

All-Star Meat Market

*A place where treat you and your family like an All-Star.
We take pride and service and understanding the needs of every
All-Star.*

Business Plan
June 2012

Fabian M.
Owner & Founder

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EXECUTIVE SUMMARY

Management:	Fabian M.
Company Name:	All-Star Meat Market
Industry:	Food
Owner investment - cash	\$ 20,000
Owner investment - equipment	10,000
Vehicle and/or equipment loan	-
Start up financing	54,835
Total start up costs:	\$ 84,835
Plan Purpose:	Business advisors and debt financing

Overview: All-Star Meat Market is a neighborhood meat market committed to personal relationships, sincere customer service and quality-fresh meats.

Product Offering: All-Star will provide custom cuts and accept special orders. Meats such as beef, pork, poultry and homemade sausages will account for 90% of our revenue. The remaining 10% will consist of seasonings, charcoal and accessories.

Market: The meat industry has a year round demand, which is heightened by holidays. Although the meat industry has seen changes in the types of meats purchased in recent years due to the downturn in the

economy, Americans have continued to consume meat products. As the economy and the population grow in the Houston area, the demand for meat will increase.

Competition: Our direct competitors will be major grocery store chains in the area, such as Wal-Mart, HEB and Kroger. These stores focus on mass production of meats. Being a small neighborhood operation will allow us to establish ourselves with those within the community.

Differentiation: All-Star Meat Market will focus on customer relationships by getting to know our customers on a personal level. We will accomplish this by learning our customer's names as well as their likes and dislikes. This will help differentiate us from large grocery stores due to the large scale of the store and high volume of customers.

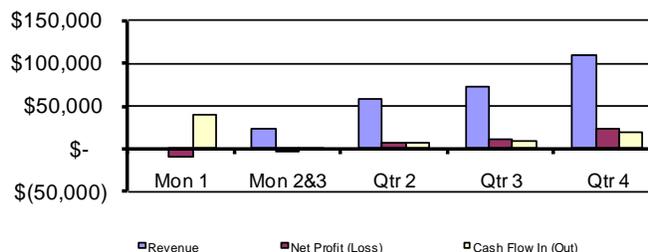
Marketing Strategy: All-Star will use a 55% mark up on most beef and pork products. We are expecting an average cost of \$10 per pound for steaks and \$3.50 per pound for our beef roasts. Pork will average \$4.50 per pound for roasts and \$3.50 per pound for pork chops. Our home made sausages will be \$5 per pound bringing our unit price to be \$35. We are located off Center Street in Deer Park, Texas, putting us right in the heart of the city and the most traffic. All-Star will first reach out to the community by personally handing out fliers on a monthly basis, stand on various intersections during peak traffic hours and give free All-Star t-shirts when a customer spends \$100 or more. Last, we will sponsor and support the little league teams of the community.

Revenue Model and Financial Projections:

	Beef		Pork		Sausage	
Per <i>Unit</i> Dollars						
Sales price	\$ 21.00	100%	\$ 9.00	100%	\$ 5.00	100%
Non-owner labor cost	-		-		-	
Other variable costs	(9.50)		(3.00)		(1.50)	
Fin. stmt. gross profit	11.50	55%	6.00	67%	3.50	70%
Owner labor value	(0.50)		(0.50)		(0.50)	
Pro forma gross profit	\$ 11.00	52%	\$ 5.50	61%	\$ 3.00	60%
Year 1 total units sold	7,510		7,510		7,510	

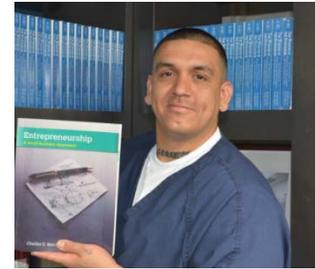
Year one summary income statement:

Sales:	\$ 262,800	100%
COGS	105,100	40%
Gross profit	157,700	60%
Overhead	82,100	31%
Pretax income	75,500	29%
Tax expense	18,800	7%
Owner withdrawals	30,800	12%
Net income	\$ 25,800	10%



LEADERSHIP

As the founder and owner of All-Star Meat Market, Fabian M. will be responsible for the general management of the company. Fabian will be responsible for managing and overseeing every aspect of the business, including the sales, marketing and customer service.



