“New ideas are a dime a dozen,” observes Arthur R. Kydd, “and so are new products and new technologies.” Kydd should know. As chief executive officer of St. Croix Venture Partners, he and his firm have provided the seed money and venture capital to launch more than 60 start-up firms in the last 25 years. Today, those firms have more than 5,000 employees. Kydd explains:

I get 200 to 300 marketing and business plans a year to look at, and St. Croix provides start-up financing for only two or three. What sets a potentially successful idea, product, or technology apart from all the rest is markets and marketing. If you have a real product with a distinctive point of difference that satisfies the needs of customers, you may have a winner. And you get a real feel for this in a well-written marketing or business plan.  

This appendix (1) describes what marketing and business plans are, including the purposes and guidelines in writing effective plans, and (2) provides a sample marketing plan.

MARKETING PLANS AND BUSINESS PLANS

After explaining the meanings, purposes, and audiences of marketing plans and business plans, this section describes some writing guidelines for them and what external funders often look for in successful plans.

Meanings, Purposes, and Audiences

A marketing plan is a road map for the marketing activities of an organization for a specified future period of time, such as one year or five years. It is important to note that no single “generic” marketing plan applies to all organizations and all situations. Rather, the specific format for a marketing plan for an organization depends on the following:

- The target audience and purpose. Elements included in a particular marketing plan depend heavily on (1) who the audience is and (2) what its purpose is. A marketing plan for an internal audience seeks to point the direction for future marketing activities and is sent to all individuals in the organization who must implement the plan or who will be affected by it. If the plan is directed to an external audience, such as friends, banks, venture capitalists, or potential investors, for the purpose of raising capital, it has the additional function of being an important sales document. In this case, it contains elements such as the strategic plan/focus, organization, structure, and biographies of key personnel that would rarely appear in an internal marketing plan. Also, the financial information is far more detailed when the plan is used to raise outside capital. The elements of a marketing plan for each of these two audiences are compared in Figure A–1.

- The kind and complexity of the organization. A small neighborhood restaurant has a somewhat different marketing plan than Nestlé, which serves international markets. The restaurant’s plan would be relatively simple and directed at serving customers in a local market. In Nestlé’s case, because there is a hierarchy of marketing plans, various levels of detail would be used—such as the entire organization, the strategic business unit, or the product/product line.

- The industry. Both the restaurant serving a local market and Medtronic, selling heart pacemakers globally, analyze competition. Not only are their geographic thrusts far different, but also the complexities of their offerings and, hence, the time periods likely to be covered by their plans differ. A one-year marketing plan may be adequate for the restaurant, but Medtronic may need a five-year planning horizon because product-development cycles for complex, new medical devices may be three or four years.

In contrast to a marketing plan, a business plan is a road map for the entire organization for a specified future period of time, such as one year or five years. A key difference between a marketing plan and a business plan is that the business plan contains details on the research and development (R&D)/operations/manufacturing activities of the organization. Even for a manufacturing business, the marketing plan
is probably 60 or 70 percent of the entire business plan. For businesses like a small restaurant or an auto repair shop, their marketing and business plans are virtually identical. The elements of a business plan typically targeted at internal and external audiences appear in the two right-hand columns in Figure A–1.

**The Most-Asked Questions by Outside Audiences**

Lenders and prospective investors reading a business or marketing plan that is used to seek new capital are probably the toughest audiences to satisfy. Their most-asked questions include the following:

1. Is the business or marketing idea valid?
2. Is there something unique or distinctive about the product or service that separates it from substitutes and competitors?
3. Is there a clear market for the product or service?
4. Are the financial projections realistic and healthy?
5. Are the key management and technical personnel capable, and do they have a track record in the industry in which they must compete?
6. Does the plan clearly describe how those providing capital will get their money back and make a profit?

Rhonda Abrams, author of *The Successful Business Plan*, observes, “Although you may spend five months preparing your plan, the cold, hard fact is that an investor or lender can dismiss it in less than five minutes.” While her comments apply to plans seeking to raise capital, the first five questions just listed apply equally well to plans for internal audiences.

