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Road Warriors Delivery

Business Plan and Final Report

Spring 2013 Wayne State University

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Higher Education

Road Warriors Delivery (RWD) is a grocery delivery service that will deliver goods from select Detroit grocery stores to Detroit city residents. Customers will be able to choose their goods and delivery time, bringing fresh food to those who do not have the time or the resources to shop in person.

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Center for Community and Economic Development



Business Plan and Final Report





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Executive Summary



Road Warriors Delivery is a Detroit owned and operated grocery delivery service that will deliver goods from select Detroit grocery stores to Detroit city residents. For a fee, customers will be able to schedule a delivery time and goods using either online or brochure based ordering tools. Grocery delivery will allow those who do not have the time, resources or access to shop in person at a grocery store or an affordable option to purchase a variety of fresh food.

Delivery services run 7 days a week during one of three previously scheduled delivery times. Road Warriors Delivery will partner with Honey Bee Market during Years 1-3 as a pilot program with the potential to partner with additional stores in Year 4. Road Warriors Delivery will initially deliver within a 5 mile radius of Honey Bee Market, targeting the over 150,000 city residents that live within these boundaries. As part of this partnership, Honey Bee Market will compile and sort all orders for the next business day. As Honey Bee does not currently do any marketing work, Honey Bee Market will share 50% of any additional annual profit they make as long as the increase in profits totals at least 10%.

There are four pricing options for customers to choose from ranging from \$4 for delivery to a senior center, to \$10+ for drop off delivery to residential homes including over \$150 in grocery purchases. Customers must pay by credit card or electronic check when placing their orders. Customers may use their Michigan Bridge Card for qualified items. They may use the Road Warriors Delivery website to select goods and pay. Road Warriors Delivery will also have brochures available for those without internet access to place orders by phone. Road Warriors Delivery guarantees that products delivered will be the freshest available and will replace any delivered good that is damaged or spoiled.

In terms of competition, Road Warriors Delivery faces no similar competition within the City of Detroit. The most similar company, Go Get! Delivery is a delivery company affiliated with Hollywood Market stores. However, they have a fixed \$10 delivery fee and deliver only to zip codes in Oakland County and limited parts of Macomb County. Konbini Delivery, the only other Detroit-based delivery service is a bike-based volunteer delivery service but does not provide the service of custom-grocery shopping.

We are able to provide affordable grocery delivery as our startup costs and monthly expenses are relatively low. Our total start-up costs are approximately \$40,000, with the most expensive purchase being a \$25,000 used refrigerated delivery van. Our monthly expenses total approximately \$17,000. In addition to employee pay, a substantial monthly expense is in marketing the service.

We plan to utilize a variety of resources to get the word out to various demographic groups in the city. Not only will we purchase radio and print advertisements, but we will leverage social media and in-person outreach to community groups, senior centers and churches.

Road Warriors Delivery monthly revenue projections are based on 45 unique delivery locations and 75 customers per day. We estimate monthly income of about \$23,000, and a Year 1 profit of \$72,216. The startup loan will be paid off after Year 5. Our initial funding will be a combination of personal resources, crowd-funding, and a small business loan.

While we do not anticipate facing substantial challenges from the city, county or state or issues relating to bureaucratic red tape in starting our business, we do indeed anticipate obstacles. One of our primary clientele groups, seniors, may be reluctant to share their credit card or electronic check information.

Additionally, one of our highest priorities and a concern is protecting the safety of our drivers and the groceries. In order to better protect our drivers, they will not carry cash or take part in the exchange of any cash. However, this requires us to use credit or electronic check which may drive away potential customers from the senior community. As safety takes priority over all else, we plan to implement an extensive outreach and education effort to senior communities to help build trust and understanding over the payment process.

Other potential challenges include maintaining the correct temperature for frozen, refrigerated and room temperature foods, state law which prohibits the delivery of alcohol, and individual customers' grocery preference, especially regarding the level of ripeness of produce.



COMPANY SUMMARY



Mission Statement

Road Warriors Delivery (RWD) is a grocery delivery service that will deliver goods from select Detroit grocery stores to Detroit city residents. For a fee, customers will be able to schedule a delivery time and goods using either online or brochure based ordering tools. Grocery delivery will allow those who do not have the time or the resources to shop in person at a grocery store, an affordable option to purchase a variety of fresh food.

Vision

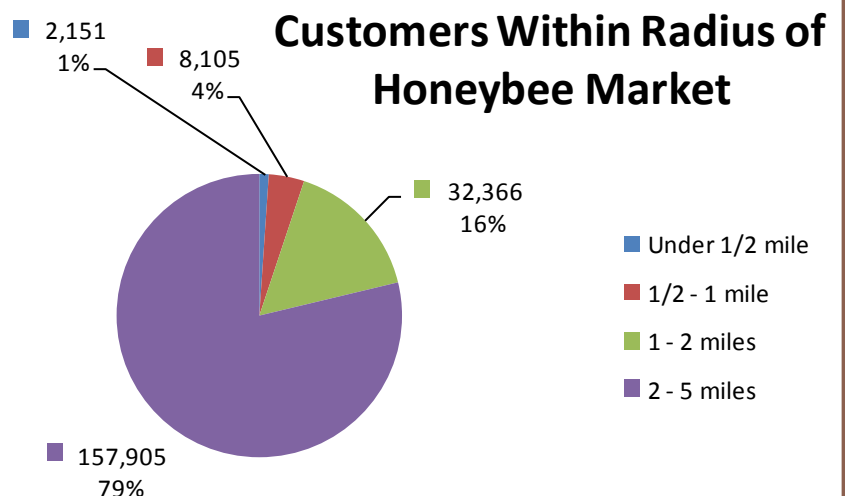
Road Warriors Delivery will launch by partnering with Honey Bee Market in Southwest Detroit. Year 4, RWD plans to expand to incorporate additional grocers and a larger delivery radius.

Company Ownership

Road Warriors Delivery will be equally owned by four partners who each contribute \$7500 towards start-up costs through personal monetary input and securing of available loans for a total of \$30,000 of owner investment. The remaining \$10,000 will be provided by crowdsourcing opportunities such as Indigogo. Those who invest through this mechanism will not be partners in the company but may receive a token gift or limited-time discount on services as a return on their investment, in the spirit of many crowdsourcing appeals.

Location

While the business portion will be housed in Green Garage, delivery will initiate at the Honey Bee Market location, with the delivery radius set at 5 miles from this location. This radius allows for delivery to numerous senior facilities, downtown Detroit, and neighborhoods such as Southwest, Corktown, Indian Village, Midtown, Boston Edison and numerous others.



PRODUCTS AND SERVICES

Delivery Windows

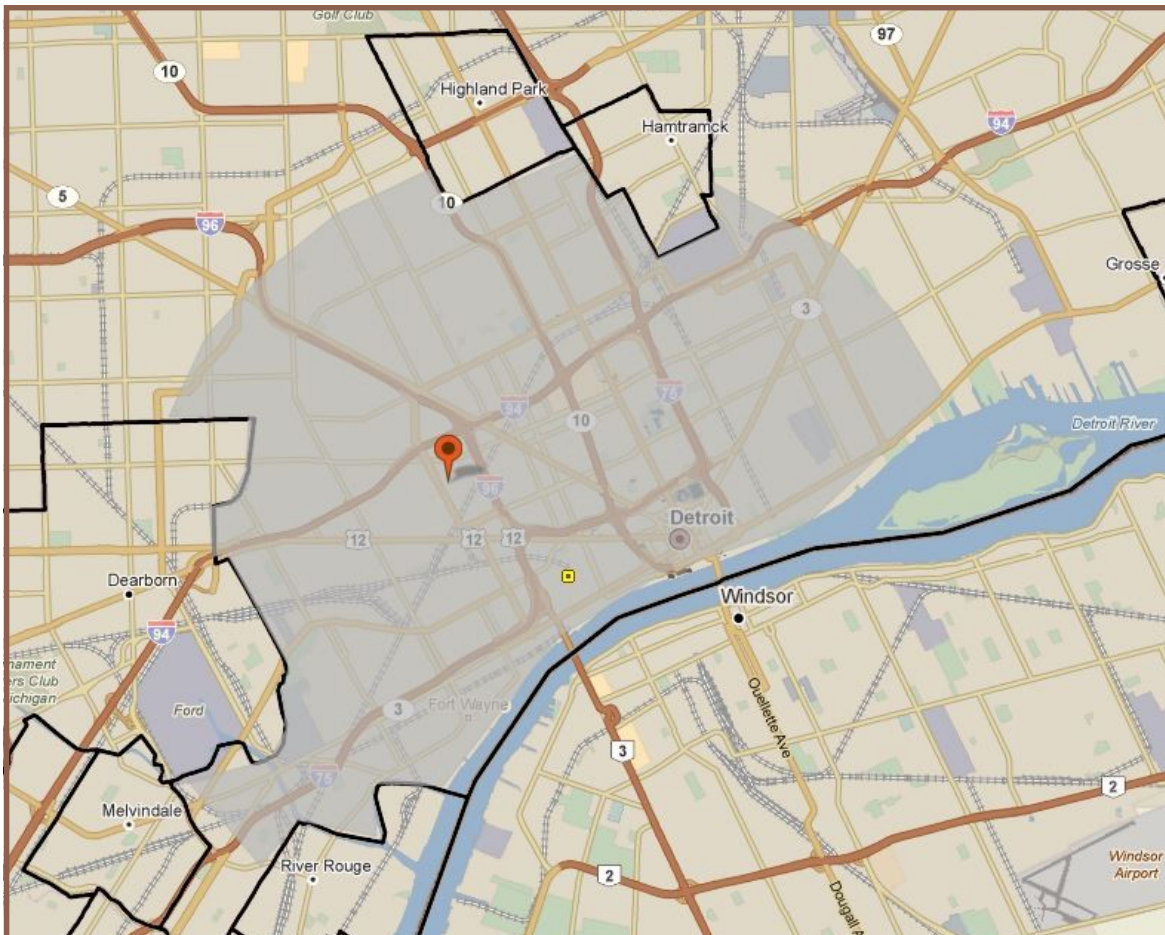
We deliver 7 days a week during a pre-selected delivery window. Customers must place orders at least 24 hours in advance. When placing an order, they may select one of three delivery windows: 9am-1pm, 1pm-5pm or 5:30pm-8pm. Customers are responsible for being present at time of delivery. If customers do not plan to be present at time of delivery, groceries may be left in a cooler outside of their home. However, Honey Bee Market and the Road Warriors Delivery are not responsible for and damage or theft to goods.

Delivery Area

Initially, delivery service will span a 5 mile radius around Honey Bee Market. In years 4 and 5, the Road Warriors Delivery will consider an expansion of this radius, partnering with additional grocers, or both. This radius allows for delivery to numerous senior facilities, downtown Detroit, and neighborhoods such as Southwest, Corktown, Indian Village, Midtown, Boston Edison and numerous others.

Target Customer Base

Anyone who eats food from a grocery store can be a customer of Road Warriors Delivery. Our focus in recruitment of customers will be on working families, senior citizens, disabled adults, families with limited access to transportation, and families living at a distance from existing retail food establishments.



Staffing

The manager/owner will work in an office and will facilitate all management and operations of the Road Warriors Delivery. Day to day, this will entail taking orders from the website and online and ensuring they are distributed to Honey Bee Market for compilation for the next business day. The manager will ensure the business is in full compliance with applicable laws. They will manage HR tasks including payment of bills, servicing equipment, employee compensation, etc. The manager will also coordinate all Road Warriors Delivery marketing efforts. As needed, the RWD will contract with an accountant and an attorney to ensure operations are orderly and in compliance with law.

In addition to the manager, RWD will employ three contract employees as delivery staff. All employees must have their own transportation to Honey Bee Market, and must be properly insured and licensed. The three employees will split the 80 hour work week among one another, so each employee will work an approximately 27 hour work week. They will be compensated at \$15/hour. Drivers will be responsible for picking up the RWD van at Honey Bee Market, assisting market staff in packing the van, and delivering groceries during the scheduled shift time. Depending on the schedule, drivers may need to work 1 or 2 shifts per day, but will never work 3 shifts. Drivers will be paid two times per month by check issued by the Road Warrior Delivery.

Products

Road Warriors Delivery will offer a wide range of fresh produce and beverages available for delivery to the customer's doorstep. The meats, fruits and vegetables will be the freshest produce that can be secured for our customers. All products offered at Honey Bee Market will not be offered on the website. Rather, we will work with Honey Bee to inventory the top selling brand of each item and the top selling items to formulate a strategy regarding which products will be listed on the website and in the brochure as available for purchase. Tobacco products will also be offered, provided that the purchaser is over 18 years of age. Alcohol will not be among the items that are offered. