

NUTRIGALS

Business Plan 2012



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Part 1: Executive Summary

Mission Statement

**DELIVER THE HIGHEST QUALITY, NUTRIENT DENSE,
SMOOTHIES IN ORDER TO HELP ONCOLOGY PATIENTS MEET
THEIR NUTRITIONAL NEEDS.**

Who We Are:

NUTRIGALS is a company comprised of Registered Dietitians passionate about providing optimal nutrition to cancer patients. We began our company in February 2012, and hold our executive office in Chicago, IL.

Team of Experts:

CEO: Marybeth Allison, RD, MS, LDN

CFO: Danielle Miller, RD, MS, LDN

VP Sales & Marketing: Shannon Powers-Jones, RD, MS, LDN

VP Community Relations: Rebecca Schneider, RD, MS, LDN

VP Product Development: Jennifer Tomes, RD, MS, LDN

Product Offered:

We have developed MyLife Smoothie nutrient mix and “Boost” additive packets of protein, antioxidants, fiber, daily vitamin and energy. Each MyLife Smoothie contains a minimum of 20 grams of protein, and 100% of the recommended daily value for vitamins A, C, D and E.

Our Customer and Market:

We will be in Outpatient Oncology Clinics Nationwide. We aim to help cancer patients meet their nutritional needs. We understand the importance of nutrition intensive treatments like chemotherapy and radiation. Our smoothies will not only provide the necessary nutrition, but will help treat common side effects associated with the treatments.

Sales Projections:

The funding needed for the initial start-up of the company is \$328,695.70. By the end of our first year in business, our revenue will be \$111,367.90.



Part 2: Market Analysis

Industry Description and Outlook:

In 2008, nearly 12 million people with a history of cancer in America. As the number of patients increases, and the options for treatment continue to improve, there is a viable market for a product designed to improve the quality of treatment for cancer patients. Currently, there is no product available that is specific to patients in outpatient cancer treatment centers.

MyLife Smoothie by NUTRIGALS will reach the large market of individuals receiving outpatient oncology care. In the US alone, more than 1.1 million people are estimated to receive either radiation therapy or chemotherapy to treat cancer each year. Approximately 16% of those diagnosed will receive both treatments while over half will receive one or the other. Cancer patients constitute a group with exceptional nutritional needs due to these therapies. While there are many smoothie recipes intended for these patients, a company is needed to provide smoothie products marketed specifically to meet their needs. MyLife Smoothie by NUTRIGALS will meet this need by providing high protein, high calorie, nutrient-packed, delicious smoothies to outpatient oncology centers.

Target Market:

Cancer patients undergoing chemotherapy and radiation therapy frequently utilize outpatient services. While some patients will require a hospital stay during treatment, many will receive treatment exclusively through outpatient clinics. These patients should have



access to appealing, nutritious foods and beverages, as they will spend a significant amount of their time in the center receiving treatment. Patients could be undergoing chemotherapy as often as twice a week and treatments can last for several hours. They should have access to affordable, superior nutrition during their visits and treatments. To that end, a definite market segment exists for smoothies designed to meet the special needs of cancer patients.

Competition:

While there are numerous resources available to educate patients about the importance of nutrition in cancer treatment and the specific nutrients needed, actual products available in outpatient treatment centers are limited. Often, Ensure and Boost are recommended to cancer patients who are not eating many solid foods. While these products provide a good source of nutrition, many patients may prefer a more natural beverage with real fruit.

Competitive pricing will strengthen the ability of MyLife Smoothie by NUTRIGALS. The company will be able to market to a larger segment by providing affordable prices in addition to a unique, fresh product. Additionally, the company will provide a large variety of smoothies, further separating it from potential competition. The 15-flavor variety with options to add protein, antioxidant, daily vitamin, energy and fiber boosts make the product tailored to meet the individual needs of patients.



Part 3: Company Description

Vision

Become the preferred nutritional supplements for oncology patients, by preparing great tasting smoothies using the highest quality of nutritional products in a healthy, and convenient environment.

Business Goals and Objectives

NUTRIGALS created MyLife Smoothies with one thought in mind: to provide the most concentrated nutrition possible to patients unable to meet their nutritional needs with a regular diet.

Brief History of the Business

NUTRIGALS was formed in early 2012 and has been growing steadily since. By ensuring that the highest qualities of ingredients are used in their MyLife Smoothies, NUTRIGALS guarantee their products will exceed customer expectations. The five founders of this company are all registered dietitians committed to presenting both the most nutrient dense and most tastefully appealing smoothies to their customers. Because MyLife Smoothies are the only creation of NUTRIGALS the dietitians of this company are able to focus on perfecting this product line.



List of Key Company Principles

- Develop and grow a sustainable business that successfully helps oncology patients
- Prevent malnutrition and minimize weight loss
- Prevent or reverse nutrient deficiencies.
- Preserve lean body mass.
- Help patients better tolerate treatments.
- Minimize nutrition-related side effects and complications.
- Maintain strength and energy.
- Protect immune function, decreasing the risk of infection.
- Aid in recovery and healing.
- Maximize quality of life



Part 4: Organization & Management

Organization and Management Profiles

CEO: Marybeth Allison, RD, MS, LDN

Marybeth Allison has more than 20 years of experience in the food service industry, primarily in the healthcare and non-profit market segments.

CFO: Danielle Miller, RD, MS, LDN

Danielle Miller, formerly with Whole Foods, increased that chain's revenue by more than 18% in 2010.

VP Sales & Marketing: Shannon Powers-Jones, RD, MS, LDN

Shannon Powers-Jones, an RD and former Health Magazine contributing editor, plans to more than double NUTRIGALS customer base in 2012 via an aggressive quarterly-segmented "MyLife Smoothies" marketing campaign targeting the nutritional benefits of the product for oncology patients.

VP Community Relations: Rebecca Schneider, RD, MS, LDN

Rebecca Schneider, an RD and public health advocate, has partnered with various civic and non-profit organizations sponsoring numerous fundraisers and health fairs across the country to promote better health and the MyLife Smoothie brand.

VP Product Development: Jennifer Tomes, RD, MS, LDN

Jennifer Tomes, an RD with more than 15 years of food science background, was key in developing the MyLife Smoothie product and



plans are in the works to develop a protein bar for oncology patients as well.

Ownership Information

NUTRIGALS was founded by a group of Registered Dietitians as a C corporation, ensuring long-term viability and stability not typical of traditional business partnerships. Ownership of NUTRIGALS is split between its founders: Marybeth Allison, Rebecca Schneider, Danielle Miller, Jennifer Tomes, and Shannon Powers-Jones, each with a 20% stake in the corporation. In addition, the founders also serve as the primary officers of the corporation until growth enables additions to payroll and future staff development.

However, the shareholders of NUTRIGALS share control of management for the corporation itself, electing the Board of Directors (strictly advisory in function for 2012, volunteering their services/expertise). The shareholders are in regular contact with the officers listed above, who are primarily responsible for the day-to-day operations of NUTRIGALS. Another bonus for shareholders of NUTRIGALS includes eligibility for dividends, a.k.a. income.

The overall corporate structure allows for a variety of forms of capitalization: common stock, preferred stock, stock options, warrants and convertible securities. Employees also qualify to have an equity interest in NUTRIGALS via tax-advantaged stock option grants. Authorized and issued common stock in NUTRIGALS are available.



Board of Directors

Katherine Zeratsky, RD, LD

Mayo Clinic

Jonathan M. Lancaster, MD, PHD

Director, Women's Center of Oncology

Cassandra Forsythe, PHD, RD

Exercise physiologist and author

Chad Riley

Tropical Smoothie franchise founder

Barbara Cook

Director of the Culinary Art Institute



Part 5: Marketing and Sales Strategy

Marketing Strategy

NUTRIGALS penetration strategy is simple. Rather than compete with mainstream smoothie franchises such as “Freshens” in healthcare facility foodservice areas, NUTRIGALS is entering the fresh smoothie market outside the inpatient care spectrum via outpatient cancer treatment centers. Based on our previous market analysis study, more than 1.1 million people in the U.S. are estimated to receive some type of radiation therapy or chemotherapy regimen for cancer treatment each year.

Oncology patients and their family members are confined to a treatment area for most of the day. Food is typically brought in for sale to the patient and their family. NUTRIGALS is targeting these centers to sell the MyLife Smoothie nutritional recipe mix packet and additional additive “boosts” in bulk. The outpatient cancer treatment centers will be able to independently price the finished product on their menu.