**Writing and Style Suggestions**

There are no magic one-size-fits-all guidelines for writing successful marketing and business plans. Still, the following writing and style guidelines generally apply:\footnote{5}{

- Use a direct, professional writing style. Use appropriate business terms without jargon. Present and future tenses with active voice (“I will write an effective marketing plan.”) are generally better than past tense and passive voice (“An effective marketing plan was written by me.”).}
Be positive and specific to convey potential success. At the same time, avoid superlatives (“terrific,” “wonderful”). Specifics are better than glittering generalities. Use numbers for impact, justifying projections with reasonable quantitative assumptions, where possible.

Use bullet points for succinctness and emphasis. As with the list you are reading, bullets enable key points to be highlighted effectively.

Use A-level (the first level) and B-level (the second level) headings under the numbered section headings to help readers make easy transitions from one topic to another. This also forces the writer to organize the plan more carefully. Use these headings liberally, at least one every 200 to 300 words.

Use visuals where appropriate. Photos, illustrations, graphs, and charts enable massive amounts of information to be presented succinctly.

Shoot for a plan 15 to 35 pages in length, not including financial projections and appendixes. An uncomplicated small business may require only 15 pages, while a high-technology start-up may require more than 35 pages.

Use care in layout, design, and presentation. Laser printers give a more professional look than ink-jet printers do. Use 11- or 12-point type (you are now reading 10.5-point type) in the text. Use a serif type (with “feet,” like that you are reading now) in the text because it is easier to read, and sans serif (without “feet”) in graphs and charts like Figure A–1. A bound report with a nice cover and clear title page adds professionalism.

These guidelines are used, where possible, in the sample marketing plan that follows.

SAMPLE FIVE-YEAR MARKETING PLAN FOR PARADISE KITCHENS, INC.

To help interpret the marketing plan for Paradise Kitchens, Inc., that follows, we will describe the company and suggest some guidelines in interpreting the plan.

Background on Paradise Kitchens, Inc.

With a degree in chemical engineering, Randall F. Peters spent 15 years working for General Foods and Pillsbury with a number of diverse responsibilities: plant operations, R&D, restaurant operations, and new business development. His wife, Leah, with degrees in both molecular cellular biology and food science, held various Pillsbury executive positions in new category development and packaged goods, and restaurant R&D. In the company’s start-up years, Paradise Kitchens survived on the savings of Randy and Leah, the cofounders. With their backgrounds, they decided Randy should serve as president and CEO of Paradise Kitchens, and Leah should focus on R&D and corporate strategy.

Interpreting the Marketing Plan

The marketing plan on the next pages, based on an actual Paradise Kitchens plan, is directed at an external audience (see Figure A–1). To protect proprietary information about the company, some details and dates have been altered, but the basic logic of the plan has been kept.

Notes in the margins next to the Paradise Kitchens plan fall into two categories:

1. **Substantive notes** are in blue boxes. These notes elaborate on the significance of an element in the marketing plan and are keyed to chapter references in this textbook.
2. **Writing style, format, and layout notes** are in red boxes and explain the editorial or visual rationale for the element.

A word of encouragement: Writing an effective marketing plan is hard, but challenging and satisfying, work. Dozens of the authors’ students have used effective marketing plans they wrote for class in their interviewing portfolio to show prospective employers what they could do and to help them get their first job.
## Executive Summary

Paradise Kitchens®, Inc., was started by cofounders Randall F. Peters and Leah E. Peters to develop and market Howlin’ Coyote® Chili, a unique line of single serve and microwavable Southwestern/Mexican style frozen chili products. The Howlin’ Coyote line of chili was first introduced into the Minneapolis–St. Paul market and expanded to Denver two years later and Phoenix two years after that.