Fabian brings to this venture more than 10 years of experience as a butcher. He has previously worked in both a meat market and grocery store as a meat cutter. In addition to cutting meat, Fabian also worked as a customer service representative.

Fabian's credentials also include his GED, which he obtained through the Windham School District in Huntsville, Texas. Through this program, he completed 300 hours in a Business Computer Information Systems course and was certified in Microsoft Office, Word, PowerPoint, Excel and Access.

PRODUCT OFFERING

"All-Star" is a local service meat market with a sports related atmosphere. The store will carry homemade sausages and fresh meat cut. Additionally, All-Star will provide custom cuts, offer to season any meat, accept special orders, and have multiple recipes for every cut. Meats such as beef, pork, poultry and homemade sausages will account for 90% of our revenue. The remaining 10% will consist of seasonings, charcoal and accessories. We plan to open for business in 2017.

All-Star will freshly cut beef and pork on a daily basis. We will use only thick quality freezer paper to ensure protection from freezer burn. All-Star will also provide vacuum packaging upon request. When needed by a customer, we will custom cut any piece of meat, any size, at any time.

In the future, All-Star plans to expand services to wild game processing; domestic deer during open season and exotics year round. Our eagerness to service and satisfy our customers as family, will make All-Star a success.

MARKET

Americans spent \$154.8 billion on meat in 2009. The consumption of meat and poultry generates \$2.4 billion in state sales taxes. The meat industry has a year round demand, which is heightened by holidays. Although the meat industry has seen changes in the types of meats purchased in recent years due to the downturn in the economy, Americans have continued to consume meat products. As the economy and the population grow in the Houston area, the demand for meat will increase. While the large grocery store chains focus their attention on production and profits, All-Star Meat Market will focus on customers' satisfaction. All-Star Meat Market will be able to cater to local consumers of all incomes, which will broaden our range of consumers; we will accept cash, credit and the Lone Star Card.

COMPETITION

Our direct competitors will be major grocery store chains in the area, such as Wal-Mart, HEB and Kroger. These stores focus on mass production of meats. Being a small neighborhood operation will allow us to establish ourselves with those within the community. All-Star Meat Market will have the first mover advantage that will allow us to create and establish a foundation of loyal customers, which would make it difficult for another small meat market to follow and retain the same customers.

DIFFERENTIATION

All-Star Meat Market will focus on customer relationships by getting to know our customers on a personal level. We will accomplish this by learning our customer's names as well as their likes and dislikes. This will help differentiate us from large grocery stores due to the large scale of the store and high volume of customers. Every piece of meat will be properly wrapped for the freezer in a thick, high quality coated freezer paper. We will also provide vacuum packaging services and custom cuts. Additionally, we will accept special orders for items that we do not carry. All-Star Meat Market will get to know our customers personally in order to be able to serve them better.

MARKETING STRATEGY

Price

All-Star Meat Market will use a 55% mark up on most beef and pork products. Our final price per pound will be determined by our cost set by our suppliers. We expect an average cost of \$10 per pound for steaks and \$3.50 per pound for beef roasts, while pork will average \$4.50 per pound for roasts and \$3.50 per pound for pork chops. Our home made sausages will be priced at \$5 per pound bringing our unit price to \$35, which is appropriate considering our competitors' prices.

Place

All-Star Meat Market will be located off West Lake Blvd. in Atascocita, Texas. This location will be in the center of the community, giving us high exposure.

Promotion

All-Star Meat Market will first reach out to the surrounding community by placing ads in the local Greensheet and handing out fliers with Qrcodes and coupons at neighboring intersections during peak traffic hours. We will create a Face book page as well as a link to our home web page with Yahoo Business.com. Lastly, we will sponsor and support the little league teams of the community.

Two Months Before Starting

Research/Advisory

- Choose business name
- Finalize business plan
- Research competition
- Research required permits/licenses

Marketing

- Create a marketing strategy
- Finalize design and print business cards and fliers
- Place ad in local paper
- Set sales goals

Compliance

- Obtain permits/licenses (local/state)
- Obtain Texas sales tax ID
- Obtain employee ID from IRS
- Open account with meat distributor
- File DBA

Other

- Obtain multiple phone lines (communications, fax, credit card)
- Trademark logo
- Obtain financing
- Hire an accountant
- Hire sales representative
- Rent building
- Acquire appropriate insurance

First Two Months After Starting

- Obtain multiple customers
- Create customer relationships
- Analyze effectiveness of marketing strategy
- Reinforce advertising
- Request feedback from customers
- Hire first employee

First Year

- Be profitable
- Lower fixed costs
- Begin repayment of loans/equity investments
- Develop philanthropy plan
- Invest in more equipment for business
- Evaluate marketing strategy

Second Year

- Evaluate and adjust strategies
- Begin philanthropy plan
- Payoff loans/equity investments
- Re-evaluate marketing strategy

Fifth Year

- Evaluate and adjust business model and strategies
- Evaluate marketing strategies
- Establish more customer relationships

Tenth Year

- Evaluate and adjust business model and strategies
- Evaluate marketing strategies

Philanthropy

In addition to donating a portion of our profits, All Star Meat Market will volunteer with various little league sports organizations and organizations that work with disadvantaged children. I will also seek public speaking opportunities in order to share my experiences about the consequences of drugs and alcohol with youths.

Community Impact

Through volunteering in the community, especially with the youth population, I hope that my store will help kids make the right decision when it comes to drugs and alcohol.

FINANCIAL SUMMARY

All Star Meat Market's revenue model¹ is based on selling the following three Products:

- Beef at an average price of \$21.00. This service has a material cost of \$9.50 and owner's labor charge of \$.50 producing a gross profit of \$11.00 for each beef sold. Materials include beef and paper products. We project selling 7,510 of these in the first year for revenues of \$157,700.
- Pork at an average price of \$9.00. This service has a material cost of \$3.00 and owner's labor charge of \$.50 producing a gross profit of \$5.50 for each pork sold. Materials include pork and paper products. We project selling 7,510 of these in the first year for revenues of \$67,600.
- Sausage at an average price of \$5.00. This service has a material cost of \$1.50 and owner's labor charge of \$.50 producing a gross profit of \$3.00 for each sausage sold. Materials include pork trim and paper products. We project selling 7,510 of these in the first year for revenues of \$37,600.

This will generate more than \$262,000 in first-year revenues with a net profit of more than \$25,900. This is a 10% net margin after deducting \$49,700 in total owner compensation (\$30,800 cash withdrawals and \$18,900 income taxes).

All Star Meat Market will have a positive cash flow in the second month of operations.

FINANCING STRATEGY

All Star Meat Market will start in 2017. Total start-up funding is \$84,835. This amount will cover all equipment, permits, supplies and other start-up costs.

Fabian will save \$20,000 in 36 months of employment in the construction industry. He also currently owns \$10,000 of equipment which he will use to start the business. The combined \$30,000 will be Fabian's initial capital contribution.

The company will have an additional \$54,835 in debt financing that will be repaid in 36 months at 10%.

¹ The revenue model in the Executive Summary includes money paid for non-owner labor plus the economic value of the owner's labor (not necessarily cash paid). Initially, the business will be unincorporated and, as such, receives no tax deduction for money paid to the owner. A deduction for owner's labor is included in the Executive Summary so the reader can assess the pro forma gross profit of the products and/or services. Estimating this pro forma gross profit requires the PEP participant to value his time in calculating a realistic sales price for his company's services. The attached financial projections differ in that non-owner labor is included in cost of goods sold, and money withdrawn by the owner is shown as owner withdrawals after calculating the business's tax expense but before net income.

