

# Business Plan: “Changes Mobile Market”

Michael Nouri

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## **Executive Summary**

“Changes Mobile Market” (C.M.M.) is a mobile food market that distributes local produce and products to disenfranchised communities at prices *made* affordable. By purchasing and redistributing goods from local producers, members of low-income communities do not have to resort to purchasing food from fast food restaurants and corner stores that sell mass-produced products. Instead, their needs can be instrumental for increasing the market size of local producers.

## **The Business**

C.M.M. will sell bread and baked goods from the Berkshire Mtn. Bakery in Housatonic, MA; vegetables, fruit, and eggs from Double-Decker Farm in Hillsdale, NY; and coffee from Barrington Coffee Roasting Co. in Lee, MA. This business will survey target communities to determine which local food products the constituents are most likely to buy based on their consumption preferences and grocery budgets. C.M.M. will begin as a sole-proprietorship with Michael Nouri as owner and manager, with the goal of becoming a co-op with shared ownership by the target community.

## **Market**

Changes Mobile Market will combine the needs of low-income or socio-economically marginalized communities with the needs of local producers to generate a solution for both. People in towns like Hudson, NY, face the challenges of a “food desert” where transportation and access to healthy, affordable food is highly limited because of socio-economic status. Accessible food is either sold in small quantities and is therefore expensive on a long-term basis, or the food is unhealthy food and fast food. On the other hand, local farms and producers sell healthy food

products, but because labor is expensive and their market size is limited, these products are expensive. Changes Mobile Market will introduce disenfranchised communities in our region to the products of local suppliers, at affordable prices.

Our target market is comprised of low-income communities in Hudson, NY, where a large population, especially people of color, are facing the ills of gentrification and a “food desert”. Members of this community remain mostly in certain areas within Hudson, including the local public school, community and recreational centers, parks, corner stores, and bars. Youth are often followers of social media on Facebook, Twitter, and Instagram who listen mostly to pop and hip hop music. The community at large listens primarily to pop, hip hop, rock jazz, soul, and reggae. Reaching out and establishing our customer base entails networking through direct community outreach and surveys; communication/ sharing/ collaboration with local businesses, educational and recreational centers, welfare programs, and social justice organizations; and hosting events - sponsored and promoted by local businesses, educational and recreational centers, and social justice organizations; and general advertising and promotion: using flyers, newspapers, mail, cable, radio, social media. C.M.M. will also have an official website with general information, news, and membership sign-up.

C.M.M. will aim to serve 150 members/member families in the first year, plus non-member foot traffic from the neighborhood where the food market is parked. Once C.M.M. generates enough profit after 5 years, the number of communities served will increase with more refrigeration trucks, employees, and additional products. If necessary and manageable, an educational service for food justice and local agriculture will be established as well.

## **Competition**

Overcoming the competition from fast food restaurants and local corner stores is the biggest challenge. Their competitive edge can be reduced by C.M.M.’s ability to clearly communicate to the consumers the statistical benefits of fresh food, which are superior in terms of local economic stability and health. In addition to providing high-quality and healthy food, C.M.M. will offer significant savings to its members on their grocery bills.

## **Operations**

The mobile food market, in legal arrangements with the local government, will drive to specific lots at specific hours, three days per week with one of three employees per day paid \$10/hr for 6 hr work days. These employees will be chosen from the low-income communities. The market will also travel directly to specific homes of members who are handicapped or unable to travel to the lots.

Changes Mobile Market will contract with Berkshire Mtn. Bakery and Double-Decker Farm to buy a consistent amount of goods each week at wholesale prices. The mobile food market will employ a hybrid business model, deriving income primarily through membership to customer families and individuals who plan to purchase from the business each week, and secondarily, by welcoming foot traffic of customers who are not members. Membership serves the purpose of securing regular sales and up-front investment by customers, though is not necessary for the same products to be purchased each week. Membership will cost \$700 per year for families of 4 or less members or single individuals, and \$900 per year for families with more than four members. On average, essential groceries such as bread, fruit, vegetables, and eggs cost at least \$30 per week for a family of 4 or less. This figure adds up to over \$1,500 per year, where membership is hundreds of dollars cheaper, and provides healthier food while supporting local producers. Customizable and changeable regular grocery lists are available for members, requiring preparation through surveys and tastings prior to their establishment.

The medium through which goods will be distributed is primarily based on the grocery lists of members with the options of cardboard boxes of a choice of sizes, reusable bags - the first set free for members, and paper bags for walk-in purchases.

## **Team**

The mobile market will begin with Michael Nouri as owner, manager, and primary salesman. Mr. Nouri has built relationships with social justice leaders in the community, as well as other

community development and food-justice educational organizations that support the cause of this business and have offered to help organize, promote, and recruit for it. He has worked closely with youth and adults in this community on food justice and social justice issues in a summer program. As a college student, he has interned for educational programs, and attended several workshops on social innovation. With an understanding of how to network, and having taken courses on leadership, media, and communications, Michael has the human and technical resources he needs to start C.M.M. off strong. Organizational and administrative skills have been demonstrated in the past in these internships mentioned and as manager of Architecture for Art Gallery Bookstore, where he did data entry, website building, and built his customer service skills.

New employees hired from the target communities will also work as salesmen. Their qualification derives from a strong desire to access healthy and affordable food for their family and friends. Already, many members of these communities are affiliated with community-empowering centers, programs, and organizations.

### **Start Up Expenses for Year 1 (Total = \$15,150)**

- Refrigeration truck (97 Ford Cargo) = \$10,000
- Food Storage Containers = \$2000
- Advertising and Marketing = \$3,000
- State incorporation = \$50

### **Yearly Operating Budget**

INCOME (150 members ; Revenue = **\$112,325/year**)

*Membership* (150 members/member families):

- Family of 4 or less (approx: at least 120 @ \$700/yr) = \$84,000
- Family of 4 or more (approx: at least 30) = \$900/yr = \$27,000

*Non-member foot traffic:*

- estimate of 4 loaves of bread per week (\$6/loaf) = approx. \$25/week = \$1,325/yr

EXPENSES (150 members ; **Total = \$107,289.50/year [sales tax not included]**)

***Inventory (\$88,999.50/yr)***

Bread (\$/841.50/week = \$44,599.50/yr):

- Multigrain (44 oz. pan = \$4.95 [\$6.00 retail]) > #120/week = \$594
- Sesame (44 oz. pan = \$4.95 [\$6.00 retail]) > #50/week = \$247.50

Vegetables & Eggs (estimate = \$800/week = \$42,400/yr):

***Equipment (Start-up = \$13,330 ; \$1,330/yr)***

- Cardboard boxes = \$0 - 250
- Paper bags (#1000) = \$180
- Reusable bags = \$700
- Paper towels = \$200

***Utilities (\$5,220/yr)***

- Gas = \$5,000
- Business Cell Phone (flip phone \$100 / 1yr at \$9.00/month) = \$220

***Operations (Start-up = \$13,590 ; \$11,590/yr)***

- Advertising and Marketing = \$1,000/yr
- Website Hosting = \$50/yr
- Upkeep of Vehicle = \$1,000/yr
- Salaries (3 employees; 1 employee/day; 3 days/week; 6 hrs/day; \$10/hr) = \$9,540/yr

***Registrations, Licenses, Permits (\$200/yr)***

- Permit to Operate Food Service Establishment = \$200

**Cost of Year 1 (Start-up expenses + Annual expenses) = \$122,439.50**

Gross Profit (annual) = **\$5,041.50**

Start-up year loss = **\$10,114.50**

\* Make-up for Start-up loss: requires 3 years net profit of **\$15,124.5**

Gross Profit by 3rd year = **\$5,010**

4th year Gross Profit = Gross Profit by 3rd year + annual Gross Profit

### **Summary**

There is a strong demand for affordable healthy food in many disenfranchised communities in the Hudson Valley and Berkshires. More than ever, local farms simultaneously need to expand their market, and collaborate with other community programs and organizations to stay in business. A mobile food market like Changes Mobile Market can satisfy the needs of disenfranchised communities and become an instrument for local economic development.