To the Company’s knowledge, Howlin’ Coyote is the only premium-quality, authentic Southwestern/Mexican style, frozen chili sold in U.S. grocery stores. Its high quality has gained fast, widespread acceptance in these markets. In fact, same-store sales doubled in the last year for which data are available. The Company believes the Howlin’ Coyote brand can be extended to other categories of Southwestern/Mexican food products, such as tacos, enchiladas, and burritos.

Paradise Kitchens believes its high-quality, high-price strategy has proven successful. This marketing plan outlines how the Company will extend its geographic coverage from 3 markets to 20 markets by the year 2013.

## Strategic Focus and Plan

This section covers three aspects of corporate strategy that influence the marketing plan: (1) the mission, (2) goals, and (3) core competence/sustainable competitive advantage of Paradise Kitchens.

### Mission

The mission of Paradise Kitchens is to market lines of high-quality Southwestern/Mexican food products at premium prices that satisfy consumers in this fast-growing food segment while providing challenging career opportunities for employees and above-average returns to stockholders.

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**Table of Contents**

1. Executive Summary
2. Company Description

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**Color-coding Legend**

- Blue boxes explain significance of marketing plan elements.
- Red boxes give writing style, format, and layout guidelines.
Goals
For the coming five years Paradise Kitchens seeks to achieve the following goals:

- Nonfinancial goals
  1. To retain its present image as the highest-quality line of Southwestern/Mexican products in the food categories in which it competes.
  2. To enter 17 new metropolitan markets.
  3. To achieve national distribution in two convenience store or supermarket chains by 2008 and five by 2009.
  4. To add a new product line every third year.
  5. To be among the top five chili lines—regardless of packaging (frozen or canned)—in one-third of the metro markets in which it competes by 2009 and two-thirds by 2011.

- Financial goals
  1. To obtain a real (inflation-adjusted) growth in earnings per share of 8 percent per year over time.
  2. To obtain a return on equity of at least 20 percent.
  3. To have a public stock offering by the year 2009.

Core Competency and Sustainable Competitive Advantage
In terms of core competency, Paradise Kitchens seeks to achieve a unique ability to (1) provide distinctive, high-quality chilies and related products using Southwestern/Mexican recipes that appeal to and excite contemporary tastes for these products and (2) deliver these products to the customer’s table using effective manufacturing and distribution systems that maintain the Company’s quality standards.

To translate these core competencies into a sustainable competitive advantage, the Company will work closely with key suppliers and distributors to build the relationships and alliances necessary to satisfy the high taste standards of our customers.

In keeping with the goal of achieving national distribution through chains, Paradise Kitchens recently obtained distribution through a convenience store chain where it uses this point-of-purchase ad that adheres statically to the glass door of the freezer case.
4. Situation Analysis

This situation analysis starts with a snapshot of the current environment in which Paradise Kitchens finds itself by providing a brief SWOT (strengths, weaknesses, opportunities, threats) analysis. After this overview, the analysis probes ever-finer levels of detail: industry, competitors, company, and consumers.

**SWOT Analysis**

Figure 1 shows the internal and external factors affecting the market opportunities for Paradise Kitchens. Stated briefly, this SWOT analysis highlights the great strides taken by the company since its products first appeared on grocers’ shelves.

