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# **Poppin Joe's Kettle Korn**

## **Business Plan**

### **March 7, 2005**

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## Table of Contents

Executive Summary		2
Products and Services	Product/Service Purpose	2
	Product/Service Features	2-3
	Related Products and Services	3
	Product/Service Limitations	3
Market Analysis	Industry Overview	4-5
	<ul style="list-style-type: none"> <li>• History and Current Sales</li> <li>• Growth Potential</li> <li>• Industry Trends</li> </ul>	
	Competition Profile	5-6
	Market Segments	6-7
	<ul style="list-style-type: none"> <li>• Target Markets</li> <li>• Customer Profile</li> <li>• Marketing Strategies</li> </ul>	
	Price and Profitability Analysis	
	Price List	7-8
Pricing Strategies	8	
Pricing Analysis	8	
Break Even Point	8-9	
Founders of the Business	Bob, Jane & Joe	9-11
Management & Operations	Organizational Structure	11-12
Plan for Business Launch	Strengths of Business Concept	13-14
	Critical Steps of the Business Launch	13
	Go!or No Go!	14
Appendix 2005 – 2007	A Profit and Loss	(3 pages)
	B Cash Flow	(3 pages)
	C Cash Flow without PASS	(3 pages)
	D Benefit Analysis	(3 pages)
	E Projected Sales	(12 pages)
	F PASS, VR & DD Council	(1 page)
	Start up costs/Expenses	
	G Joe Smith PASS	(14 pages)
H KS Council Application	(3 pages)	

## **EXECUTIVE SUMMARY**

Poppin Joe's Kettle Korn is a sole proprietorship. Joseph Smith is the owner. The business is the production and sale of fresh kettle korn.

The mission of Poppin Joe's Kettle Korn is to provide fresh, quality kettle korn to people of all ages and economic levels. Initially, this will be done through festivals, local events where large numbers of people gather, and some local outlet sales

Kettle korn is unique in that it is "popped" outdoors and has a very distinctive flavor. It has been observed that people will line up to purchase kettle korn and will patiently wait if necessary to make their purchase. It takes approximately 2 minutes to pop one batch of kettle korn. One batch of kettle korn can produce up to 10 small bags.

Poppin Joe's Kettle Korn is a mobile business and can be taken to where the customers are instead of incurring the overhead cost of a stationary business and waiting for the customers to come to a store.

Poppin Joe's Kettle Korn is projected to develop gross sales of \$45,000 in 2005, \$79,000 in 2006, \$102,000 in 2007, and reach a net profit level of approximately \$9,500 in 2005, \$9,500 in 2006 and \$19,000 in 2007.

Start up funding for Poppin Joe's Kettle Korn is being requested from Vocational Rehabilitation (\$3,950), the US Council on Developmental Disabilities (\$9,000), and Social Security PASS (\$12,286). The PASS will assist Poppin Joe's Kettle Korn with startup operating expenses during the first year. A list of the specific funding requests is detailed in later sections.

## **PRODUCTS AND SERVICES**

### **Product/Service Purpose**

Poppin Joe's Kettle Korn offers on-site popped kettle korn at festivals. Packaged kettle korn is supplied weekly to local quick shops. This freshly popped kettle korn satisfies the immediate snack need of the customers.

### **Product/Service Features**

Poppin Joe's Kettle Korn is easily accessed by the sound and smell of corn popped over an open fired kettle on-site.

- Continuous quality improvement of product results in efficient production and the highest quality product.

- Superior packaging includes a clear crisp see through package.
- Poppin Joe’s Kettle Korn is available in two flavors, regular and cinnamon.
- Packages come in three sizes: small, 4 oz.; medium 12 oz.; large 20 oz.
- Volume is consistent in each bag. Fluffy corn is greater in volume than heavier corn because of smaller kernels. Local quick stores carry small and medium sized bags of kettle korn restocked weekly.

### **Product/Service Benefits**

The benefits of Poppin Joe’s Kettle Korn are that the customer receives:

- A very tasty treat.
- Each batch freshly made by hand over an open fired kettle.
- All natural ingredients.
- An attractive re-sealable polypropylene bag extends the shelf life of kettle korn.
- Kettle Korn has been “sifted” to reduce the number of old maids.
- The Kettle Korn comes bagged in three sizes to meet the individual “munch” need.