The marketing mix behind for the NUTRIGALS marketing strategy includes the following elements.

- **Product:** MyLife Smoothie nutrient mix and “Boost” additive packets of protein, antioxidants, fiber, daily vitamin and energy. The nutrient mix and “Boost” packets are all natural, with no high fructose corn syrup, trans fats or other additives. Each smoothie made from the packet will contain a minimum of 20 grams of protein, and 100% of the recommended daily value for vitamins A, C, D and E. Smoothies will be sweetened with all natural, organic sugar.



- **Price:** NutriGals will sell the MyLife Smoothie mix and “Boost” packets in bulk direct to outpatient centers, cutting out the cost of a distributor until the company is able to expand. A case of five 6 lb bags will cost \$1,406.32, and a variety-pack case of “Booster” additives will cost \$320.00. Client must purchase a minimum of 5 cases annually per contract.
- **Promotion:** A quarterly advertising budget of \$1,500 will initially allow for basic marketing elements to be employed to promote the product. The budget will be increased in correlation to sales with future financial reassessments.
 - **Key advertising methods to be used include:**
 - Flyers posted or brochures in facility waiting rooms and informational areas
 - RD owners promote MyLife Smoothie at regional health fairs
 - Pamphlet and free sample of MyLife Smoothie given to oncology patients or family members after treatment as available.
 - Email outpatient center’s existing network of patients various coupons/incentives with their permission.
 - Online promotion of MyLife Smoothie via the NutriGals website, and links with every client or cancer outpatient treatment center’s website.
 - As revenue increases each quarter, add low-cost advertising via local media (television and radio)
- **Place:** Nationwide, cancer outpatient treatment centers. However, a horizontal growth strategy may be employed to sell MyLife Smoothie mix and “Booster” additive not only to cancer outpatient treatment centers, but also to outpatient surgery centers, health clubs, spas and potentially athletes and/or training facilities, as revenue increases. In addition, product development is researching MyLife protein bar recipes.



Part 6: Product Line

MyLife Smoothies were created as a result of the passion NUTRIGALS has to help oncology patients maintain a high quality of life. With 15-flavor combinations available ranging from mildly sweet to indulgently decadent, there is at least one flavor for everyone. NUTRIGALS understands that oncology patients have enough on their minds without having to worry about drinking things they dislike to ensure adequate nutrition. These high protein shakes come in a variety of flavors making it easier for patients with extreme taste aversions and even the most decreased of appetites to enjoy meeting their nutritional needs.

MyLife Smoothies are competitive in price with other nutritional supplements on the market, and also contain more nutritional benefits than the competition. MyLife Smoothies are the only supplement available specifically designed to meet the needs of oncology patients. Each MyLife Smoothie contains a minimum of 20 grams of protein, and 100% of the recommended daily value for vitamins A, C, D and E. For added benefits to the MyLife Smoothies, a variety of boosts are available to consumers for an additional fee. Boost options were carefully chosen with consideration given to the common side effects caused by oncology treatments and include protein, antioxidant, daily vitamin, energy and fiber boost. MyLife Smoothies are all natural, with no high fructose corn syrup and no trans fats. NUTRIGALS sweetens all the smoothies with all-natural, organic sugar.

MyLife Smoothies remain competitive with other nutritional supplements on the market by keeping prices low and providing the highest quality of nutrition to consumers. After an initial franchise fee



of \$5,000 per account, the cost of the MyLife Smoothie mix is \$1406.32 per case. Each case comprises five 6-pound bags, which each contain 363 ounces of smoothie mix. Each account must purchase a minimum of five cases per year. Additionally, a minimum of five variety packs of “boosts” must be purchased annually at a cost of \$320.00 per case. A complete listing of costs is available in the financial portion of this business plan. The combination of convenience, taste and quality make MyLife Smoothies a frontrunner in nutritional supplements on the market today.



Part 7: Funding Information

The funding needed for the initial start-up of the company is \$328,695.70. By the end of our first year in business, our revenue will be \$111,367.90; therefore, we will not require future funding. We request funding in the form of a loan with an 18% interest rate on a 15-year term. The funding is for working capital to obtain supplies, market our business, and make payroll. We will use this revenue to begin paying off our loan over a 15-year period and to expand our business. We plan to remain a private business with five owners and expansion of accounts is our main financial goal.