<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>Experienced and entrepreneurial management and board</td>
<td>Small size can restrict options</td>
</tr>
<tr>
<td>Offerings</td>
<td>Unique, high-quality, high-price products</td>
<td>Many lower-quality, lower-price competitors</td>
</tr>
<tr>
<td>Marketing</td>
<td>Distribution in three markets with excellent acceptance</td>
<td>No national awareness or distribution; restricted shelf space in the freezer section</td>
</tr>
<tr>
<td>Personnel</td>
<td>Good workforce, though small; little turnover</td>
<td>Big gap if key employee leaves</td>
</tr>
<tr>
<td>Finance</td>
<td>Excellent growth in sales revenues</td>
<td>Limited resources may restrict growth opportunities when compared to giant competitors</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Sole supplier ensures high quality</td>
<td>Lack economies of scale of huge competitors</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Continuing efforts to ensure quality in delivered products</td>
<td>Lack of canning and microwavable food processing expertise</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer/Social</td>
<td>Upscale market, likely to be stable; Southwestern/Mexican food category is fast-growing segment due to growth in Hispanic American population and desire for spicier foods</td>
<td>Premium price may limit access to mass markets; consumers value a strong brand name</td>
</tr>
<tr>
<td>Competitive</td>
<td>Distinctive name and packaging in its markets</td>
<td>Not patentable; competitors can attempt to duplicate product; others better able to pay slotting fees</td>
</tr>
<tr>
<td>Technological</td>
<td>Technical breakthroughs enable smaller food producers to achieve many economies available to large competitors</td>
<td>Competitors have gained economies in canning and microwavable food processing</td>
</tr>
<tr>
<td>Economic</td>
<td>Consumer income is high; convenience important to U.S. households</td>
<td>More households “eating out,” and bringing prepared take-out into home</td>
</tr>
<tr>
<td>Legal/Regulatory</td>
<td>High U.S. Food &amp; Drug Administration standards eliminate fly-by-night competitors</td>
<td>Mergers among large competitors being approved by government</td>
</tr>
</tbody>
</table>
In the Company’s favor internally are its strengths of an experienced management team and board of directors, excellent acceptance of its lines in the three metropolitan markets in which it competes, and a strong manufacturing and distribution system to serve these limited markets. Favorable external factors (opportunities) include the increasing appeal of Southwestern/Mexican foods, the strength of the upscale market for the Company’s products, and food-processing technological breakthroughs that make it easier for smaller food producers to compete.

Among unfavorable factors, the main weakness is the limited size of Paradise Kitchens relative to its competitors in terms of the depth of the management team, available financial resources, and national awareness and distribution of product lines. Threats include the danger that the Company’s premium prices may limit access to mass markets and competition from the “eating-out” and “take-out” markets.

Industry Analysis: Trends in Frozen and Mexican Foods

Frozen Foods. According to Grocery Headquarters, consumers are flocking to the frozen food section of grocery retailers. The reasons: hectic lifestyles demanding increased convenience and an abundance of new, tastier, and nutritious products. By 2007, total sales of frozen food in supermarkets, drugstores, and mass merchandisers, such as Target and Costco (excluding Wal-Mart) reached $29 billion. Prepared frozen meals, which are defined as meals or entrees that are frozen and require minimal preparation, accounted for $8.1 billion, or 26 percent of the total frozen food market.

Sales of Mexican entrees totaled $506 million. Heavy consumers of frozen meals, those who eat five or more meals every two weeks, tend to be kids, teens, and young adults 35–44 years old.

Mexican Foods. Currently, Mexican foods such as burritos, enchiladas, and tacos are used in two-thirds of American households. These trends reflect a generally more favorable attitude on the part of all Americans toward spicy foods that include red chili peppers. The growing Hispanic population in the U.S., about 44 million and almost $798 billion in purchasing power in 2007, partly explains the increasing demand for Mexican food. This Hispanic purchasing power is projected to be $1.2 trillion in 2011.

Competitors in the Chili Market

The chili market represents over $500 million in annual sales. On average, consumers buy five to six servings annually, according to the NPD Group. The products fall primarily into two groups: canned chili (75 percent of sales) and dry chili (25 percent of sales).
Bluntly put, the major disadvantage of the segment’s dominant product, canned chili, is that it does not taste very good. A taste test described in an issue of Consumer Reports magazine ranked 26 canned chili products “poor” to “fair” in overall sensory quality. The study concluded, “Chili doesn’t have to be hot to be good. But really good chili, hot or mild, doesn’t come out of a can.”

Company Analysis
The husband-and-wife team that cofounded Paradise Kitchens, Inc., has 44 years of experience between them in the food-processing business. Both have played key roles in the management of the Pillsbury Company. They are being advised by a highly seasoned group of business professionals, who have extensive understanding of the requirements for new-product development.

