

Business Plan

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Executive Summary

We face a major waste issue in Canada, the likes of which is among the most acute in the world. As a country, we produce the highest tonnage of waste per capita in the developed world. In 2008, an industry survey for waste management was done and it was determined that Canada produced 25 million tonnes of waste, averaging approximately 777kg per capita and ranking Canada dead last among a group of 17 developed nations. In Ontario alone 9.6 million tonnes of waste was produced. This amount of garbage has an environmental and economic impact that must be borne by Ontarians in the form of externalities from rotting organic material and steadily increasing waste management fees. While the province has implemented measures to divert landfill waste, most of this effort has been directed towards the residential sector. The truth of the matter is, sixty-six per cent of total tonnage came from industrial, commercial and institutional sources.

In the restaurant industry, over 50% of all waste is organic. Our market research has shown that many restaurants do not have waste management plans that separate organics from other solid waste. This is largely due to the lack of incentive for owners to implement recycling plans that are often more expensive than regular waste hauling services and come with no accrued benefits. Furthermore, to date there is no government mandate that directly targets organic waste separation for small businesses with sales less than \$3 million. The result of this situation is that landfills continue to be filled with a high-density organic material, which can serve a much higher purpose if recycled. It is within this vacuum of leadership that our business idea has been fueled.

Our company, CompostAFuel, is a service-based company that provides organic waste removal for food service companies across the Greater Toronto Area. Waste will be separated on-site by participating restaurant staff and deposited into totes, which will be collected bi-weekly and transported to our partnering location – The

Big Carrot. The Carrot is a downtown cooperative that has implemented an organic waste drop-off centre in the Danforth area; farmers from across the GTA are able to pick up waste for composting, fertilizer, and feed use on their farms.

What sets CompostAfuel apart from our competitors is our marketing strategy. By forming a relationship with The Big Carrot we are providing our customers with the opportunity to cross-promote their business while supporting our platform of sustainability. Through the use of pamphlets and discount cards and outward support, The Big Carrot will advertise for both the restaurant and CompostAfuel. This will be attractive for potential customers as it will be an opportunity for them to garner a more diverse customer base while strengthening their environmental platform through our recycling program. Furthermore, CompostAfuel's relationship with the Local Food Plus database will connect restaurants to our business, expanding their market and helping them connect to businesses and individuals that are like-minded in their environmental goals.

Early management departments include operations and marketing. The marketing department will find new customers and maintain and improve the company's marketing strategy. In the meantime, the operations department will manage the pickup schedule and maintain communications between trucks, restaurants and the biogas/composting facility. The operations department will also be responsible for ensuring customer satisfaction.

To create and maintain our sustainable image our trucks will run using 100% used cooking oil, which we will collect for free from selected restaurants. Furthermore, restaurants will not have to pay the pickup service fee for the cooking oil. Since the used cooking oil will be free for us to reuse, this will be a win-win situation for us, for the restaurants, and for the environment.

We are projecting to serve 48 restaurants for the first year, 96 restaurants for the second year and 144 restaurants for the third year. Based on this projection:

- First year revenue will be \$195,000
- First year expenses will be \$116,000
- First year profit will be \$77,000
- Gross Margin will be 64%
- Net Profit Margin will be 40%

Potential risk factors that may affect CompostAfuel's success are:

- New and other competitors
- Employee related service quality decline
- Restaurants which go out of business
- Bio-gas/drop off facilities which go out of business
- Poor operations, management efficiency losses

We will minimize these potential risk factors for CompostAfuel's success by:

- Making use of our customer service advantage, strategic alliances, promotional activities and pricing strategy.
- Continuously training our employees to be the best service providers in the sector.
- Helping our customers to increase their repeat customers by focusing on sustainability and working to increase the number of customers we serve.
- Connecting our company with multiple drop-off points/food waste process facilities.
- Starting our business with a strong operations plan and structure, as well as making use of our project management skills and useful technology.

The market for an organic waste composting business is rich and CompostAfuel envisions the possibility of diverting 100% of organic waste from landfills while providing an environmentally conscious solution for like-minded restaurant owners in the Greater Toronto Area.

Vision

We believe that 100% of organic waste should be diverted from landfills and recycled. We want to be at the forefront of sustainable organic waste management for restaurants in the GTA.