Initial revenue	Yearly loan payment (on initial \$328,695.70 assuming 18% interest/15 year term)	Money left over to expand after 1st year
\$111,367.90	\$63,520.56	\$47,847.34



Part 8: Financials

Prospective Financial Data

The upside of this product is the actual expense to potential profit margin. The company will provide the marketing and sales to a very specific clientele, outpatient cancer centers. The company will not be a manufacturer of any product, but will sell and distribute the smoothie mix and “boost” shots to outpatient clinics. They will also not be responsible for buying a smoothie machine, which will be a cost to the clinics that purchase the smoothie mixes.

Initial Expenses

The expenses will include the cost of marketing the product, office supplies and space, the cost of the smoothie mix and extra additives, the cost of paper products and the labor or personnel costs. The projected price of marketing the product will cost \$7,000 per quarter; which includes graphic design, magazine and online ads, handouts about the products, and the cost of the sales associate traveling to outpatient clinics to sell the product to individual outpatient centers. The cost of the smoothie mix and “boost” shots are \$124.34 per case for smoothies and \$208 per case for variety pack of “boosts”. The cost of marketing products specific to the account is estimated at \$4,000 per account per year. The supplies with logo specific to the product and account will cost \$5,500 per account per year. The final cost is the payroll of the employees, which is projected for 5 part time employees for the first, start-up year.



Initial Revenue

The company will start with a minimum of 21 accounts. The projected goal will be to have 50 or more accounts signed up by the end of the first year. Each account is charged an initial one-time franchise fee, which gives the company the right to use the company name and logo, and an initial, one-time legal fee. Each subsequent quarter the account will be charged a marketing product fee, which includes new marketing tools, a fee for new supplies which includes cups, lids and napkins, and a miscellaneous fee for updating services and items or support. Each company will sign a contract stating they will purchase a minimum of 5 cases of smoothie mix and additive boosts per year. The chart below details each accounts total expenses.