Fabian M. DBA All-Star Meat Market
Assumptions Used in Projected Income and Cash Flow Statements
Year 1

Note 4 Revenue Model

	Product 1				Product 2				Product 3					
Product name	Beef				Pork				Sausage					
Product description	Average of steak and roast (3lbs.)				Average of prok chop roast (2lbs.)				Average of the variety of sausages (1lb.)					
Price per unit	21.00		100%		9.00		100%		5.00		100%			
Cost of one unit	hours	rate			hours	rate			hours	rate				
Non-owner payroll exp.			-	0%			-	0%			-	0%		
Non-owner payroll tax			-	0%			-	0%			-	0%		
cost 1 description	Wholesale Beef		9.00	43%	Wholesale Pork		2.50	28%	Pork Trim		1.00	20%		
cost 2 description	Paper Products		0.50	2%	Paper Products		0.50	6%	Paper Products		0.50	10%		
cost 3 description				0%				0%				0%		
cost 4 description				0%				0%				0%		
Total variable costs			9.50	45%			3.00	33%			1.50	30%		
Income statement gross profit per unit			11.50	55%			6.00	67%			3.50	70%		
Owner's labor charge	hours	rate	0.05	10.00	0.50	2%	0.05	10.00	0.50	6%	0.05	10.00	0.50	10%
Pro forma gross profit			11.00	52%			5.50	61%			3.00	60%		

	Start-up Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
Beef sold		320	340	450	550	650	700	700	700	1,000	1,400	700	7,510
Pork sold		320	340	450	550	650	700	700	700	1,000	1,400	700	7,510
Sausage sold		320	340	450	550	650	700	700	700	1,000	1,400	700	7,510
total revenue		11,200	11,900	15,750	19,250	22,750	24,500	24,500	24,500	35,000	49,000	24,500	262,850
total cost of sales		4,480	4,760	6,300	7,700	9,100	9,800	9,800	9,800	14,000	19,600	9,800	105,140
total income statement gross profit (excludes owner labor)		6,720	7,140	9,450	11,550	13,650	14,700	14,700	14,700	21,000	29,400	14,700	157,710
Owner's labor hours (time spent directly related to sales)		48	51	68	83	98	105	105	105	150	210	105	1,127

Note 5 Financing

	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
Start-up financing, see Note 3												
Amount borrowed	54,835	0	0	0	0	54,835	53,523	52,199	50,865	49,519	48,163	
Interest rate	10%	0	0	0	0	456.9583333	446.0216	434.9936	423.8738326	412.6613544	401.3554	2575.864
Payback period (months)	36	0	0	0	0	-1312.412876	-1323.35	-1334.38	-1345.497377	-1356.709855	-1368.016	-8040.363
Grace period (months)	6	0	0	0	0	53,523	52,199	50,865	49,519	48,163	46,795	
Monthly payment	1,769											

Note 6 Payroll - nondirect

	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
# of employees	1	1	1	1	1	1	1	1	2	2	1	
average hours each employee worked per month	140	140	140	140	140	180	140	160	200	250	140	
average per hour wage	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	
salary expense	1,120	1,120	1,120	1,120	1,120	1,440	1,120	1,280	3,200	4,000	1,120	17,760

Fabian M. DBA All-Star Meat Market
Projected Income and Cash Flow Statements
Year 1

