NAB Company Business Plan

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Strategic Management

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Salutare Café is a non-alcoholic beverage company serving a wide range of healthy, fruit and vegetable-based smoothies. The Company’s mission is to provide healthy beverages made from locally-grown products to strengthen the community. The vision of the company is to become the leading provider of fresh juice, in Virginia by 2030.

**Executive Summary**

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**Company Description**

Salutare Café is a non-alcoholic beverage company serving a wide range of healthy, fruit and vegetable-based smoothies. Salutare Café’s mission statement is to provide healthy beverages made from locally-grown products to strengthen the community. There are a number of factors that Salutare Café relies on in its efforts to remain competitive in the market. For one, Salutare Café only uses locally-grown, organic products free of chemicals and pesticides. The fruits and vegetables are hand-picked from local markets by a specialist, ensuring that customers receive the healthiest smoothies. Additionally, and in order to encourage customers to come back, Salutare Café utilizes a loyalty program in which free drinks will be given after accumulating a certain number of “points.” Salutare Café will sponsor events to help raise funds for locally-funded community events and will be very active in promoting and encouraging healthy living. Furthermore, Salutare Café will organize seminars to teach the community how to be healthy and maintain a healthy lifestyle. These events could take place at the store or in public places, such as community centers.

**Industry Analysis and Trends**

**SWOT Analysis**

One of the strengths of Salutare Café is consumer awareness regarding the importance of consuming healthy foods and drinks. There is great potential for growth and the company can easily target a specific segment of the market. However, because of the ease at which one can enter the market, it will only be a matter of time before it becomes saturated, resulting in the possibility of consolidation in the market. Meanwhile, ensuring that consumers are receiving high-quality products comes at a high price, which might trickle down to their pockets and potentially turn away consumers. On the bright side, the smoothie market has grown drastically over the past few years, with market experts projecting the industry to reach 9 billion USD by the end of 2016. For Salutare Café, this means more customers, more sales, and more growth. Finally, one of the major factors that might be a threat to Salutare Café is the inability to compete against major companies, such as Jamba Juice, who are known to buy out any small companies that start their own smoothie business.

**Non-alcoholic Beverage Industry Trends and Justification**

**Industry Trends.** The beverage industry is on the brink of a major shift, with consumers worldwide watching what the industry has to offer following the release of major health studies on ingredients used in healthy drinks. For instance, manufacturers and producers are shifting to natural ingredients from artificial colors and flavors because of health concerns. And as people become more health-conscious regarding the drinks they consume, the sales of sugary beverages continues to drop, forcing major players to invest in healthy drinks. Another trend in the beverage industry is the refocusing of R&D and marketing efforts towards healthier drinks. For example, Diamond Foods, Nestle, and others are investing in R&D centers to create products that meet consumer needs — similarly, consumers are pushing their non-GMO, organic, and natural products to the forefront of consumer minds through packaging and labeling. Lastly, the emphasis on protein, and protein alternatives from other sources, is on the rise, and that is mainly due to the sense of awareness that health-conscious people have developed.

The demand for healthy smoothies continues to rise, accounting for $2.5 billion in the functional beverage market. The reason behind this growth is fairly simple: People want to be healthy. Technomic, a food industry market research firm, recently found that 64% of consumers agree that it’s important to eat healthy, up from 57% in 2010 — a massive shift in just two years. Another survey conducted by the Mintel consumer research firm in 2013, asked participants to identify the barriers that keep them from reaching their healthy eating goals. Among the reasons: availability of products, time constraints, taste concerns and confusion about what’s healthy. As a result, it is expected that the smoothie market would grow at a rate of 10-13% in the next five years.

**Beverage Justification.** There are a number of factors that have led to the selection of the smoothie market. First, the U.S. smoothie market has grown rapidly over the last five years, driven mostly by the consumption habits of people who skip meals and often depend on snack foods as a substitute. Since smoothies offer healthier treat than other snack options, tastes good, and offers convenience and portability, the market is only expected to keep growing every year. Second, the target market for smoothies can be very wide and is not limited to a certain age group or gender, although financially the market might be limited to the middle class. Lastly, the smoothie market, compared to other non-alcoholic beverage markets, has lower barriers to entry because of lower capital investment.