The Company now uses a single outside producer with which it works closely to maintain the consistently high quality required in its products. The greater volume has increased production efficiencies, resulting in a steady decrease in the cost of goods sold.

Customer Analysis
In terms of customer analysis, this section describes (1) the characteristics of customers expected to buy Howlin’ Coyote products and (2) health and nutrition concerns of Americans today.

Customer Characteristics. Demographically, chili products in general are purchased by consumers representing a broad range of socioeconomic backgrounds. Howlin’ Coyote chili is purchased chiefly by consumers who have achieved higher levels of education and whose income is $50,000 and higher. These consumers represent 50 percent of canned and dry mix chili users.

The household buying Howlin’ Coyote has one to three people in it. Among married couples, Howlin’ Coyote is predominantly bought by households in which both spouses work. While women are a majority of the buyers, single men represent a significant segment.

Because the chili offers a quick way to make a tasty meal, the product’s biggest users tend to be those most pressed for time. Howlin’ Coyote’s premium pricing also means that its purchasers are skewed toward the higher end of the income range. Buyers range in age from 25 to 54 and often live in the western United States, where spicy foods are more readily eaten.

The five Howlin’ Coyote entrees offer a quick, tasty meal with high-quality ingredients.
Health and Nutrition Concerns. Coverage of food issues in the U.S. media is often erratic and occasionally alarmist. Because Americans are concerned about their diets, studies from organizations of widely varying credibility frequently receive significant attention from the major news organizations. For instance, a study of fat levels of movie popcorn was reported in all the major media. Similarly, studies on the healthfulness of Mexican food have received prominent play in print and broadcast reports. The high caloric levels of much Mexican and Southwestern-style food have been widely reported and often exaggerated. Some Mexican frozen-food competitors, such as Don Miguel, Mission Foods, Ruiz Foods, and Jose Ole, plan to offer or have recently offered more “carb-friendly” and “fat-friendly” products in response to this concern.

Howlin’ Coyote is already lower in calories, fat, and sodium than its competitors, and those qualities are not currently being stressed in its promotions. Instead, in the space and time available for promotions, Howlin’ Coyote’s taste, convenience, and flexibility are stressed.

5. Market-Product Focus

This section describes the five-year marketing and product objectives for Paradise Kitchens and the target markets, points of difference, and positioning of its lines of Howlin’ Coyote chilies.

Marketing and Product Objectives

Howlin’ Coyote’s marketing intent is to take full advantage of its brand potential while building a base from which other revenue sources can be mined—both in and out of the retail grocery business. These are detailed in four areas below:

- Current markets. Current markets will be grown by expanding brand and flavor distribution at the retail level. In addition, same-store sales will be grown by increasing consumer awareness and repeat purchases, thereby leading to the more efficient broker/warehouse distribution channel.

- New markets. By the end of Year 5, the chili, salsa, burrito, and enchilada business will be expanded to a total of 20 metropolitan areas. This will represent 70 percent of U.S. food store sales.

- Food service. Food service sales will include chili products and smothering sauces. Sales are expected to reach $693,000 by the end of Year 3 and $1.5 million by the end of Year 5.

- New products. Howlin’ Coyote’s brand presence will be expanded at the retail...
level through the addition of new products in the frozen-foods section. This will be accomplished through new-product concept screening in Year 1 to identify new potential products. These products will be brought to market in Years 2 and 3.

Target Markets

The primary target market for Howlin’ Coyote products is households with one to three people, where often both adults work, with individual income typically above $50,000 per year. These households contain more experienced, adventurous consumers of Southwestern/Mexican food and want premium quality products.

Points of Difference

The “points of difference”—characteristics that make Howlin’ Coyote chilies unique relative to competitors—fall into three important areas:

- Unique taste and convenience. No known competitor offers a high-quality, “authentic” frozen chili in a range of flavors. And no existing chili has the same combination of quick preparation and home-style taste that Howlin’ Coyote does.
- Taste trends. The American palate is increasingly intrigued by hot spices. In response to this trend, Howlin’ Coyote brands offer more “kick” than most other prepared chilies.
- Premium packaging. Howlin’ Coyote’s packaging graphics convey the unique, high-quality product contained inside and the product’s nontraditional positioning.

