.0	40.0	40.0	40.0
Accounts Payable & Accrued Expen	10.6	36.0	349.9	901.9	1,666.1
Other Current Liab	10.6	36.0	349.9	901.9	1,666.1
Current portion of long term debt	0.0	0.0	0.0	25.0	25.0
<b>Total Current Liabilities</b>	<b>21.2</b>	<b>72.1</b>	<b>739.7</b>	<b>1,868.9</b>	<b>3,397.1</b>
LONG TERM DEBT (less current portion)	0.0	0.0	100.0	75.0	75.0
<b>STOCKHOLDERS' EQUITY</b>					
CommonStock	20.0	20.0	20.0	20.0	20.0
Preferred Stock	315.0	625.0	795.0	795.0	795.0
Retained Earnings	(71.4)	(254.2)	(552.7)	(42.7)	891.3
<b>Total Equity</b>	<b>263.6</b>	<b>390.8</b>	<b>262.3</b>	<b>772.3</b>	<b>1,706.3</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>284.8</b>	<b>462.9</b>	<b>1,102.1</b>	<b>2,716.2</b>	<b>5,178.4</b>



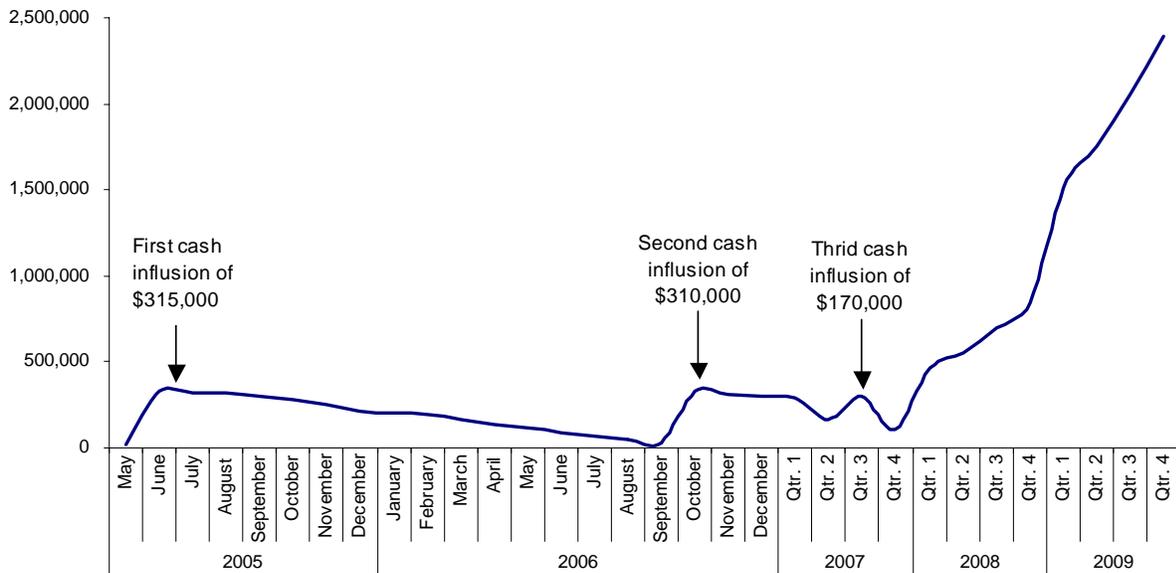
CASH FLOW STATEMENT (000's)	2005	2006	2007	2008	2009
<b>OPERATING ACTIVITIES</b>					
Net Earnings	(71.4)	(182.8)	(298.5)	509.9	934.0
Depreciation	1.1	2.0	8.5	13.5	20.0
Working Capital Changes	0.0	0.0	0.0	0.0	0.0
(Increase)/Decrease Accounts Receivable	(20.7)	(23.5)	(255.6)	(305.1)	(330.1)
(Increase)/Decrease Inventories	(25.5)	(34.6)	(289.8)	(255.1)	(245.1)
(Increase)/Decrease Other Current Assets	(20.7)	(23.5)	(255.6)	(305.1)	(330.1)
Increase/(Decrease) Accts Pay & Accrd Expenses	10.6	25.4	313.8	552.1	764.1
Increase/(Decrease) Other Current Liab	10.6	25.4	313.8	552.1	764.1
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(116.1)</b>	<b>(211.6)</b>	<b>(463.4)</b>	<b>762.3</b>	<b>1,577.0</b>
<b>INVESTING ACTIVITIES</b>					
Property & Equipment	(8.0)	(7.0)	(40.0)	(40.0)	(55.0)
Other	0.0	0.0	0.0	0.0	0.0
<b>Net Cash Used in Investing Activities</b>	<b>(8.0)</b>	<b>(7.0)</b>	<b>(40.0)</b>	<b>(40.0)</b>	<b>(55.0)</b>
<b>FINANCING ACTIVITIES</b>					
Increase/(Decrease) Short Term Debt	0.0	0.0	40.0	0.0	0.0
Increase/(Decrease) Curr. Portion LTD	0.0	0.0	0.0	25.0	0.0
Increase/(Decrease) Long Term Debt	0.0	0.0	100.0	(25.0)	0.0
Increase/(Decrease) Common Stock	0.0	0.0	0.0	0.0	0.0
Increase/(Decrease) Preferred Stock	315.0	310.0	170.0	0.0	0.0
Dividends Declared	0.0	0.0	0.0	0.0	0.0
<b>Net Cash Provided / (Used) by Financing</b>	<b>315.0</b>	<b>310.0</b>	<b>310.0</b>	<b>0.0</b>	<b>0.0</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>190.9</b>	<b>91.4</b>	<b>(193.4)</b>	<b>722.3</b>	<b>1,522.0</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>20.0</b>	<b>210.9</b>	<b>302.4</b>	<b>109.0</b>	<b>831.4</b>
<b>CASH AT END OF YEAR</b>	<b>210.9</b>	<b>302.4</b>	<b>109.0</b>	<b>831.4</b>	<b>2,353.4</b>