Mission and Objectives

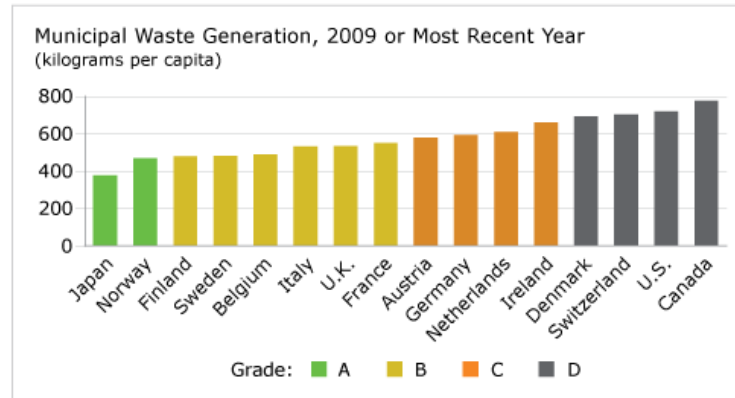
- To provide businesses in the food service industry with a sustainable, cost effective means of disposing organic waste.
- To be an added value waste diversion service, providing our customers with a platform for advertisement and access to the local cooperative markets within the city.
- To be the most sustainably operated organic waste management company, while simultaneously helping our customers along their paths to sustainability.
- To raise awareness of the food waste issue in the GTA.

Company and Industry

Industry: Municipal Waste Management

Municipal waste management in Canada is a vast and expanding industry. In 2008, Canadian's produced 25,871,310 tonnes of solid waste, amounting to 777 kg per capita. In terms of sectors, approximately 33% of Canadian waste is residential and 67% is industrial, commercial, and institutional (IC&I) (StatsCan, 2008).

In comparison to 17 other developed nations Canada was ranked highest in terms of waste generation, entitling us to a “D” on our municipal waste generation report card. As can be examined in the graph below, our per capita output doubled the rate of best performer, Japan (Canada, 2013).



In Ontario alone, 9,631,559 tonnes of waste was produced in 2008, with 66% coming from IC&I and 34% residential. Organic waste makes up 10-15% IC&I waste and about 40-50% residential. It is estimated that in the restaurant industry, organic waste is over 50% of the total waste. By 2011, approximately 23% of the province’s waste was diverted from landfill and incineration. This is well below the province’s target of 60% by 2008 (StatsCan, 2008). It is within this context that the idea for our company was born.

Company Origins

The idea for our company started with a recognition of the massive food waste issue that is gripping Canada, along with most other industrialized nations. A recent study done by the George Morris Centre in Guelph has shown that Canadians throw away nearly 40% of our food every year, which comes with an estimated price tag of \$27 billion. Rotting food can produce leachate, which is contaminated rainwater and liquid run off, as well as methane and carbon dioxide gases. The greenhouse gases produced from methane, which

formulates while food waste rots in landfills, are 25 times more powerful than CO₂ and thus are a major contributor to global warming.

Programs, such as the Green Bin and Yellow Bag Service in Toronto, are doing an admirable job of diverting residential food waste. Further to that companies, like Second Harvest, are helping redistribute unused food from large grocery outlets. However, there is still a large amount of food waste being thrown directly into dumpsters in the food service industry, where reuse of leftover meals and kitchen scraps is not possible and city pick-up services for this waste is inadequate. It is estimated that over 50% of waste created in the restaurant industry is organic. Our company would provide a diversion solution by offering a separate organics waste bin and transporting the waste to certified composting and later biogas facilities in the GTA.

Currently there are no provincial or federal regulations that directly target organic waste separation for small businesses. Ontario Regulation 102/94 mandates annual waste audits and the creation of Waste Reduction Work Plans for larger businesses, with annual sales of over \$3,000,000; however, there is no requirement to report these findings to the Ministry of Environment. In this environment we see significant room for restaurants to implement their own recycling strategies, which will reflect their overall strategic goals.

We feel that a competitive advantage can be found for a sustainably run disposal service costing less than rates paid to dump at a landfill. Our business would also provide a platform for clients to advertise their own business through our social media and sustainable growers and suppliers' network. Our service would attract a wide spectrum of business owners, from those purely looking to save money on costs and increase market penetration to those looking to contribute to the betterment of the society in which they do business. Furthermore, if at any time the Government of Ontario banned organics from landfills, as was done in Nova Scotia and soon to be in British Columbia and Quebec, our business would be well positioned to meet this influx of demand for additional service.

Structure

Compostafuel is structured as a partnership between the owners, Shelby Kerbel, Murat Kinaci and Jesse Gadzinowski. The owners will share profitability and liabilities equally. Each principal will be responsible for roles as they relate to personal strengths. Shelby Kerbel, with her relevant restaurant experience and background in marketing, will be responsible for customer outreach and marketing. Murat Kinaci, with his experience in web design and finance, will be responsible for creating and maintaining the company website and database for keeping all financial records. Jesse Gadzinowski, with his experience in project management, driving and towing, will be responsible for customer relations along with vehicle and equipment maintenance

Our Service

Ontario currently faces a rising garbage epidemic, as infrastructure can no longer accommodate the excess waste created by consumers. As a gradual solution to this problem, the government has implemented a garbage service that limits the retrieval of garbage bi-weekly by promoting the use of organic waste bins. Although this is a successful endeavor, it is merely a service for residential buildings. CompostAfuel is a service-based company that provides organic waste removal for restaurants across the Greater Toronto Area. The purpose of this service is to provide a socially, environmentally, and economically responsible solution to one of our city's most burdensome issues.