Positioning

In the past chili products have been either convenient or tasty, but not both. Howlin’ Coyote pairs these two desirable characteristics to obtain a positioning in consumers’ minds as very high-quality “authentic Southwestern/Mexican tasting” chilies that can be prepared easily and quickly.
6. Marketing Program

The four marketing mix elements of the Howlin' Coyote chili marketing program are detailed below. Note that “chile” is the vegetable and “chili” is the dish.

Product Strategy
After first summarizing the product line, the approach to product quality and packaging are covered.

Product Line. Howlin’ Coyote chili, retailing for $3.99 for an 11-ounce serving, is available in five flavors. The five are Green Chile Chili, Red Chile Chili, Beef and Black Bean Chili, Chicken Chunk Chili, and Mean Bean Chili.

Unique Product Quality. The flavoring systems of the Howlin’ Coyote chilies are proprietary. The products’ tastiness is due to extra care lavished upon the ingredients during production. The ingredients used are of unusually high quality. Meats are low-fat cuts and are fresh, not frozen, to preserve cell structure and moistness. Chilies are fire-roasted for fresher taste. Tomatoes and vegetables are select quality. No preservatives or artificial flavors are used.

Packaging. Reflecting the “cutting edge” marketing strategy of its producers, Howlin’ Coyote bucks conventional wisdom in packaging. It avoids placing predictable photographs of the product on its containers. Instead, Howlin’ Coyote’s package shows a Southwestern motif that communicates the product’s out-of-the-ordinary positioning.

Price Strategy
Howlin’ Coyote Chili is, at $3.99 for an 11-ounce package, priced comparably to the other frozen offerings and higher than the canned and dried chili varieties. However, the significant taste advantages it has over canned chilies and the convenience advantages over dried chilies justify this pricing strategy.

Promotion Strategy
Key promotion programs feature in-store demonstrations, recipes, and cents-off coupons.
In-Store Demonstrations. In-store demonstrations enable consumers to try Howlin’ Coyote products and discover their unique qualities. Demos will be conducted regularly in all markets to increase awareness and trial purchases.

Recipes. Because the products’ flexibility of use is a key selling point, recipes are offered to consumers to stimulate use. The recipes are given at all in-store demonstrations, on the back of packages, through a mail-in recipe book offer, and in coupons sent by direct-mail or freestanding inserts.

Cents-Off Coupons. To generate trial and repeat-purchase of Howlin’ Coyote products, coupons are distributed in four ways:
- In Sunday newspaper inserts. These inserts are widely read and help generate awareness.
- In-pack coupons. Each box of Howlin’ Coyote chili will contain coupons for $1 off two more packages of the chili. These coupons will be included for the first three months the product is shipped to a new market. Doing so encourages repeat purchases by new users.
- Direct-mail chili coupons. Those households that fit the Howlin’ Coyote demographics described previously will be mailed coupons.
- In-store demonstrations. Coupons will be passed out at in-store demonstrations to give an additional incentive to purchase.

Place (Distribution) Strategy
Howlin’ Coyote is distributed in its present markets through a food distributor. The distributor buys the product, warehouses it, and then resells and delivers it to grocery retailers on a store-by-store basis. As sales grow, we will shift to a more efficient system using a broker who sells the products to retail chains and grocery wholesalers.

7. Financial Data and Projections

Past Sales Revenues
Historically, Howlin’ Coyote has had a steady increase in sales revenues since its introduction in 1999. In 2003, sales jumped spectacularly, due largely to new
promotion strategies. Sales have continued to rise, but at a less dramatic rate. The trend in sales revenues appears in Figure 2.

Five-Year Projections

Five-year financial projections for Paradise Kitchens appear below. These projections reflect the continuing growth in number of cases sold (with eight packages of Howlin’ Coyote chili per case) and increasing production and distribution economies.