## Cash from operating activities



## Cash ending balance





Capitalization Table

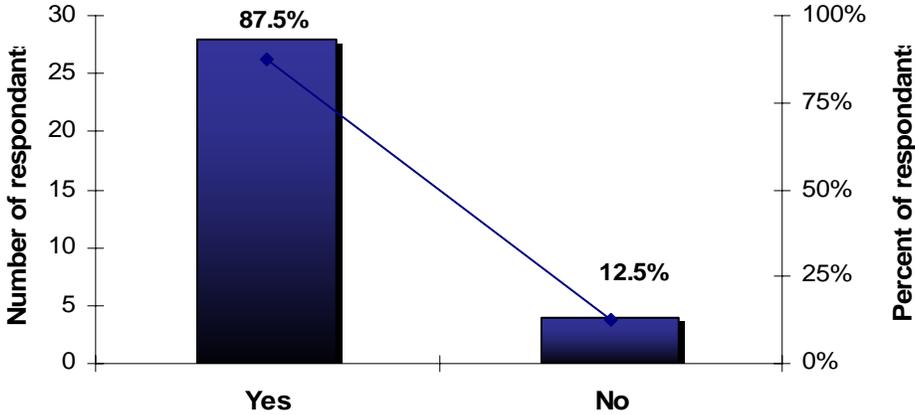
	Founder Investment Share Price \$0.10		Round A Share Price \$2.06		Round B Share Price \$4.37		Round C Share Price \$8.10	
	%	Shares (Cumulative)	%	Shares (Cumulative)	%	Shares (Cumulative)	%	Shares (Cumulative)
Francisco Ardila	60.0%	120,600	32.4%	120,600	25.6%	120,600	23.0%	120,600
Founder #2	40.0%	80,400	21.6%	80,400	17.0%	80,400	15.3%	80,400
Series A Investors			41.1%	153,000	32.4%	153,000	29.1%	153,000
Series B Investors					15.0%	71,000	13.5%	71,000
Series C Investors							4.0%	21,000
Option Pool			5.0%	18,500	10.0%	47,000	15.0%	79,000
<b>Total</b>	<b>100.0%</b>	<b>201,000</b>	<b>100.0%</b>	<b>372,500</b>	<b>100.0%</b>	<b>472,000</b>	<b>100.0%</b>	<b>525,000</b>

Round Valuation = \$20,100    Round Valuation = \$766,912    Round Valuation = \$2,060,845    Round Valuation = \$4,250,000

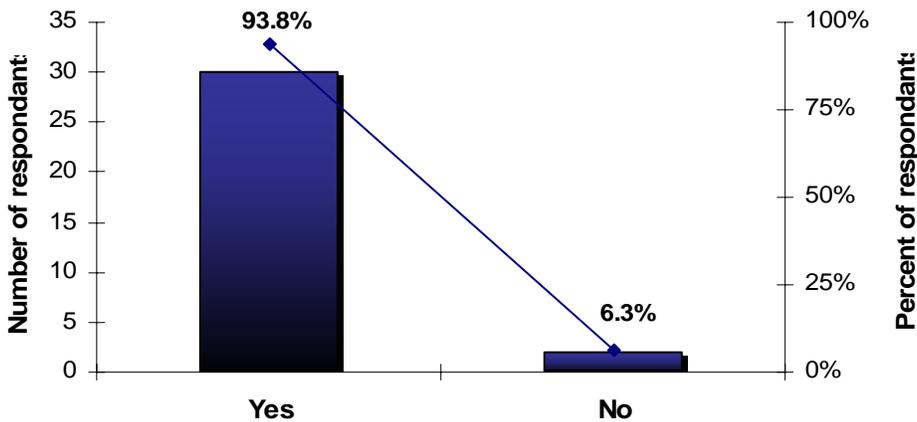


## Summary of End Customer Survey Results

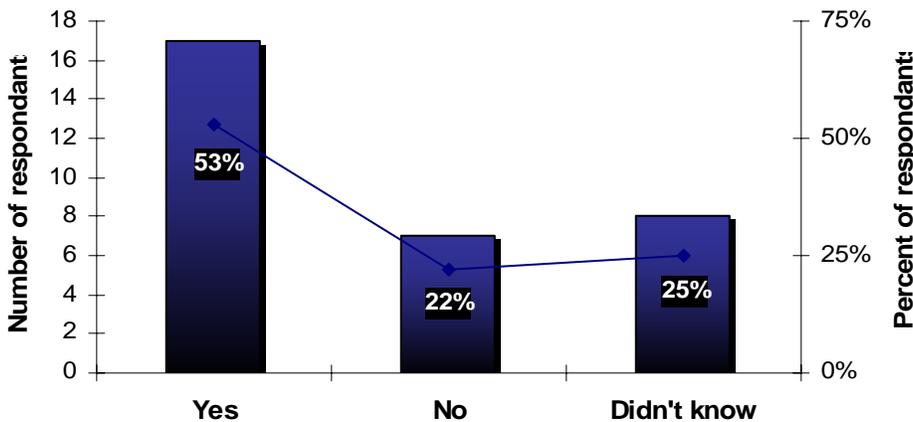
**Lack of authentic Mexican food products in mainstream supermarkets**