	Assump- tions	Start-up Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year	% of Total Revenue
Revenue	2														
Beef	4	-	6,720	7,140	9,450	11,550	13,650	14,700	14,700	14,700	21,000	29,400	14,700	157,710	60%
Pork	4	-	2,880	3,060	4,050	4,950	5,850	6,300	6,300	6,300	9,000	12,600	6,300	67,590	26%
Sausage	4	-	1,600	1,700	2,250	2,750	3,250	3,500	3,500	3,500	5,000	7,000	3,500	37,550	14%
Total revenue		-	11,200	11,900	15,750	19,250	22,750	24,500	24,500	24,500	35,000	49,000	24,500	262,850	100%
Cost of Goods Sold	2														
Beef	4	-	3,040	3,230	4,275	5,225	6,175	6,650	6,650	6,650	9,500	13,300	6,650	71,345	27%
Pork	4	-	960	1,020	1,350	1,650	1,950	2,100	2,100	2,100	3,000	4,200	2,100	22,530	9%
Sausage	4	-	480	510	675	825	975	1,050	1,050	1,050	1,500	2,100	1,050	11,265	4%
Total COGS		-	4,480	4,760	6,300	7,700	9,100	9,800	9,800	9,800	14,000	19,600	9,800	105,140	40%
Gross profit		-	6,720	7,140	9,450	11,550	13,650	14,700	14,700	14,700	21,000	29,400	14,700	157,710	60%
Expenses	2														
Auto or truck lease		-													0%
Depreciation	3	-	525	525	525	525	525	525	525	525	525	525	525	5,775	2%
Gasoline & fuels		-													0%
Insurance - bonding		-													0%
Insurance - vehicle		-													0%
Interest - equip & start up	5	-	-	-	-	-	457	446	435	424	413	401		2,576	1%
Marketing	1,500	-	500	500	500	500	500	500	500	500	500	500		4,000	2%
Office - rent		-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500		16,500	6%
Office - insurance		-	500	500	500	500	500	500	500	500	500	500		5,500	2%
Office - telephone		-	200	200	200	200	200	200	200	200	200	200		2,200	1%
Office - utilities		-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500		16,500	6%
Payroll - not owner and not in COGS	6	-	1,120	1,120	1,120	1,120	1,120	1,440	1,120	1,280	3,200	4,000	1,120	17,760	7%
Payroll taxes (9%)	6	-	101	101	101	101	101	130	101	115	288	360	101	1,598	1%
Permits	400	-												400	0%
Supplies	1,000	-		300				300			300			1,900	1%
Tax service		-													0%
Telephone - cellular	400	-												400	0%
Start-up expenses	7,035	-												7,035	3%
		-													0%
		-													0%
		-													0%
Total expenses		10,335	5,946	5,446	6,246	5,446	5,946	6,552	5,892	6,555	8,937	8,998	5,847	82,144	31%
Taxable profit (loss)	1	(10,335)	774	1,694	3,204	6,104	7,704	8,148	8,808	8,145	12,063	20,402	8,853	75,566	29%
Tax (expense) benefit	1						(2,287)			(6,275)			(10,330)	(18,891)	-7%
Owner's withdrawals	1		(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(30,800)	-12%
Net profit (loss)		(10,335)	(2,026)	(1,106)	404	3,304	2,618	5,348	6,008	(931)	9,263	17,602	(4,277)	25,874	10%
Depreciation	3		525	525	525	525	525	525	525	525	525	525	525	5,775	
Equipment purchases	3	(34,500)												(34,500)	
Principal, equipment loan	5														
Repay debt financing	5	54,835						(1,312)	(1,323)	(1,334)	(1,345)	(1,357)	(1,368)	46,795	
Owner contribution	3	30,000												30,000	
Net cash flow		40,000	(1,501)	(581)	929	3,829	3,143	4,561	5,210	(1,740)	8,443	16,771	(5,120)	73,944	
Cash, period start			40,000	38,499	37,918	38,848	42,677	45,820	50,381	55,590	53,850	62,293	79,064		
Cash, period end		40,000	38,499	37,918	38,848	42,677	45,820	50,381	55,590	53,850	62,293	79,064	73,944	73,944	

The accompanying assumptions are an integral part of this financial statement.