<table>
<thead>
<tr>
<th>Financial Element</th>
<th>Actual</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases sold</td>
<td>1,000</td>
<td>353</td>
<td>684</td>
<td>889</td>
<td>1,249</td>
<td>1,499</td>
</tr>
<tr>
<td>Net sales</td>
<td>$1,000</td>
<td>5,123</td>
<td>9,913</td>
<td>12,884</td>
<td>18,111</td>
<td>21,733</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$1,000</td>
<td>2,545</td>
<td>4,820</td>
<td>6,527</td>
<td>8,831</td>
<td>10,597</td>
</tr>
<tr>
<td>Operating profit (loss)</td>
<td>$1,000</td>
<td>339</td>
<td>985</td>
<td>2,906</td>
<td>2,805</td>
<td>3,366</td>
</tr>
</tbody>
</table>

8. Organization

Paradise Kitchens’ present organization appears in Figure 3. It shows the four people reporting to the President. Below this level are both the full-time and part-time employees of the Company.

The graph shows more clearly the dramatic growth of sales revenue than data in a table would do.

The Five-Year Projections section starts with the judgment forecast of cases sold and the resulting net sales. Gross profit and then operating profit—critical for the company’s survival—are projected. An actual plan often contains many pages of computer-generated spreadsheet projections, usually shown in an appendix to the plan.

Because this table is very short, it is woven into the text, rather than given a figure number and title.

Because the plan proposes to enter 17 new metropolitan markets in the coming five years (for a total of 20), it is not possible to simply extrapolate the trend in Figure 2. Instead, management’s judgment must be used. Methods of making sales forecasts—including the “lost horse” technique used here—are discussed in Chapter 9.

The Organization of Paradise Kitchens appears here. It reflects the bare-bones organizational structure of successful small businesses. Often a more elaborate marketing plan will show the new positions expected to be added as the firm grows.
At present Paradise Kitchens operates with full-time employees in only essential positions. It now augments its full-time staff with key advisors, consultants, and subcontractors. As the firm grows, people with special expertise will be added to the staff.

9. Implementation Plan

Introducing Howlin’ Coyote chilies to 17 new metropolitan areas is a complex task and requires that creative promotional activities gain consumer awareness and initial trial among the target market households identified earlier. The anticipated rollout schedule to enter these metropolitan markets appears in Figure 4.

The diverse regional tastes in chili will be monitored carefully to assess whether minor modifications may be required in the chili recipes. As the rollout to new metropolitan areas continues, Paradise Kitchens will assess manufacturing and distribution trade-offs. This is important in determining whether to start new production with selected high-quality regional contract packers.

10. Evaluation and Control

Monthly sales targets in cases have been set for Howlin’ Coyote chili for each metropolitan area. Actual case sales will be compared with these targets and tactical marketing programs modified to reflect the unique sets of factors in each metropolitan area. The speed of the roll-out program will increase or decrease, depending on Paradise Kitchens’ performance in the successive metropolitan markets it enters.

Appendix A. Biographical Sketches of Key Personnel

Appendix B. Detailed Financial Projections

### Figure 4. Rollout Schedule to Enter New U.S. Markets

<table>
<thead>
<tr>
<th>New Markets Year</th>
<th>Cumulative Added</th>
<th>Cumulative Percentage of Markets</th>
<th>U.S. Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today (2007)</td>
<td>2</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>Year 1 (2008)</td>
<td>3</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>Year 2 (2009)</td>
<td>4</td>
<td>12</td>
<td>29</td>
</tr>
<tr>
<td>Year 3 (2010)</td>
<td>2</td>
<td>14</td>
<td>37</td>
</tr>
<tr>
<td>Year 4 (2011)</td>
<td>3</td>
<td>17</td>
<td>45</td>
</tr>
<tr>
<td>Year 5 (2012)</td>
<td>3</td>
<td>20</td>
<td>53</td>
</tr>
</tbody>
</table>