CompostAfuel will provide organic waste bins and a frequent pick-up service for restaurants willing to incur the fee agreed upon by both parties. Twice weekly, their organic waste will be collected and delivered to The Big Carrot, which is a co-operative that promotes sustainable food practices, while processing and packaging organic products. The Big Carrot has implemented an organic waste drop-off centre in the Danforth area, which allows farmers across the GTA to collect waste for use on their

farms. A relationship has been developed between this co-operative and CompostAfuel to allow for twice a week drop-off in this central location. While frequent organic waste pick-up does exist in the city, the restaurant owners approached by our company seemed to be misinformed about the current services. This indicated that while competition does exist they have failed to monopolize the market due to a lack of industry awareness and media. CompostAfuel's partnership with The Big Carrot will be leveraged as a platform to spread community awareness about the service. Furthermore, potential cross advertising for both the restaurants and the cooperative serve as an attractive benefit for using the organic waste disposal service. Although the city provides a similar service at a lower rate, they provide no added value. Our company has the potential to garner a larger customer base for partnering restaurants using our cross-promotional and advertising tactics.

Market and Competition

Market

There are over 50 restaurants across the GTA that pride themselves on providing local, organic, and sustainable food to their customers. From source to kitchen to plate, these businesses are cognizant of the impact their product is having on the environment. These entrepreneurs take the time and effort to source their produce, dairy, meat, poultry, and fish from ethical farmers and food distributors. They are conscientious of the quality of the food they provide and more importantly of the message they are sending to their customers. Becoming a sustainably focused service is as much about the environment as it is about creating a socially responsible image for the business. It is about branding the product being delivered; reaching out and appealing to like-minded individuals. The City of Toronto has seen a significant shift towards ethical and socially responsible behavior and buying trends. The concept of local, organic, sustainable fare has become accessible and almost trendy. Why wouldn't these restaurants use this

concept as a platform and complete the cycle by disposing of their organic waste using a sustainably focused process?

The concept of this business is first and foremost to mitigate the city's waste burden, but also to develop a brand that businesses are proud to support. Our company completes the cycle: from farm to kitchen to plate and back again to the farm. What CompostAfuel offers that its competitors cannot is a grassroots, sustainably focused service working with the city's leading co-operative for organically grown, GMO-free & environmentally safe products, The Big Carrot. Forming a relationship and partnership with one of the city's most respected co-operatives works towards one of CompostAfuel's mandates to actively change the way this city diverts its waste. This service is part of a greater message that promotes social responsibility, which is something that these sustainable restaurant owners are already standing behind. Further, by aligning their business with CompostAfuel, these restaurant owners will be privy to advertising at The Big Carrot's grocery store; having this cooperative as a proud supporter of their business is a form of promotion on its own. Beyond the cooperatives active support of these restaurants, discount cards and giveaways will encourage shoppers to support these restaurant. By choosing our service these restaurants will have CompostAfuel pick-up their organic waste and deliver it to The Big Carrot's organic waste facility located in the Danforth. From there, farmers can collect waste to use on their farm for such things as pig feed or composting.

Competitors

The Yellow Bin Program

The Yellow Bin Program provides incredibly frequent service at a low rate; however, it is a tedious and mechanical process to complete. As a result of the program being run by the city, it requires the completion of an application. This process is rigid and uninviting;

the whole application and completion of service can be completed without speaking to anyone. This service is not being provided because they have an invested interest in social responsibility, but simply to offset the city's garbage disposal costs. While it is completing the job, it fails to provide an inviting platform for environmentally and socially conscious business owners to stand behind and support. As well, the yellow bin program requires the purchasing of bags at Canadian Tire for a price of \$3.10/bag.

Totally Green

Totally Green is a company that “promotes sustainability, cost efficiency, and environmental stewardship by offering the ORCA Green Food Composter.” While this company offers an efficient way to divert food waste from landfills, it necessitates upfront capital in order to purchase the ORCA Green machine. This machine manages organic food waste on site, which reduces transportation costs. However, it is a product that is manufactured in the United States. Thus, the embodied energy of transporting and implementing this machine is quite significant, making CompstAfuel's service a more feasible and cost efficient solution for a restaurant's organic waste disposal.

BFI

BFI is a large non-hazardous solid waste management company in North America that serves the needs of commercial, industrial, and residential customers. This company organizes a personalized pick-up service for a relatively inexpensive fee; however, its platform does not support sustainability. A company such as BFI is concerned about its bottom line, not about community support and environmental impact. Our edge over this company is our grassroots, environmentally conscious platform. We want to promote sustainability and restaurants with an invested interest in such a platform will recognize the benefit of partnering with our company.