**Purchase Mexican food products in other stores apart from mainstream retailers**

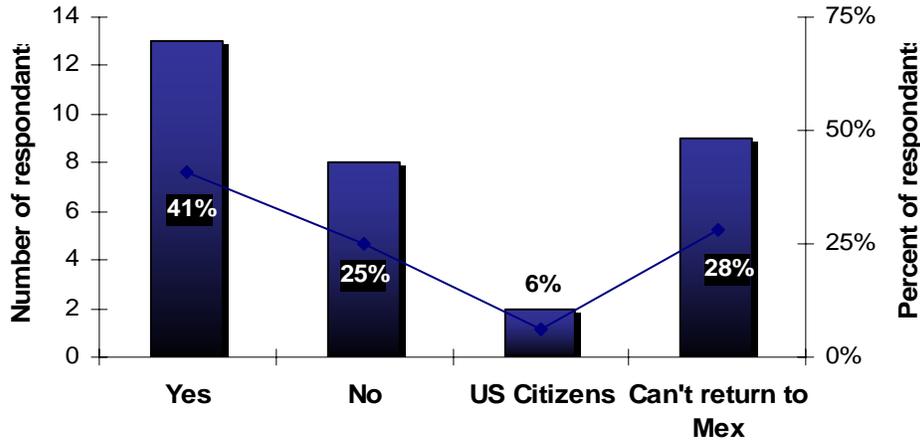


**Price premium for authentic Mexican food products over Texmex imitations**





Bring back food products back from their trips to Mexico



## Raw Customer Survey Data

### Results of end customer survey

#### Demographics

Mexican	Male	Female	Total
Yes	5	25	30
No (Descendents)	1	1	2
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>

Age	Male	Female	Total
Under 20	0	1	1
20 to 30	2	7	9
31 to 40	2	14	16
41 to 50	1	3	4
above 50	1	1	2
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>

Years lived in the US	Male	Female	Total	%
Less than 5	1	6	7	21.9%
5 < x < 10	1	10	11	34.4%
10 < x < 15		4	4	12.5%
15 < x < 20	1	0	1	3.1%
20 < x	1	2	3	9.4%
US Citizens	1	1	2	6.3%
Didn't resond	1	3	4	12.5%
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>	<b>100.0%</b>



## Supermarkets where Mexicans shop at:

Supermarkets	Male	Female	Total*	% of Total Possible
Walmart	4	22	26	81.3%
Albertsons	4	22	26	81.3%
Safeway	2	20	22	68.8%
King Soopers	3	17	20	62.5%
Sams Club	3	10	13	40.6%
Costco	3	7	10	31.3%
Whole Foods	2	1	3	9.4%
Wild Oats	1	0	1	3.1%

\* Possible number of responses per supermarket of 32

**1) Do you consider that there is a lack of "Authentic" Mexican Food products in these grocery stores?**

Answer/Sex	Male	Female	Total	%
Yes	5	23	28	87.5%
No	1	3	4	12.5%
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>	

**2) The Mexican products that you do not find at the "American" grocery stores do buy them some place else?**

Answer/Sex	Male	Female	Total	%
Yes	6	24	30	93.8%
No	0	2	2	6.3%
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>	

Sex / List of stores	Avanza	Grocery Warehouse	Longmont Packing	Gonzalez	Las Americas	Other
Male	2	0	3	1	0	1
Female	12	4	11	5	4	5

**3) Would you like for these products to be offered in the "American" grocery stores where you currently shop?**

Answer/Sex	Male	Female	Total	%
Yes	4	23	27	84.4%
No	0	0	0	0.0%
Indiferent	2	3	5	15.6%
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>	

**4) Do you currently pay more for "Authentic" Mexican food products than for American imitations?**

Answer/Sex	Male	Female	Total	%
Yes	3	14	17	53.1%
No	1	6	7	21.9%
Didn't know	2	6	8	25.0%
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>	