**Strategic Position & Risk Assessment**

**Company Strategic Position**

The best strategic position for Salutare Café is Market Segment. According to studies, the 18-24 and 25-34 age brackets are the main age groups for traffic with 34% and 31% respectively. Additionally, female consumers account for 66% of the traffic compared to 33% for males, which is not surprising considering that women are generally more concerned about their health then men. Targeting a specific market will give Salutare Café the opportunity to develop special expertise and experience, giving it an edge when competing head-to-head with others.

Salutare Café will sell its smoothies to consumers in restaurant, with the possibility of expanding to grocery stores as the company continues to grow. The reason smoothies will be sold is a restaurant is fairly simple: It ensures that consumers are receiving freshly made products with no additives. As the company grows and revenue increase, the company might look into bottling options to sell in grocery stores, but of course that would all depend on whether the company is achieving or exceeding its growth expectations. The only drawback to this expansion is dealing with the short shelf-life of smoothies, but perhaps the obstacle could be overcome with the proper R&D.

**Risk Assessment**

**Identified Risks**. Salutare Café will encounter a number of risks during its operation, including regulatory risks, competitive risks, and execution risk. Salutare Café will offer its consumers the option to add protein powder to their drinks, which would be purchased from outside vendors and retailers. Salutare Café will do its best to deal with only the best vendors in the market, but unfortunately the company will have no control over how protein is processed and manufactured. As a result, Salutare Café will be accountable for any health issues that might arise as the result of its customers consuming protein in their drinks. The second risk is competitive risk, which is a real threat considering the ease at which one can enter this market. The third and last risk is execution risk, which is the reason behind the failure of most food and beverage startups. The lack of skills in managing operations and costs will result in the inevitable collapse of any business.

**Risk Mitigation Plan**. Salutare Café will ensure that it closely works with its vendors to ensure that they are receiving the best products out there. It will also focus all its efforts on ensuring that consumers receive nothing but high-quality products, great customer services, and competitive prices. Salutare Café will also ensure that it staffs leaders with proven track records who have managed to steer companies towards growth and success.

**Target Market**

The target population of Salutare Café products is determined by a number of factors. Firstly, the target population will be composed of persons living in Northern Virginia. Age is one of the factors that determines the target market. Since the beverage industry is not regulated, the key factor in age is the income of the people at various ages. The target customers will be all people aged at least 18 years old. Additionally, education will define the target customers. The educated people understand the health benefits of taking natural products as opposed to the GMOs or foods with additives. For this reason, the people aged 18 years and above are considered to have completed basic education and thus in a position to conceptualize the importance of eating healthy.

According to the demographic facts provided by the American Facts Finder, there are approximately 6,322,847 persons aged at least 18 years in Virginia. Considering competition among other factors, our company will target about 50% of this population, which is approximately 3 million persons.

**Competition**

**Major Competitors**

The major competitors of the company are; Jamba juice, Lumi Juice, White Birch Juice and Ginger Juice Co. Jamba is the major competitor of them all, with its dominancy in the market, through buying the new entrants who seem to pose significant threat to it.

**Competitive Strategy**

The competitive strategy that the company will use is the focus. This strategy narrows down to specialize on a particular factor that gives the company a competitive advantage over its competitors. In this case, the company will focus on differentiation to gain preference of its products over those of the competitors.

**Product Differentiation**

Differentiation is the strategy that the firm will use to gain competitive advantage of the other players in the industry. Through differentiation, the company will focus on producing only fresh juice, produced from naturally grown fruits. The company will not use additives with the aim of increasing the shelf life, since most of the competitors are using additives to prolong the life of the juices. Research reveals that majority of consumers now prefer natural juice with no additives (Fry, 2014). The juices manufactured by the competitors such as Jamba juice have additive, and thus by producing totally natural juice will make our products differentiable from those manufactured by our competitors.

Differentiation is one of the most effective strategies for new entrants unlike the cost strategy. The cost strategy is effective for companies that have economy of scale, and thus they can lower the prices of the items as low as possible, while making profits. Differentiation has worked for many companies, and there is no doubt that it is the best strategy for Salutare Café. Companies such as Apple Inc. have maximized the differentiation strategy, and gained a significant share in the face of huge companies such as Microsoft and others (Heracleous, 2013).