Management Profile

Principal: Jesse Gadzinowski

Jesse hails from Western Canada where he earned a bachelor's degree in International Relations from the University of British Columbia. He is currently finishing an advanced diploma in Sustainable Energy and Building Technology at Humber College. Jesse believes that the manner in which we handle our waste is a litmus test for a functioning society. He believes that in order for a society to take full responsibility for its consumption habits it needs to be able to account for and process its own waste products. His interest in sustainable waste management thus comes from a desire to help society change for the better. Jesse is an effective communicator and facilitator. He works hard to build and maintain strong and mutually beneficial relationships with customers.

Principal: Murat Kinaci

Murat Kinaci is currently finishing his advanced diploma in Sustainable Energy and Building Technology at Humber College. Murat has a Bachelor of Arts degree in International Relations and previous business experience. His strengths are in total quality management and organizational systems. He also has strong technical skills in information technologies and is currently working as a part time web master. Murat will be responsible for the operations within the company and he will make use of his organizational and technical skills for the success of the operations department and the management team.

Principal: Shelby Kerbel

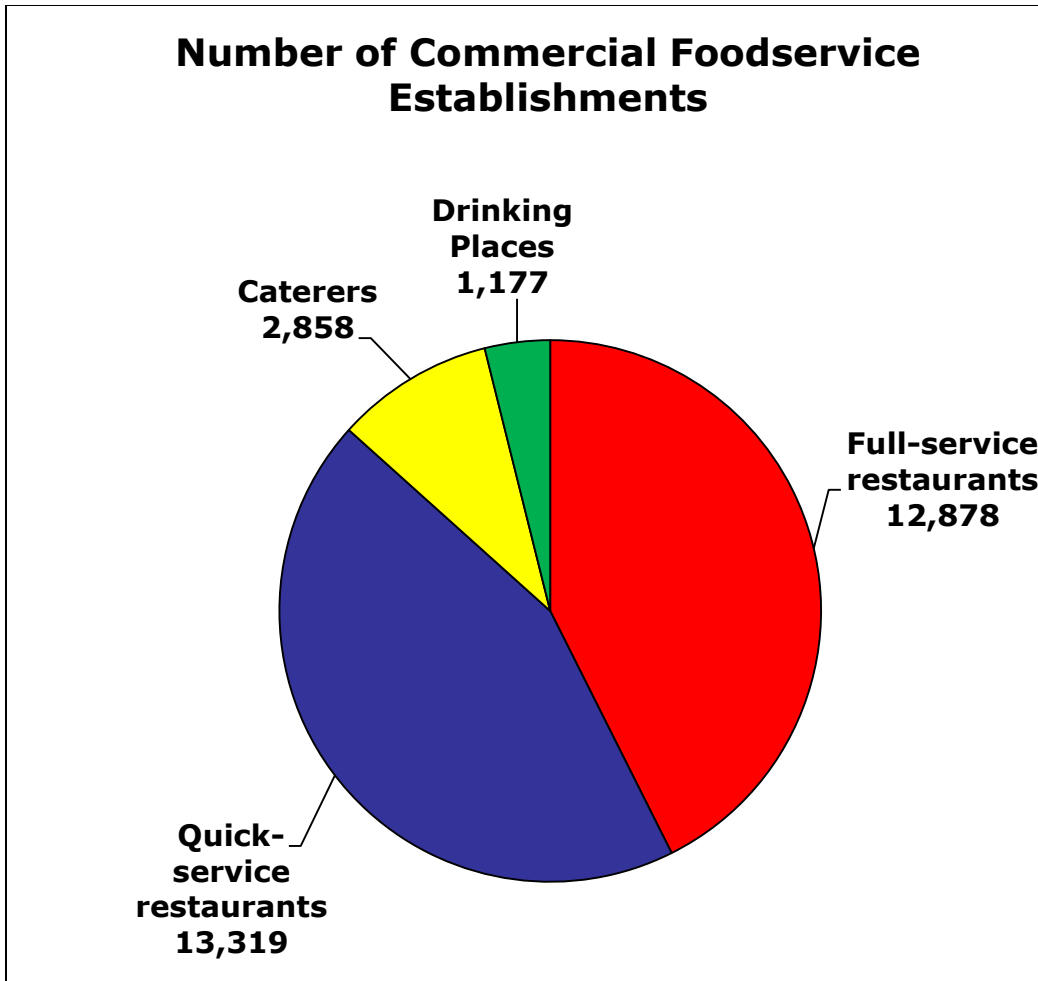
Shelby Kerbel is currently completing an advanced diploma in at Humber College Sustainable Energy & Building Technology at Humber College. She has a bachelor's degree from the University of Western Ontario in Media, Information, & Technolculture. She has significant experience in the environmental and sustainable

world, having previously volunteered with organizations including TREC (Toronto Renewable Energy Co-op), Evergreen Brickworks, and WWOOF (Willing Workers on Organic Farms). Having worked in the food service industry for the past seven years she has faced the challenges of waste removal. Her relevant background and industry connections, coupled with her educational background in media, communications and advertising will be leveraged for developing a marketing strategy and building customer relationships.

Marketing Strategy

Sales Projection

According to Statistics Canada and the Canadian Restaurant and Foodservices Association, Ontario's restaurant industry generates \$24 billion in sales and sees 7.3 million customer visits every day. With over 30,000 commercial restaurants across the province, broken down in the chart below, the need for waste pick-up is evidently substantial. The restaurant industry is constantly growing and so too is social and environmental consciousness. It is inevitable that restaurant owners will seek alternative methods for disposing of their compostable waste, as it is estimated by Statistics Canada that \$27 billion is spent on food waste in Canada each year (Gooch et. Al, 2010).



As waste becomes a growing concern and the government develops regulations for waste diversion, businesses will look to companies, such as ours, to provide this service. With our company already established and supported by the community we expect our sales to double in the next five years.

Market share

Waste Management for the City of Toronto posted \$13.4 billion of revenue in 2011. Based on the city's approximation that 30% of all waste is organic, the potential revenue generation for this sector is assumed to be approximately \$4.02 billion annually. Based on our projected first year sales of \$211,564.80, our company's market share is 0.00005 – a small fraction of the industry.

Marketing

We at CompostAfuel recognize that we need to build a strong reputation in the community and to do so we need to strategically and effectively market our service. As our company grows we will need to adapt our marketing strategy to reflect our narrowing mission.

Our services are targeted towards restaurants across the city that source organic, local, and/or sustainable products for their menu. These restaurants will be identified in the following ways:

1. **Industry Contacts:** With relationships already developed, we will reach out to entrepreneurs that use their restaurant as a platform for promoting sustainability. These personal contacts will give way to a network of restaurant owners across the Greater Toronto Area that may be interested in our service.
2. **Local Food Plus Website:** This nonprofit organization is committed to “growing local sustainable food systems” and connects all parties in the sustainable food industry, from farmers to processors to distributors and so on.

Our strategy for connecting with these restaurants will focus on:

- Contacting the businesses via telephone to explain our services.
- Outlining our partnership with The Big Carrot and how it will benefit them.
- Setting up a meeting with the potential customer.
- Presenting our service and its benefits in person.
- Establishing a service cycle that works best for the customer.
- Establishing a relationship-oriented partnership with each customer.
- Using our company and existing relationship with the cooperative to promote our customers.

The marketing strategy of the company will be ever-changing, but what is a core value for CompstAfuel is building a strong relationship-oriented business. By building a strong relationship with our customers, we will not only strengthen the business, but also strengthen our branding power. The more our customers can rely on the company to fulfill their needs, the stronger their support for us and the more willing they will be to promote us. It is integral that they understand that we are more than just a service – we are a company that has an invested interest in the environment, just as they do. Further to that, we expect that the more traction our company gains, the greater the promotional advantages for the businesses partnering with us.

Customer Service Advantage

We intend to be more than just a service – building strong relationships with our customers is a top priority. This means that we must be reliable and available should there be any questions or concerns at any time. We will provide a 24 hour telephone line that will link restaurant owners to our service should they require our assistance. Beyond this, we will ensure that we check in with each restaurant on a weekly basis to confirm that we are providing exceptional service. If the restaurant is requiring more bins or more frequent pick-up we will arrange this at our earliest convenience.

Strategic Alliances

Our strategy for advertising begins with branding ourselves as leaders in organic waste diversion. By aligning our company with other companies, services, and databases that actively promote sustainability and social responsibility we will bring our name to the forefront of the industry. It is extremely pertinent for the success of this business, that we penetrate the “green market” with our name. CompostAfuel’s services will be shared on the Local Food Plus database to connect farmers, restaurants, distributors, and even supporters of sustainability to our website, which will contain all of the information about our services and partnerships. Our website will also be used for cross promotion of the restaurants we are partnered with. As well, by using The Big Carrot’s

community reputation to further validate our services, we believe we will garner a strong following. To strengthen this branding image even more, we have arranged for The Big Carrot to promote the restaurants that utilize our services, at their cooperative. This is an enticing offer, as restaurant owners are always looking for methods of attracting a new customer base.

Promotional Activities

Getting the message to the market is important in order for a grassroots business, such as CompostAfuel to survive. Exposing the community to our name and our mandate as frequently and strategically as possible is a priority. Beyond connecting our company with other like-minded companies, we must develop a strong relationship with the community. The more the community supports our cause, the more restaurants will be inclined to stand behind it. Thus, we intend to take part in farmer's markets across the GTA, to set up an information booth that details our services. By doing this, we will simply be getting our name and our message out into the community. Stickers with our logo on them and information packages will be distributed. These stickers will also be provided to the participating restaurant owners, so that they can display their active participation in diverting Toronto's waste from landfills.