**5) What products from Mexico do you miss that you wish the "American" grocery stores would offer?**

Product Line / Sex	Male	Female	Total	% of responses
Mexican Cheeses	1	10	11	25.0%
Candy	1	6	7	15.9%
Mexican steaks		7	7	15.9%
Mexican Fruits	1	4	5	11.4%
More variety of spieces		5	5	11.4%
More variety of chiles		3	3	6.8%
Cookies	1	1	2	4.5%
Sweet Bread		2	2	4.5%
Mexican Soups	1	0	1	2.3%
Cream		1	1	2.3%
<b>Total</b>			<b>44</b>	<b>100.0%</b>

**6) Do you bring back Mexican food products when you go to Mexico?**

Answer/Sex	Male	Female	Total	%
Yes	4	9	13	40.6%
No	0	8	8	25.0%
US Citizens	1	1	2	6.3%
Can't return to Mex	1	8	9	28.1%
<b>Total</b>	<b>6</b>	<b>26</b>	<b>32</b>	

**7) What products do you bring back from Mexico?**

Product Line / Sex	Male	Female	Total	% of responses
Cheeses	3	9	12	35.3%
Candy	1	7	8	23.5%
Chiles	1	4	5	14.7%
Tortillas	0	2	2	5.9%
Fruit Juices	0	3	3	8.8%
Fruit	0	1	1	2.9%
Cream	0	1	1	2.9%
Cookies	0	1	1	2.9%
Sweet Bread	0	1	1	2.9%
<b>Total</b>			<b>34</b>	<b>100.0%</b>



**8) Who does the grocery shopping at your house?**

Person	Male	Female	Total	% of responses
Woman (mother, wife)	3	11	14	33.3%
Man (father, husband)	1	5	6	14.3%
Together (wife & husband)	1	7	8	19.0%
Daughter		0	0	0.0%
Son		0	0	0.0%
Grandmother		2	2	4.8%
Grandparents		1	1	2.4%
Friend/Relative		0	0	0.0%
Not applicable (wasn't asked)	2	9	11	26.2%
<b>Total</b>	<b>7</b>	<b>35</b>	<b>42</b>	<b>100.0%</b>

**9) End Customer product demand results:**

Product	Male	Female	Total	% of Total possible
<b>Canned Goods</b>				
Chilorio	2	7	9	30%
Cochinita Pibil	4	8	12	40%
Flor de Calabaza	5	16	21	70%
Cuitlacoche	4	7	11	37%
Frijoles con chorizo	4	16	20	67%
<b>Deserts and Candy</b>				
Flan	4	24	28	93%
Natilla	3	18	21	70%
Obleas	3	19	22	73%
Jamoncillo	5	20	25	83%
Dulces de Leche	5	24	29	97%
Cocadas	3	18	21	70%
Glorias	3	11	14	47%
Ate	1	6	7	23%
Cajeta de membrillo	5	21	26	87%
<b>Juice Concentrates</b>				
Agua de Orchata	5	25	30	100%
Tamarindo	5	25	30	100%
Jamaica	5	25	30	100%
Mango	5	25	30	100%
Guayaba	5	25	30	100%



<b>Cheeses</b>				
Q. Chihuahua	3	18	21	70%
Q. Asadero	5	22	27	90%
Q. Ranchero	4	21	25	83%
Q. Anejo	4	9	13	43%
Q. Oaxaca	5	14	19	63%
Q. de Cabra	1	8	9	30%
Q. Panela	4	10	14	47%
Q. Menonita	1	6	7	23%
Q. Abodera		3	3	10%
<b>Frozen Foods</b>				
Enchiladas Potosinas	0	7	7	23%
Flautas	1	9	10	33%
<b>Other</b>				
Sopas Knor	2	17	19	63%
Consome de Camaron	5	18	23	77%
Manteca	2	20	22	73%
Pipian	4	18	22	73%
Jabon Zote	5	23	28	93%
<b>Bread</b>				
Bolillos	5	22	27	90%
Pan de Agua	3	5	8	27%
Churros	5	22	27	90%
Conchas	5	21	26	87%



## FRANCISCO ARDILA

1235-B Linden Ave, Boulder CO, 80304

(303)-402-9102

Email: [francisco.ardila@colorado.edu](mailto:francisco.ardila@colorado.edu)

(Greencard holder)

### EDUCATION

#### LEEDS SCHOOL OF BUSINESS, University of Colorado

Master of Business Administration Candidate

- Area of emphasis; Finance
- Finance Club President

Boulder, CO

05/05

#### INSTITUTO TECNOLOGICO Y DE ESTUDIOS SUPERIORES DE MONTERREY

BS - Industrial and System Engineer

Mexico City

12/97

### EXPERIENCE

#### BALL CORPORATION

Fortune 500 company focused on rigid packaging solutions for the beverage and food industries.

**Position: Corporate Treasury Intern**

Broomfield, CO

05/04 to 09/04

##### Strategic Planning

- Analyzed and proposed new corporate dividend policy (announced on Q2/04 earnings call)
- Proposed new capital structure strategy with implementation set to begin after YE-2004
- Analyzed and evaluated different leveraged recapitalization alternatives
- Analyzed and proposed different investment allocations for the company's \$500 million pension fund

#### INTERNATIONAL BUSINESS SOLUTIONS

Mid size business management, strategic planning and operative consulting firm.

**Position: Senior Consultant**

Mexico City

10/00 to 07/03

##### Project Management

- Led various initiatives in 5 recovery and recollection reengineering projects for the fourth largest Bank of Mexico (Banorte), producing an average return on investment for the client of 200%
- Developed and supervised national rollout and implementation plan
- Redesigned the recovery and recollection's back office processes, yielding a productivity increase of 25%
- Delivered weekly project updates to the Recovery and Recollection's Director

#### PIESA / BANTA HEALTHCARE

International joint venture focused on the manufacturing and distribution of plastic based medical devices.

**Position: Operations Manager**

Mexico City &

Neenah, WI

08/99 to 09/00

##### Project Management

- Coordinated multicultural team of 6, successfully transferring the manufacturing process of microscope surgical drapes, a \$2.0 million revenue product line, from Neenah, W.I. to Mexico City
- Led team of 8 to achieve CE certification of microscope surgical drape manufacturing process in 3.5 months
- Responsible for the monthly project presentations to the General Managers of Banta Healthcare and PIESA

#### GERRESHEIMER GLAS, A.G.

International German firm specialized on glass packaging solutions for the pharmaceutical industry.

**Position: Financial Controller**

Dusseldorf,

Germany

05/98 to 07/99

##### Analysis

- Managed the budgetary reporting of 3 European subsidiaries with consolidated sales of \$ 60 million
- Led the economic revaluation for three glass furnace investments
- Hand selected from 11 candidates, some with postgraduate degrees, to assist the divisional controller in the merger of Gerresheimer's medical device division with Algroup Wheaton
- Performed due diligence in merger between Gerresheimer's bottling division and Dannone Group

### ADDITIONAL INFORMATION

- **Professional:** Member of American Growth Association and National Society of Hispanic MBA's
- **Community services:** Spent eight months in Israel as a Kibbutzim volunteer
- **Languages:** Fluent in Spanish, English, conversational German
- **Interests:** Skiing, hiking and golfing



**Charlie Suthard**

5411 White Place, Boulder, CO 80303  
Tel: 303.809.5752  
Email: Suthard@colorado.edu

**EDUCATION**

**UNIVERSITY OF COLORADO, LEEDS SCHOOL OF BUSINESS** Boulder, CO  
May 2005  
Master of Business Administration Candidate  
• Focus in Operations and Entrepreneurship  
**HUMBOLDT STATE UNIVERSITY** Arcata, CA  
May 1995  
Bachelor of Science, Fisheries Biology

**EXPERIENCE**

**STRATOM CONSULTING** Boulder, CO May 2004 to Current  
Intern

**Assisted in client projects related to outsourcing, supplier identification and qualification, and supply chain management. Compiled weekly reports for senior management using SAP, Access, and Excel.**

- Analysis of cost saving efforts totaling \$2.1 million for Q2 2004 and anticipated at \$7 million annually.
- Developed process and training program for movement of inventory from offsite warehouse to onsite distribution hub.
- Developed sales and marketing plan for introducing professional seminars as a second revenue stream.

**NEW FRONTIER MEDIA** Boulder, CO May 2002 to July 2003  
Sales Manager

**Managed growth of both product and traffic sales totaling more than \$1 million annually for a Boulder based media company with annual sales of \$14 million.**

- Managed and grew product sales totaling more than \$1 million annually.
- Increased Internet advertising sales from \$0 to \$30,000 monthly.
- Created online auction site for urls, generating over \$100,000 in first 60 days.

**SERVICE MAGIC** Golden, CO December 2001 to May 2002  
Account Manager

**Recruited home improvement professionals to join a unique, proprietary job referral service, for start up company.**

- Utilized all possible sales techniques, becoming one of top three account managers.
- Continued follow up by verifying professional qualifications, thereby providing excellent service to consumers using the service.

**OUTDOOR INDUSTRY ASSOCIATION** Boulder, CO October 1998 to June 2000  
Sales Manager

**Developed and executed sales strategies for revenue generating products, services, and events for \$1 million dollar not for profit organization.**

- Worked closely with executive team to create new products, events, and membership benefits.
- Produced over \$425,000 in annual sales from all products, services, and events.

**ADDITIONAL INFORMATION**

- Former Ironman triathlete.
- Participated in organization and execution of several local triathlons and running events.



## Jeff Scott

1660 Rockview Cr., Superior, CO 80027 (720)308-8035 jeffrey.scott@colorado.edu

### EDUCATION:

**University of Colorado at Boulder, Leeds School of Business**  
Master of Business Administration (MBA)  
Concentration- Entrepreneurship

Expected Graduation Date 5/2005

**California Polytechnic State University, San Luis Obispo**  
Bachelor of Science in Business Administration  
Dual concentration- Marketing and Management

Graduation Date 6/1996

### EXPERIENCE:

#### Carrier Access Inc.

(Carrier Access is a \$90M global telecommunications hardware provider)

Boulder, CO  
May 2004 - Present

#### **Intern- Business Development**

- Partner with community leaders and investors to market and sell a 60,000 sq. ft. indoor sports facility inherited by Carrier Access.
- Identify and prepare analysis and recommendations for real estate investment opportunities.

#### NaviSite Inc.

(NaviSite is a global managed service provider)

San Francisco, CA  
September 2001 - January 2003

#### **Product Manager**

Managed the specifications, supply, and cost structure for company's collocation products. Authored materials used to educate customers on functionality and benefits of collocation products.

- Established cost benchmarks for network and technical service products.
- Teamed with Product Development to research and develop network storage products.

#### Colo.com

(Colo.com was a national telecommunications infrastructure / service provider)

Brisbane, CA  
June 1999 - September 2001

#### **Senior Manager, Customer Deployment** (12/99-9/01)

Managed five project managers responsible for designing and implementing company's core products across 23 facilities nationwide. Group successfully installed over 240 customers (CLECs, ISPs, ASPs).

- Managed the post-construction relationships with general and electrical contractors.
- Developed company procedures and requirements for product implementation.

#### **Purchasing Manager** (6/99 to 12/99)

Developed original Purchasing policies and procedures. Negotiated agreements ranging from \$4M to \$40M.

#### Intel Corporation

(Intel is a global semiconductor manufacturer)

Santa Clara, CA  
September 1996 - June 1999

#### **Senior Buyer- Worldwide Marketing Purchasing** (9/96 to 6/99)

Managed the business functions for Intel's Interactive Marketing, E-Commerce, and Employee Communications departments. Researched and negotiated marketing expenditures, a new concept within the company and industry at the time.