It is expected that with time and through our marketing strategies, as many consumers as possible will discover that unlike our competitors, our company manufactures fresh juice, free from all sorts of additives, and thus our company gains differentiation. One of the major benefit of using differentiation as the competitive strategy is that it has a quality attached to it. The cost strategy simply implies that the company has the ability to offer their products at relatively lower prices, whereas the differentiation strategy as a value/ quality attached to it, that cannot be offered by the substitute products or the competitor. For this reason, the differentiation strategy fosters loyalty.

**Marketing Plan and Sales Strategy**

**Marketing Message**

The marketing message will be, “Drink our freshly and naturally manufactured juice, live healthily!” This message will seek to inform the consumers that our products are manufactured from naturally grown fruits, with no additives. This message will thus inform them that the product meets their concrete needs of a naturally manufactured juice that has ability to promote their health. This aspect will also improve their feelings by making them perceive their selves as healthy and engaged in healthy eating. The message will also inform the potential customers that they are at freedom to buy any of our products at will, as the products will be availed in the restaurants near them. The future of the products will be guaranteed to the customers, and they will be sure of a sustained supply.

**Company Promotion**

Promotion will be used with the aim of creating awareness of the new products in the market and hence gaining a market share. Promotional samples will be provided to the consumers at designated points such as hotels, for them to taste and give a feedback on the new products. The company representative will explain to the customers that the products are made from naturally grown fruits, without any additives.

The promotions will also be done through digital platforms and TVs, to create awareness. The promotion will target the residents of Virginia County, but the initial promotions, particularly the sampling will be done at Reston, which is the town where the business will be located. The feedback from the customers will be collected and analyzed to evaluate the penetration potential of the company’s products.

**Ethics and Social Responsibility Plan**

**Corporate Citizenship**

Salutare Café is built upon the values of family and thus it has to play a major part in upholding social reforms. Given that the company aims at growing its operation from a neighborhood based program, the first aspect will be to provide employment opportunities to various qualifies residents of west Virginia. The given aspect will play a vital role in extending Salutare Café’s concern towards the surrounding community. Secondly, the venture will initiate structures that enhance and promote equality among the employees workforce. The core basis for this aspect is to ensure that most of the surrounding neighbors are compelled to apply within the firm due to fair and honest treatment.

West Virginia is a region that is defined by presence of various minority groups, some of who feel neglected to search for jobs in various companies due to racial profiling. Upon its inception, Salutare Café seeks to emerge as a trend leader, by providing equal opportunities to all qualified professionals. By offering an equivalent platform, the company will seek to cherish diversity and avert discrimination practices prone in prejudicial companies. Salutare Café as a company will not focus on a social venture design given that it is a capital intensive venture in search of adequate sources of funding, rather it will cherish diversity as a platform of valuing each member within the organization.

**Environmental Impact Assessment**

Salutare Café operations will impact the environment through various means, the first is water exploitation. Given that most of the beverage products are liquid, the company will have to source for water connection from the local municipal authorities. In regions where water is deficient, Salutare Café management will have to invest in private sourcing such as establishment of wells. Besides water exploitation, the company will impact the environment through its beverage packaging material. Currently, most of the biodegradable plastics are costly for a startup venture, and thus Salutare Café will have to rely on the conventional plastics as the preferred packaging material. The disadvantage is that most of the packaging plastics are non-degradable.

Provoked by the need to regulate the environmental impact of its products, Salutare Café will initiate the following measures. The company will utilize recyclable plastics and brand all of its products with recyclable signs to encourage reuse of the packaging plastics. Secondly, the venture will invest in a water treatment plant within its premise, to enhance Salutare Café’s access to a consistent source of water. Finally, the firm will incorporate environmental conscious campaigns to alert the consumer on the importance of participating in its recycle strategy, as a program to save the environment.