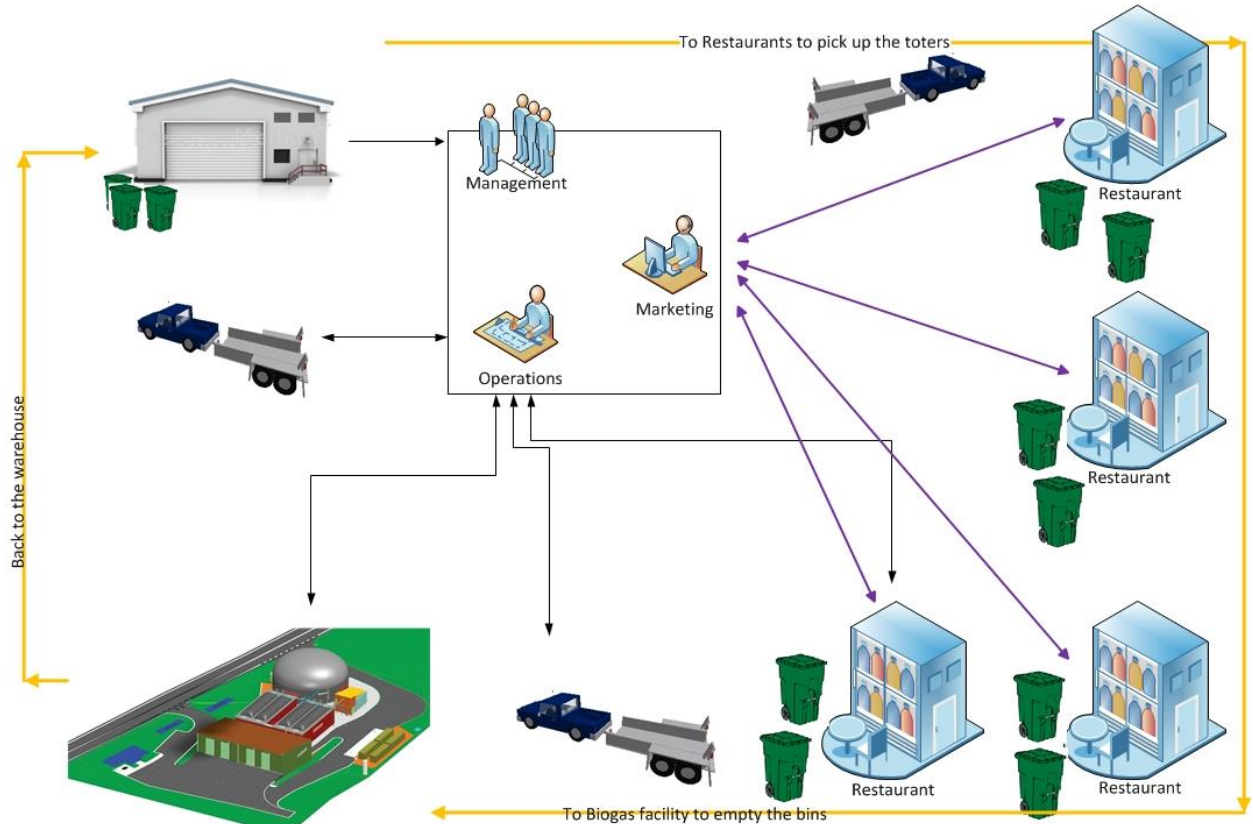
Pricing Structure

Although our service is not exclusive to our company and does exist throughout the GTA, we believe that we are offering a unique approach to organic waste diversion. Our strong advertising and cross promotional tactics will set us apart from our competitors, which will allow us to use a focused strategy for determining our prices. Based on this strategy, we anticipate that we will be in a position to provide our service just below market price. Although this may only give us a slight competitive advantage, our strong community connections and advertising power will set us apart from similar services.

Pricing will be based on a set fee per bin pick up, which will occur twice weekly unless otherwise arranged. The breakdown of our pricing structure is outlined below.

	Number Of Bins P/P	Drop Off Cost Per Bin	Total Unit Cost Per Bin	Pick up Charge Per Bin	Profit Per Bin
Restaurant 1	1	\$0.90	\$0.90	\$15.00	\$14.10
Restaurant 2	1	\$0.90	\$0.90	\$15.00	\$14.10
Restaurant 3	1	\$0.90	\$0.90	\$15.00	\$14.10
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OPERATIONS PLAN



For the first year of operations, we estimate serving 48 restaurants. Two pickup trucks with trailers will pick up 24 bins/toters per trip from these restaurants, estimating 144 trips per week. Two full-time employees and one part time employee will pick up the full toters from the restaurants and empty them at The Big Carrot composting facility. The staff will then return the empty toters to our warehouse and jet wash them for the following day.

Number Of Restaurants	Number Of Bins Per Pick Up	Number of Pick Ups Per Week	Total bins Per week
48	3	2	288

Early management departments include operations and marketing. The marketing department will find new customers and maintain and improve the company's marketing strategy. In the meantime, the operations department will manage the pickup schedule and maintain communications between trucks, restaurants and the biogas/composting facility. The operations department will also be responsible for ensuring customer satisfaction. Please see the detailed equipment, facility and labour lists below.

Our trucks will run using 100% used cooking oil, which we will collect for free from our selected restaurants. Furthermore, restaurants will not have to pay the pickup service fee for the cooking oil. Both parties will recognize the advantages of this as the cooking oil will be off-loaded from the restaurant and used to ours and the environments benefit.

Equipment

- 2 pickup trucks
- 2 pickup trailers
- 300 units 96 gallon toters
- 1 unit Cooking oil Filtration System
- 2 units Cooking oil conversion kit
- 1 unit jet wash
- Employee Uniforms

Facility

- A rental garage/warehouse to use for:
 - Parking trucks and trailers

- Storing toters
- Cleaning toters
- Operations Office
- Cooking oil storing and filtration

Labour

- 2 full time and 1 part time staff for the first year
- 5 full time staff for the second year

Overall Schedule

Projections for our overall schedule were based on a May 1, 2013 start date.

Task Name	Duration	Start	Finish
Establishing the Business	120 days	Wed 5/1/13	Tue 10/15/13
Finding a space	60 days	Wed 5/1/13	Tue 7/23/13
Setting up Shop	20 days	Tue 7/23/13	Mon 8/19/13
Equipment Purchasing	10 days	Tue 7/23/13	Mon 8/5/13
Setting up Social media	10 days	Mon 8/19/13	Fri 8/30/13
Building Clientele	60 days	Wed 5/1/13	Tue 7/23/13
Hiring Staff	15 days	Mon 8/19/13	Fri 9/6/13
Training Staff	10 days	Fri 9/6/13	Thu 9/19/13
Rollout	0 days		

RISK ANALYSIS

- **New and other competitors**

Even though the demand is high and will grow in the food waste sector, new competitors entering our sector is still a risk for our new business. Furthermore, our existing competitors can try to extend their business into our customer hinterland. We will overcome this risk by making use of our customer service advantage, strategic alliances, promotional activities and pricing strategy. Please refer to the marketing section for details.

- **Employee related service quality decline**

Repeat customers will be one of our biggest assets. Therefore, customer satisfaction will be critical to maintain our business flow. Any faulty behaviour from our employees towards our customers would be a potential risk.

To overcome this risk we will continuously train our employees to be the best service providers in the sector. Employee satisfaction is the other key element to maintain and improve customer satisfaction. We are planning to increase employee satisfaction alongside the growth of our company.

- **Restaurants going out of business**

Restaurants will be our main customers. Our success will be closely related to their success. Any loss in our customers' business will affect the success of our business. We will help our customers to increase their repeat customers by focusing on sustainability. Furthermore, our marketing team will constantly work to increase the number of customers we serve.

- **Bio-gas/drop off facilities that go out of business**

It is a serious risk for our business if a drop-off facility ceases to accept food waste. We cannot store or process the food waste ourselves. Food waste process facilities are one of the most important links in our service chain. If any food waste process facility goes out of business or halts incoming organic waste, we will be in potential danger. To mitigate this risk, we will connect our company with multiple drop-off points/food waste process facilities as we strengthen our business. Biogas facilities and shared drop-off points (ie. The Big Carrot) will be some of our allies. We are going to extend our reach by partnering with an extended branch of composting facilities, such as farmers to prevent this risk from coming into fruition.

- **Poor operations; management efficiency losses**

Food waste pick-up service seems like a simple business; however, our approach to food waste pick-up is not a simple trucking/hauling approach. We know our operation efficiency is closely related to our cost effective business strategy. Any efficiency losses in operations will affect the profitability of our business.

We will start our business with a strong operations plan and structure. We will make use of our project management skills, as well as useful technology (online trucking and scheduling software) to overcome this risk.

Financial Plan

We are projecting to serve 48 restaurants for the first year, 96 restaurants for the second year and 144 restaurants for the third year. Based on this projection:

- First year revenue will be \$195,000
- First year expenses will be \$116,000
- First year profit will be \$77,000
- Gross Margin will be 64%
- Net Profit Margin will be 40%

Please refer to Appendix A for a breakdown of the cash flow.

With the increasing sales at the end of the third year, net profit will be \$325,000 and each share of the 3 shareholders will be \$108,000.

Start-up Costs

CompostAfuel's start-up expenses are outlined in the following table. The start-up costs are to be financed by the bank in the sum of \$75,000. A breakdown of the loan details can be found in Appendix B.

SET UP COSTS	
Rental Deposit	\$2,000.00
First Month Rent	\$1,000.00
Toters	\$26,994.00
Trailers	\$11,000.00
Trucks	\$23,776.00
Cooking oil conversion kit	\$5,800.00
Cooking oil Filtration System	\$975.00
Office Equipment	\$1,000.00
Uniforms	\$500.00
Jet wash	\$189.99
Advertisement	\$1,000.00
Website Costs	\$100.00
License Fees	\$0.00
Other (Unknown)	\$500.00
TOTAL	\$74,834.99

Labour Costs

CompostAfuel's ongoing labour expenses are outlined in the following table.

	Hours	Days	\$ / Hour	Weekly	Monthly	Per Week/h
1. F.T.Staff	8	5	\$15.00	\$600.00	\$2,400.00	40
2. F.T.Staff	8	5	\$15.00	\$600.00	\$2,400.00	40
3. P.T.Staff	8	2	\$15.00	\$240.00	\$960.00	16
					\$0.00	
Total					\$5,760.00	96

A graph outlining a comparison of our sales and expenditures can be found in Appendix C.

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Appendices

Appendix A

CASHFLOW FORECAST

SALES AND INCOME													48 Rest.	96 Rest.	144 Rest.	192 Rest.	
	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	YR 2	YR 3	YR 4	
Restaurant 1	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 2	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 3	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 4	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 5	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 6	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 7	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 8	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 9	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 10	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 11	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 12	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 13	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 14	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 15	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 16	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 17	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 18	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 19	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 20	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 21	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 22	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 23	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 24	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 25	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 26	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 27	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 28	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 29	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 30	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 31	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 32	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 33	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 34	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 35	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 36	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 37	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 38	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 39	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 40	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 41	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 42	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 43	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 44	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 45	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 46	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 47	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 48	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$4,061	\$8,122	\$12,182	\$16,243	
Restaurant 49	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Restaurant 50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL RECEIPTS	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$16,243	\$194,918	\$389,837	\$584,755	\$779,674	
EXPENDITURES	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	YR 2	YR 3	YR 4	
Rent	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	\$12,000	\$12,000	\$12,000	
Management Fees	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	\$1,200	\$1,200	\$1,200	
Professional Fees (Accounting)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	\$1,200	\$1,200	\$1,200	
Gross Wages	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$5,760	\$69,120	\$138,240	\$207,360	\$276,480	
Communications	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400	\$4,800	\$7,200	\$9,600	
Insurance	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600	\$1,200	\$1,800	\$2,400	
Loan Repayments 5/3000 - 8%	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$2,387	\$28,639	\$28,639	\$28,639	\$28,639	
Transportation Maintenance	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600	\$0	\$0	\$0	
Other	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	\$0	\$0	\$0	
TOTAL EXPENDITURES	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$9,747	\$116,959	\$187,279	\$259,299	\$331,519	
CASHFLOW SURPLUS/DEFICIT	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$6,497	\$77,959	\$202,557	\$325,456	\$448,154	
OPENING BALANCE	\$0	\$6,497	\$12,993	\$19,490	\$25,986	\$32,483	\$38,980	\$45,476	\$51,973	\$58,469	\$64,966	\$71,462	\$77,959	\$139,516	\$201,072	\$262,628	\$324,184
CLOSING BALANCE	\$6,497	\$12,993	\$19,490	\$25,986	\$32,483	\$38,980	\$45,476	\$51,973	\$58,469	\$64,966	\$71,462	\$77,959	\$139,516	\$201,072	\$262,628	\$324,184	

\$25,986 \$67,519 \$108,452 \$149,385 Per Shareholder

Appendix B

14/04/2013

Loan Payment Calculator



RBC Royal Bank

Loan Payment Calculator

- **1** [Loan Details](#)
- **2** **Results**

Payment Details

Below are the payment details for a \$75,000 fixed rate loan with a 3 year repayment period at 8.00% interest.

Payment Frequency	Protected Payment Amount ⁽¹⁾	Unprotected Payment Amount ⁽²⁾	Interest Cost	Interest Savings vs. Monthly Payment
<input checked="" type="radio"/> Monthly	\$ 2,386.61	\$ 2,350.23	\$ 9,608.19	\$ 0.00
<input type="radio"/> Semi-monthly	\$ 1,191.52	\$ 1,173.39	\$ 9,483.99	\$ 124.20
<input type="radio"/> Biweekly	\$ 1,099.25	\$ 1,082.57	\$ 9,440.78	\$ 167.40
<input type="radio"/> Weekly	\$ 549.25	\$ 540.92	\$ 9,383.61	\$ 224.58

Loan Tips and Advice

- Select a payment frequency that best matches your cash flow needs – for example, you could time your loan payment to coincide with your payday.
- Help safeguard yourself and your family's lifestyle and assets by choosing the **Protected Payment Amount⁽¹⁾**, which includes LoanProtector[®] life & disability coverage.

Loan Payment Chart

Appendix C