### **Related Products and Services**

Poppin Joe’s Kettle Korn will consider adding to their existing products new products and services.

- New kettle korn flavors are being explored and added when the test market proves a demand.
- A mail order market is being researched.
- Expansion for off-season productivity of the business may be an old-fashioned ice cream made with an old crank style ice cream maker.

### **Product/Service Limitations**

As with many small businesses, the amount of events that can be worked by Poppin Joe’s Kettle Korn is limited by the availability of the owner and primary popper. In order to build a business that can grow qualified, experienced poppers must be trained and hired. These poppers will display good work ethics, an understanding of the public, and have a respect for the owner.

- Equipment and the primary popper limit the amount of product that can be produced.
- It is only possible to pop at one festival when two or more festivals have invited us.
- Weather predicts the quality of the product as well as the number of potential customers attending the festival.
- Quick shop shelf life of the product is one month.

# **MARKET ANALYSIS**

## **Industry Overview**

### **History and Current Sales**

Popcorn is one of the oldest American foods and has had a significant role in our history. The Native Americans used popcorn as a staple in their diet and for decoration. By the time the colonist arrived in the New World, Native Americans grew over 700 varieties of popcorn. English colonists were introduced to popcorn at the first Thanksgiving feast at Plymouth, Ma. Quadequina, brother of the Wampansoq Chief Massasoit, brought a deerskin bag of popped corn to dinner as a gift. The enterprising colonists took this new food one step further by adding sugar and milk to their new found treat.

One of the ancient ways to pop corn was to heat sand in a fire and stir kernels of popcorn in when the sand was fully heated.

Charles Cretors, founder of C. Cretors and Company in Chicago, introduced the world's first mobile popcorn machine at the World's Columbian Exposition in Chicago in 1893. Scientific American reported: "This machine...was designed with the idea of moving it about to any location where the operator would be likely to do a good business. The apparatus, which is light and strong, and weighing but 400 or 500 pounds, can be drawn readily by a boy or by a small pony to any picnic ground, fair, political rally, etc. and to many other places where a good business could be done for a day or two.

Popcorn was very popular from the 1890's until the Great Depression. Street vendors used to follow crowds around, pushing steam or gas-powered poppers through fairs, parks and expositions.

During the Depression, popcorn at 5 or 10 cents a bag was one of the few luxuries down and out families could afford. While other businesses failed, the popcorn business thrived. An Oklahoma banker who went broke when his bank failed bought a popcorn machine and started a business in a small store near a theater.

After a couple years, his popcorn business made enough money to buy back three of the farms he had lost.

During World War II, sugar was sent overseas for U.S. troops, which meant there was not much sugar left in the States to make candy. Thanks to this unusual situation, Americans ate three times as much popcorn as usual.

Popcorn went into a slump during the early 1950's, when television became popular. Attendance at movie theaters dropped and, with it, popcorn consumption. When the public began eating popcorn at home, the new relationship between television and popcorn led to a resurge in popularity.

## **Growth Potential**

Encyclopedia Popcornica tells us Americans today consume 17 billion quarts of popped corn each year. The average American eats about 54 quarts. Of 17 billion quarts of popcorn sold, 6 billion 290 million quarts are sold popped. 37% of popcorn consumed is already popped.

Approximately 70% is eaten in the home (home popped and pre-popped) and about 30% outside the home (theaters, stadiums, schools, etc.).

## **Industry Trends**

Popcorn is an American food. It is a very economical grain and a very economical way to add fiber to your diet. On average, two tablespoons of unpopped kernels produce a quart of popcorn for about a nickel according to The Popcorn Board.

At farmers markets and festivals currently popcorn is an attraction popped in an old cast iron lard kettle with sugar best known as Kettle Korn. In our trial testing the Kettle Korn market at festivals in the US City and surrounding area, it is impossible to pop more than is sold.

## **Competition Profile**

There are several factors to consider when determining and evaluating the competition for Poppin Joe's Kettle Korn.

The most direct form of competition for Poppin Joe's Kettle Korn would be other kettle korn vendors working festivals and events. A search of the US State competing businesses has provided the following results:

- J. Smith – Primarily works festivals and events in US
- B & C mith – Working from a mobile home around in Some State and US
- M & C Smith – Now running a shop in US (no longer traveling)
- J. Smith – Primarily working a local mall and festivals in Some State
- AwSmith – Based in US, but no information on type of sales
- Smith's Kettle Korn – Is now only selling from a shop in US City

Based on the above listed results, the size of the state of US, and the number of festivals and events, there is only a minimal competition level for kettle korn in the area. Once Poppin Joe's Kettle Korn has worked an annual event or festival, it is anticipated they will become a repeat customer each year.

Internet sellers of Kettle Korn offer minimal competition at this time. Poppin Joe's Kettle Korn will be researching the possibility of mail order in the future, but currently this is not a direct competitor.

Sellers of freshly popped regular popcorn would also be considered competition. However, Poppin Joe's Kettle Korn offers a product that offers a sweet and salty distinct flavor. Poppin Joe's uses samples to entice those people who have never tried kettle corn and attracts people with the unique popping technique.

Other types of popcorn such as microwave, stove top, prepackaged, and theaters would not be considered direct competition for Poppin Joe's Kettle Korn as they are primarily consumed in the home or in theaters which are not Poppin Joe's primary markets.

## **Market Segments**

### **Target Markets**

The primary target market for Poppin Joe's Kettle Korn is people attending festivals – singles, single parents, families, children, young adults, retired, etc. customers from all levels of income come ready to spend money. Kettle Korn appeals to the sense of smell and the popping sound attracts the customer. This economical snack also offers nutritional value.

Quick shops/convenience stores offer a market Poppin Joe's Kettle Korn is currently testing. Customers from every walk of life pick up snack food when inside the store. Another potential market is mail order.

### **Customer Profile**

The customers are singles, single parents, parents, children, young adults retired, etc. Snacking is a way of life that the smell and sound appeals to “munchers” at a modest cost. Customers from all economic incomes are easily able to afford Poppin Joe's reasonably priced kettle corn as a “treat” and attend festivals for entertainment.

### **Marketing Strategies**

Poppin Joes's promotional strategies include:

- Booking festival events
- Fundraisers
- Samples on site
- Samples at distribution sites
- Samples given to potential outlets
- Business Cards
- Word of mouth
- Prizes
- Customer service

The first step to popcorn snacking is popping perfection. Popping on site at festivals is the ideal place to put Poppin Joe's Kettle Korn directly in the hands of the final customer.

The Quick Shops have their distribution system in place. Poppin Joe’s Kettle Korn delivers and stocks the product on the shelf each week.

An attractive visual logo is being used that appeals to the target audience. The logo is used on all labels, business cards, banners, stationary, etc., presenting a consistent look. This identifies Poppin Joe’s Kettle Korn well.

The marketing budget is no more than 5% annually.

- Samples at distribution sites/25 samples
- Business Cards
- Fundraisers
- Samples to potential outlets
- Word of mouth
- Competitive Pricing

There will, however, be an initial purchase of \$1,200 in marketing expenses to open the business with funds requested from Vocational Rehabilitation. These marketing items will include:

1. Items with Poppin Joe’s Kettle Korn Logo – Shirts, caps, aprons, tablecloths, etc.
2. Initial supply of business cards, stationary, labels, etc.

Poppin Joe’s is also testing the market at a snack bar at a federal building. This site has proven to be a good seller and does not require a commission on sales, other than it’s own retail markup. The snack bar is a blind enterprise and sells out very quickly. Therefore, it is projected an additional batch each week will need to be produced for sale at this site by spring of 2005. Two additional blind enterprise sites are being explored. It is anticipated a second site will be secured by mid-year 2005 and a third by January 2006.

## **PRICE AND PROFITABILITY ANALYSIS**

### **Price List**

#### **Poppin Joe’s Kettle Korn at festivals and some contract sites**

			<u>Price</u>	<u>Cost</u>
Regular Kettle Korn	Small	5oz.	1.00	.17
	Medium	14oz.	3.00	.61
	Large	24oz.	5.00	.92
Cinnamon Kettle Korn	Small	5oz.	\$1.00	\$ .27
	Medium	14oz.	3.00	.93
	Large	24oz.	5.00	1.40



**Poppin Joe’s Kettle Korn at quick shops (30% commission given)**

		Price	Cost
Regular Kettle Korn	Small	\$1.00	\$ .47
	Medium	3.00	1.51
	Large	5.00	2.42
Cinnamon Kettle Korn	Small	1.00	.77
	Medium	3.00	1.83
	Large	5.00	2.90

**Quick Shops**

Profitability at quick shops has a lower gross return than at festivals. Quick shops receive 30% margin for selling product.

**Pricing Strategies**

Poppin Joe’s Kettle Korn is priced to cover expenses and to provide a reasonable profit. The product has been compared to the prices of other items sold at local festivals and is reasonably priced for a consumable product.

**Pricing Analysis**

One batch of popped kettle korn results in:

- 10 small bags or
- 3 medium bags or
- 2 large bags

If all bags are sold from a batch, it will result in the following profits per batch:

	Regular Kettle Korn		Cinnamon Kettle Korn	
	Festivals	Quick Shops	Festivals	Quick Shops
Small	\$8.30	\$5.30	\$7.30	\$2.30
Medium	\$7.17	\$4.47	\$6.21	\$3.51
Large	\$8.16	\$5.16	\$7.20	\$4.20

**Break Even Point**

(Annual fixed costs / (1 - the decimal equivalent of annual COGS) = annual break even point)

**2005**

Projected fixed costs in 2005: \$32,136

Projected decimal equivalent of annual COGS in 2005: \$16,933 COGS / \$58,630 Sales = .2888, 1 - .2888 = .7112

**Annual Break Even Point 2005:**  $\$32,136 / .7112 = \underline{\$45,185.60}$

**Average Monthly Break Even Point for 2005** is \$3,765.47

## **2006**

Projected fixed costs in 2006: \$40,721

Projected decimal equivalent of annual COGS in 2006:  $\$29,633 \text{ COGS} / \$79,940 \text{ Sales} = .37069$ ,  $1 - .37069 = .62931$

**Annual Break Even Point 2006:**  $\$40,721 / .62931 = \underline{\$64,707.38}$

**Average Monthly Break Even Point for 2006** is \$5,392.28

## **2007**

Projected fixed costs in 2007: \$45,521

Projected decimal equivalent of annual COGS in 2007:  $\$38,100 \text{ COGS} / \$102,780 \text{ Sales} = .37069$ ,  $1 - .37069 = .62931$

**Annual Break Even Point 2007:**  $\$45,521 / .62931 = \underline{\$72,334.78}$

**Average Monthly Break Even Point for 2007** is \$6,027.90

## **Founders of the Business**

### **Joseph Smith**

Joe is a 19 year old high school graduate who started to produce and sell popcorn as a family hobby business, mainly on weekends due to high school classes during weekdays, over four years ago, in October of 2000. He loves the variety of business related tasks involved in producing and selling popcorn and the interactions of working in the public with a wide range of customers. After his introduction to making and selling popcorn in the fall of 2000, Joe has expanded his customer service and sales skills, through summer and other part time employment including continuing part time employment at Somewhere Community Center and Smith Stables over the past four years. He has also developed a sound community service ethic by giving back to his community through community services as a volunteer for Campfire, Adventure Fitness, his family church, and reliably assisting an elderly neighbor with summer lawn care.

Popcorn popping changed Joe's life and opened up an entire new world of diverse work and volunteer opportunities that continue to expand as he formalizes his passion in the

Popcorn popping field into the launch of his new business, “Poppin Joe’s Kettle Korn”. Over the past four years Joe has grown into an experienced young man, with a combination of business, wage employment and volunteer experiences. Joe’s courteous and warm inviting manner and smile welcomes all customers. Joe’s disability has limited his speech throughout his life, yet when Joe is working, making and selling popcorn he reaches deep within and finds the strength to reach out to you as his vocal cords work beyond anyone’s expectations and exceed medical diagnosis as his face turns slightly red from the energy he musters to produce the most welcoming and genuine “Hi” possible. Your desire to buy popcorn – becomes one of the most pleasant purchasing experiences of your life. You become a return customer, not out of sympathy or out of awe or inspiration but out of unique sales experience of pure buyer’s delight that you cannot put into words. Joe Smith is Poppin Joe!

### **Jane Smith**

Jane Smith has been and currently is: a 320 acre row crop with livestock family farm business operations sales and record keeper for over 25 years, and in the past four years a popcorn production and sales record keeper; a US Partners in Policy Making graduate; a former 4 year tenure Board of Directors member of the Some State Protection and Advocacy Board; a parent representative for the Some State Council for early intervention; a consultant and public speaker for the National Association for people with Severe Handicaps, TASH; and a graduate of the US Fist Steps Small Business Feasibility Course. Jane’s community involvement leadership and business experience and skills are clearly one of the key strengths of this business and business plan. Beyond her technical skills is the daily passion she brings into everyone’s lives around her as she sets up festival selling schedules, logistics for cost effect raw materials purchasing and packaging, constant networking with vendors and customers, festival organizers, and coordinating all the interrelated members of the popcorn popping production and sales team. Jane continually advocates for social and economic equality and integration of all people in her community and leads by her actions from the moment she wakes up until late into the night each night.