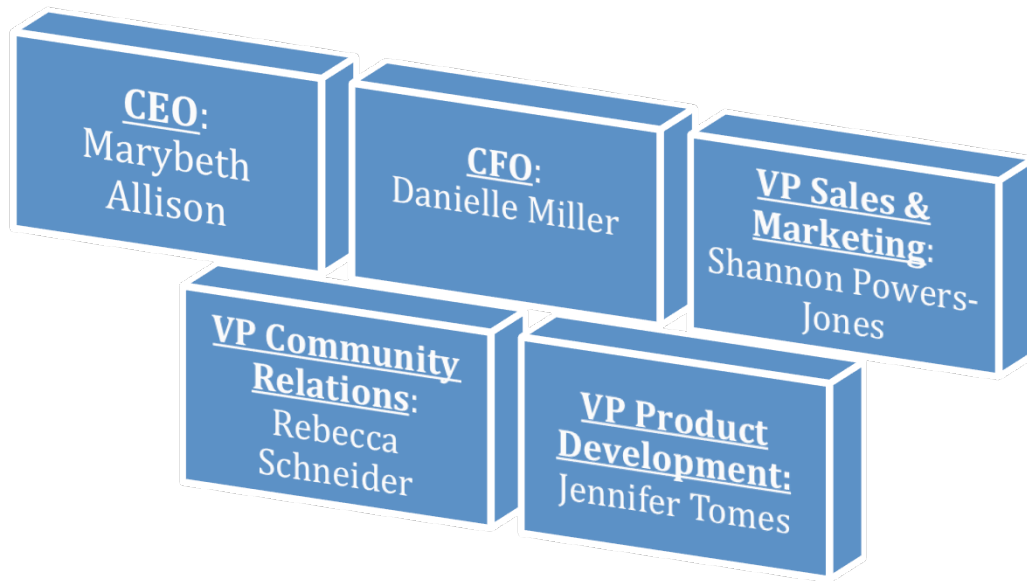
Part 9: Appendix

I. SWOT Analysis

<u>STRENGTHS</u>	<u>WEAKNESSES</u>	<u>OPPORTUNITIES</u>	<u>THREATS</u>
The product provides a protein-packed alternative to traditional protein supplements which will likely appeal to many customers	In an effort to provide variety, many supplies will need to be on hand. Careful forecasting as the company grows will be necessary in order to accurately estimate ordering needs and prevent waste	Potential for expansion due to the many outpatient cancer treatment centers in existence	Potential for patients to provide their own snacks and meals during visits rather than making a purchase
Research exists to support the need for excellent nutrition in this patient population, strengthening the need for this product	Product requires facilities to have necessary equipment/services to market	Constantly improve products as emerging research about nutrition in cancer becomes available	Potential challenge for patients who rely on medical insurance to pay for all treatment-related expenses
Variety is key in marketing a new product and the company provides this. With such variety, adjustments can be made to the product offerings as sales data is collected	Limited data is available concerning previous ventures to market this type of product to an outpatient oncology center	Potential to educate this population of patients about the importance of nutrition in cancer treatment	A certain portion of the patients may not be able to safely eat and drink by mouth or may not tolerate frozen products



II. Organizational Chart



III. Initial Investment for NUTRIGALS

Expenses	Cost	Total Starting Cost (with 21 accounts)
Marking for company	\$7,000 per quarter	\$28,000
Smoothie mix	\$124.34 per case	\$13,055.70
Additive “boost”	\$208.00 per case	\$21,840.00
Marketing products for accounts (account specific)	\$4,000 per year per account	\$84,000
Supplies with logo	\$5,500 per year per account	\$115,500.00
Payroll	\$16,700 per quarter	\$66,800
Total		\$328,695.70



IV: Expected Revenue for NUTRIGALS

Revenue	Cost	Total Starting Income (with 21 accounts)
Franchise Fee (1 time initial fee)	\$5,000	\$105,000.00
Smoothie mix per case (Each 6 pound bag makes 363 oz. of product. There are five 6 pound bags to a case) (minimum of 5 per year) Additives “boosts” - protein, antioxidants, Daily Vitamin, energy, fiber per case (variety pack) (Each includes 1- 5 pound bag of each boost) (minimum of 5 per year)	\$7,031.60 (minimum) \$1,6000 (minimum)	\$147,663.60 \$32,000.00
Marketing product (4 times per year)	\$6,000	\$126,000
Supplies (4 times per year)	\$10,000	\$210,000



V. Account Costs

Cost For Each Account	Initial Fee	1st Year Total
Franchise Fee (1 time initial fee)	\$5,000	\$5,000
Smoothie mix per case (Each 6 pound bag makes 363 oz. of product. There are five 6 pound bags to a case) (minimum of 5 per year)	\$1406.32 \$320.00	\$7,031.60 (minimum) \$1,6000 (minimum)
Additives “boosts” – protein, antioxidants, Daily Vitamin, energy, fiber per case (variety pack) (Each includes 1- 5 pound bag of each boost) (minimum of 5 per year)		
Marketing product (4 times per year)	\$1,500	\$6,000
Supplies (4 times per year)	\$2,500	\$10,000
Legal, accounting & organizational (1 time initial fee)	\$500	\$500
Miscellaneous costs (4 times per year)	\$1,000	\$4,000
Total	\$10,276.32	\$34,131.60



VI. Expected Revenue for NUTRIGALS Year One

Total Starting Income (with 21 accounts)	Total Starting Cost (with 21 accounts)	First Year Revenue
\$440,063.60	\$328,695.70	\$111,367.90

VII. Supporting Article Abstract

**PREVALENCE OF OUTPATIENT CANCER TREATMENT IN THE UNITED STATES:
ESTIMATES FROM THE MEDICAL PANEL EXPENDITURES SURVEY**

Halpern MT, Yabroff KR. *CANCER INVEST.* 2008 Jul;26(6):647-51.
Health Services Research, American Cancer Society, Atlanta, Georgia
30303, USA.

Abstract

Little is known regarding the prevalence of outpatient cancer treatment in the U.S. We analyzed nationally-representative data from the 2000-2004 Medical Expenditure Panel Survey to estimate the number of U.S. cancer patients receiving outpatient chemotherapy and/or radiation therapy annually. Each year, over 1.1 million individuals are estimated to receive chemotherapy or radiation therapy for cancer. Cancer patients younger than 65 receiving treatment who were uninsured were less likely to receive chemotherapy or combined chemotherapy/radiation therapy than were those with public or private insurance. These estimates may be useful for understanding the burden of cancer care and development of programs for cancer survivors.