#### **Operations Manager (Acting)- Worldwide Marketing Purchasing** (9/98 to 6/99)

In addition to buying responsibilities, managed the following departmental projects/functions:

- Set procurement goals and trained international buyers in supplier management and negotiations.
- Conducted supplier base optimization program which reduced a 1,000+ supplier base by 10%.



# BROCK D. MIDDLETON

730 North Street Boulder, CO 80304 • 303.725.0711 • brock.middleton@colorado.edu

## EDUCATION

<p><b>University of Colorado, Leeds School of Business</b>  <i>Master of Business Administration – Class of 2005</i>    3.8/4.0</p> <ul style="list-style-type: none"> <li>• Focus on Entrepreneurial Studies</li> <li>• President, MBA Association</li> <li>• Volunteer with CTEK Angels</li> <li>• Venture Capital Investment Competition (VCIC) team member – two years</li> <li>• MBA Achievement Fellowship and two Entrepreneurship Fellowships</li> </ul>	<p>Boulder, CO</p>
<p><b>Villanova University</b>  <i>Bachelor of Science, Civil Engineering</i></p>	<p>Villanova, PA</p>

## EXPERIENCE

<p>2000 to 2002  <i>Sales Engineer</i></p> <p>Assigned to strategic Fortune 500 and top internet accounts. Responsibilities included:</p> <ul style="list-style-type: none"> <li>• Account management throughout the sales process.</li> <li>• Consultative selling with customers to determine their needs and develop a solution.</li> <li>• Sales and technical product presentations to customers, partners, and the EMC sales force.</li> <li>• System design including hardware, software, and services as well as third-party integration.</li> <li>• Project management for installations and system upgrades.</li> </ul> <p>Top performing Sales Engineer in Northern California based on customer satisfaction and goal attainment for September 2001 through March 2002.</p> <p>Achieved 100-150% of quarterly goal for every quarter of employment.</p> <p>Earned 100% customer satisfaction ranking for all accounts.</p>	<p><b>EMC Corporation</b></p>	<p>San Francisco, CA</p>
<p>1997 to 2000  <i>Consultant</i></p> <p>Employee #1 of a start-up litigation consulting firm that is still successful today. Responsible for accounting, marketing, and day-to-day business operations along with specific project responsibilities. The firm specializes in resolving monetary disputes between contractors and owners on large construction projects.</p> <p>Specific tasks included project management, schedule analysis, cost analysis, determination of damages, and presentation of findings. Extensive domestic and international travel.</p> <p>Sample projects include:</p> <ul style="list-style-type: none"> <li>• Schedule analysis of a shale processing plant in Australia resulting in the recovery of \$5 million.</li> <li>• Recovery of \$4 million resulting from delay during the testing of a power plant in the Philippines.</li> <li>• Recovery of \$1.7 million in extended overhead costs during the renovation of a Veterans Home.</li> </ul>	<p><b>Riedinger Consulting</b></p>	<p>San Francisco, CA</p>
<p>1995 to 1996  <i>Civil Engineer</i></p> <ul style="list-style-type: none"> <li>• Served on a construction management team running projects ranging from \$20 million to \$1.8 billion.</li> <li>• Responsible for managing multiple consulting and construction management teams.</li> </ul>	<p><b>Department of Environmental Protection</b></p>	<p>New York, NY</p>
<p>Summers 1993 &amp; 1994  <i>Intern</i></p>	<p><b>General Electric/Martin Marietta</b></p>	<p>Moorestown, NJ</p>

## OTHER ACTIVITIES

- |                                       |                             |
|---------------------------------------|-----------------------------|
| • Diversity Benefit Committee         | • Finance Club              |
| • Masters Curriculum Policy Committee | • Dean Search Committee     |
| • Student Ambassador                  | • Business Advisory Council |
| • Student Advisory Council            |                             |