Jane’s motivation and passion stems from her first experience of seeing her son produce and sell popcorn in front of a local rural grocery store – where she unsuccessfully fought back tears of excitement as she witnessed her son interact with customers as Joe mustered the strength to speak to each customer while he was turning red with his personal draw on his own internal energy to proudly speak the word “Hi” to a customer. Speech is very difficult for Joe due to his disability and a variety of augmentative communication devices are used in his life to assist him to communicate. Yet no device can replicate the production of Joe’s spoken “Hi!” to a new customer. Popping popcorn that day back in the fall of 2000, forever changed Joe’s, Bob’s and Jane’s lives. Since that time Jane has reached far beyond her inner strength and past skills to pragmatically work out all the challenges and opportunities of popcorn production and sales with a vision and energy matched only by Joe and Bob.

### **Bob Smith**

Bob graduated from the Some State School of Business Administration in 1963, and brings over 30 years of business ownership, administration, marketing, and sales into the

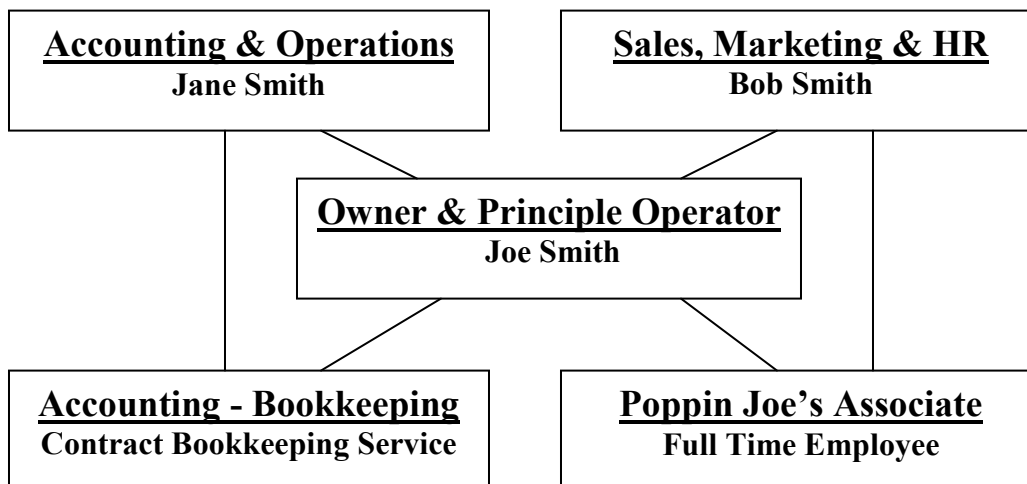
development and organizational support of Poppin Joe’s Kettle Korn. Bob shares with Jane the success of graduating from US Partners in Policy Making and is a member the state Council for Developmental Disabilities and the state Workforce Task Force; and a public speaker for the National Association for people with Severe Handicaps, TASH. Bob’s corporate and business management experience spans multiple successful careers and successful business ownership in areas such as: a 320 acre row crop farm with livestock; Smith & Associates customer service manager for seven offices; Good Year Tire & Rubber Company; Eaton Corporation Human Resources Manager, including receiving the Corporate James R. Stover Award.

Bob began researching the current family popcorn popping trials sales efforts with his son Joe, after attending a Partners in Policy Making Course in 2000, and a subsequent unrelated business trip to Alaska. While Bob was in Alaska he visited Anchorage’s City Market. Bob noticed an unusually long line of customers, compared to other street market booth lines, waiting to purchase Kettle Korn and quickly connected his son’s interests and latent untapped talents with a potential opportunity to explore a future Kettle Korn small business with his 15 year old son. Bob waited patiently to find an opening to talk to the owner of the business and found he had to wait all day due to the continuing sales, yet did wait and did connect with the owner and began the initial business research and subsequent journey that has led to the development of Poppin Joe’s Kettle Korn. Bob’s fortuitous trip to Anchorage’s City Market, was the random unexpected match that lit the wild fire that is now shining through US days and nights as Joe is popping and selling “Poppin Joe’s Kettle Korn”.