**Health Issues and Claims**

The beverage industry is one defined by numerous nutrition and health risks and claims. As such Salutare Café should adequately prepare to encounter the following possible inquires associated with its beverage products. The first health claim expected to be associated with Salutare Café products is whether the components and formula of the beverage is nutritious to the body, given that it is presented as a nonalcoholic drink. Secondly, what is the impact of extended consumption of Salutare Café beverages? How is it associated with the manifestation of lifestyle diseases such as obesity on the end consumer? Cumulatively, what is the preservation additives used and to what extent do the additives pose dangerous impact on the client.

The first approach Salutare Café can utilize to regulate consumer concerns and negative remarks is food labeling. The venture can rely on the strategy to provide significant information about the beverage to the end consumer. Additionally, the given approach will equip the consumer with relevant information about the nutrition component of the beverage product. Additionally, Salutare Café can implement advertising strategy to beck up its food labeling approach. When rolling out the campaign, Salutare Café should utilize its labeling approach to educate consumers on how safe their products are, and what aspects set Salutare Café’s products different from their competitors.

**Restricted Target Marketing**

Undoubtedly most of the beverage products impose a negative impact on various segments of the population due to diverse additives and components present within the drinks. Salutare Café will seek to avert this phenomenon by rolling out target specific marketing programs. Given that most of Salutare Café’s beverage consumers are adults, the venture will utilize media advertising to reach out to adults and maintain constant contact with the consumer market. Through digital marketing such as social media, Salutare Café will engage the consumers on a direct level and asses the feedbacks and recommendations provided by the consumer via the online platform.

Additionally, most of Salutare Café’s products will be branded with the preferred consumption age in a bid to deter unhealthy consumption. Given that all of the venture’s brands will be sold from various retail and departmental stores, the store workers will be advised not to sell the beverage to young children and pregnant women due to their fragile state. Later on, Salutare Café can incorporate college sponsorship, or vacation and retreat sponsorship deals to appeal to the adult market. The given incentive will provoke the mature market sector to consume the product due to the promotional benefits associated with the beverage. Collectively, the approach will entice more of the adults segment an aspect that may protect Salutare Café from unforeseen legislations.

**Operations Plan**

**Key Aspects of Operations**

Salutare Café from its inception is a company that will seek to produce, distribute and sell nonalcoholic drinks. Most of the beverages produced will be package in 16 oz bottles. The firm will rely on two Salutare Café mixers as the primary beverage filling machines. The use of the machine is beneficial to Salutare Café since they rinse, fill and cap the bottles in a systematic process. The company will commence with an employee rate of about seven employees, five of whom are skilled, while the two can act as support staff in various coordinative activities, such as distribution, and direct promotional advertising. Except from the computer technician, and the two extra hands, the rest of the five employees, i included will work full time during operational hours.

**Competitive Advantages**

Salutare Café’s management is certain that it will manage to transform the beverage brand into a million dollar business in two years of operation. As such the company needs to commence investing on the transition period to avert unforeseen challenges. First, Salutare Café will have to rent its onset premise to minimize wastage of financial revenue that could be put towards investment of a solid location as the firm transitions. Secondly, while the beverage is produced by Salutare Café, the firm will have to outsource its packaging bottles from a suitable vendor, to regulate the hidden costs associated with the bottling process. The two temporary employees will be delegated with the responsibility of cleaning up Salutare Café mixers. On benefit of utilizing the mixers is the reduced chance of contamination since the filling machine rinse, fill and caps the beverage content into the 16 oz bottles. Most of the supplies for the beverage are locally available hence the venture will have to select the supplier who is suitable in terms of cost and period of delivery. Conclusively, Salutare Café will explore various additional flavors to the beverage drink, as a strategy of appealing towards a wider market.

**Research and Development Activities**

The beverage industry is competitive and demanding in nature, given that consumers are always looking for new products to explore. The recent trends in the beverage sector have focused on healthy and nutritious products. As such Salutare Café should invest in intense research to formulate more beverage formulas that meet the consumer’s desire. Additionally, given that technology transformation has become rampant over the recent times, Salutare Café should invest in better and degradable packaging content. The strategy will enhance the venture’s cooperate responsibility image while still at the same time appeal to environmental conscious consumers.

On the other hand, Salutare Café will need to remain updated on various trends in the beverage industry as well as the consumer market. Provoked by the need to acquire constant updates Salutare Café should subscribe to various consumer articles and magazines such as consumer watch, and readers digest. Additionally, Salutare Café should establish networks and partnerships as an approach of maintaining their relevancy in the beverage industry. Information sharing is a crucial aspect since it acts as a source of ideas where the venture can explore and exploit.

**Technology Plan**

**Key Aspects of Technology**

At this age, marketing strategies have moved from the traditional way in which adverts were communicated to the general public through traditional means. It thus means that the company needs to integrate its internal systems to meet the large inventories that are part of business today especially given the increase in consumption of non-alcoholic beverages. Internet network systems are vital to the day to day activities of the organization. Management and technical departments are able to improve efficiency for instance; the marketing department may get a new client who intends to acquire a bulk order. The order is placed in the catalogs and queued for processing. To (or “intending to”) creating loyalty with new consumers, the management will be able to view the inventory and the order as a priority. It allows them to link the same to the current processing department queue and find a method to make it urgent in that they can tell the staff when to increase production of a specific commodity to meet the market needs.

Technology not only applies to new equipment like the Auto AccupSnap Capper but also in other small instruments like computerizing the whole company processes to ensure that all orders go through a systematic and easy to access and use system information. The benefits of Auto AccupSnap Capper are numerous for the organization, for instance; they reduce the strain involved in the capping of bottles where by numerous cases of injury have been reported in the past due to repetition. The fact that such systems are in three different forms like the conveyor belt one makes it efficient to monitor the progress while at the same time detect problems that may occur in the processing. Finally, the system comes with a packaging system which reduces the amount of human assets required by the company and efficiently manages time to meet the significant demand from the consumers.

**Personnel Needs Related to Technology**

It must be understood that user needs are unlimited while at the same time, the consumer has perfect knowledge of the product. With this information, the producer aims at consuming the nothing but the absolute best product available in the market. The company must consider the consumer target to understand their budget constraints. It helps them to plan for the cost of production while at the same time offering the highest quality of products. Machines are more efficient which is why companies that package their products using advanced technology can offer better advertising that will attract more consumers, make products that are similar and thus a consumer will get the same level of utility from every unit of production while at the same time believe that the goods that they are consuming meet the health protocols, allowing them to want more from the same producer.

Employees in the company too must be motivated in that they are supposed to feel like part of the company. By availing technology to make their work easier, the employee is creating better-working conditions, and thus, they will associate themselves with the organization which human resource scholars term as the best way to motivate the individuals in any organization. Management will, on the other hand, feel the effects of efficiency created regarding returns on investment that will be realized from investing in personal and office technology.

**Management and Organization Plan**

**Key Management and Employees**

Top management will be headed by one person for easier coordination of NAB’s production activities. Given that I am about to obtain my MBA from Strayer University, I am equipped with various skills that deem me suitable to manage various operations of the venture. I will head the venture for the first five years as CEO. Melisa Cates is the co-partner in the venture since the beverage is her idea. Besides that, she owns the patent on the NAB, and has contributed the master mixer as the ventures asset. She is deemed suitable to oversee the daily operations of the firm. Stephen Job is NAB’s computer expert; he works only part time for twenty hours each week. Job receives a compensation of $10 dollars per hour. Ian Glass is the company’s foreman. He is armed with close to four decades of experience having served PepsiCo in the same position. He is hinting for a salary of about 30,000$ given that NAB’s is a new player in the beverage industry. Melinda Cates is the pioneer’s sister, and she is interested in serving among the planning committee of NAB’s. She has vast knowledge on legal terms having served in the federal court and trade commission.

**Management Structure**

Melinda Gates

Deputy Manager

Steve Jobs

Computer Expert

Ian Glass

Production Foreman

Managing Partner (CEO)

Mary Gates

Legal Counsel

**Management Structure and Style Justification**

The structure provides a unique design where Melisa gets the opportunity to oversee what is running within the firm. She gets to get direct feedback from the foremen as well as the computer technician. Additionally, the structure provides me with an opportunity to seek counsel from Mary and Melina before I commence on actualizing various management approaches

**Financial Statements**

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