## **Management and Operations**

General management of the business will be provided by Jane and Bob. As the business grows, some management functions will be delegated to a trusted employee.

### **Organizational Structure**



General management duties will be retained by Jane and Bob and will not be assigned to an employee until Poppin Joe's Kettle Korn can financially support an employee's time and labor in this area. An employee(s) will be hired to assist in production. A search is underway for an employee, planned to start in July 2005, who will fit the following needs of Poppin Joe's Kettle Korn:

**Skills/Traits:**

Weekend availability & Flexibility  
Driver's license – with good driving record  
Customer friendly, Honest, Honorable, Energetic  
Comfortable with Bob, Jane and Joe

**Duties:**

Assist with ordering supplies  
Drive owner (e.g. deliveries, to supplier, to festivals, etc.)  
Assist owner with sales/customer service & collect cash/checks  
Cross Trained to: Set up equipment, Production of popped corn, Measure ingredients, Sift popped corn, Package popped corn

**Bookkeeping** – subcontract with a local bookkeeper

**Inventory Management** - employee to oversee Joe's ordering and inventory tasks. Joe can order with technology and supervisory support. Drive Joe to local supplier. Joe loads and unloads. He knows exactly where all is to be placed.

**Producing Product** - Joe sets up equipment. Labels the bags. Measure the ingredients. Joe sifts, bags, and with assistance sells to customers. Joe needs help to seal the bags at this time. Joe needs a driver to deliver product.

**Customer Service** – Jane, Bob and Joe insist the customer be served. All involved with Poppin Joe's will be customer friendly always.

**Record Keeping** – Jane and Bob

**Sales, Marketing and Promotion** –Joe and Bob

**Scheduling** - Joe is always willing to work. At this time the schedule is being established. The work will center around the schedule established and be flexible enough to accommodate new sales opportunities as they develop

**Manage Cash & Checks** - Jane's responsibility with transferring responsibility over time to an invested employee in the future.

**Employee Supervision** - Bob oversees the entire business. An invested employee will in the future.

# PLAN FOR BUSINESS LAUNCH

## Strengths of Business Concept

The strengths of the business are:

- Personally tested and tried local and area markets.
- Nonperishable raw materials/No loss
- Low financial risk
- Cash business
- Low cost of goods sold
- Popular product
- Flexible work schedule (days and hours)

## Critical Steps of the Business Launch:

- Recruit an employee to work within the business and support Joe
- Be certain all is in place for the owner's (Joe's) financial and health stability
- Business plan (completed)
- Secure Vocational Rehabilitation funds for start up expenses:
  - Computer & Printer \$ 800.00
  - Initial Stocks & Supplies \$ 900.00
  - Office Supplies \$ 500.00
  - Insurance \$ 550.00
  - Marketing Expenses \$1,200.00
  - Total **\$3,950.00**
- Secure US Council on Developmental Disabilities funds for start up expense:
  - Stainless Steel Kettle & Separator **\$9,000.00**
- Submit PASS and receive approval. PASS expenses:
  - Cost of Goods Sold (popcorn, bags, sugar, oil, salt, etc.) \$10,842
  - Accounting/License/Legal Fees \$ 284
  - Bank Fees \$ 120
  - Internet Services \$ 480
  - Phone \$ 360
  - Repair & Maintenance \$ 200
  - Total **\$12,286**
- Set schedules for festivals
- Set up record keeping for the business and for Joe's Social Security and Medicaid.
- Legal Issues— Finalize all legal issues & purchase liability insurance.
- Ongoing Business Counseling — Continues working with business counselors to ensure the success of Poppin Joe's Kettle Korn including First Step Mentors, Score Advisors, Vocational Rehabilitation, Social Security and Medicaid.

### **Go! Or No Go!**

Poppin Joe's Kettle Korn will "Go!" based on this business plan, successful trials completed, successful startup funding acquired, and the attached financial projections. Jane Smith will continue to use the First Step Mentor Program and advice from established business advisory mentors to be objective about the business' progress. Vocational Rehabilitation, Social Security, US Council on Developmental Disabilities, and Medicaid support is critical to make this a success for Poppin Joe.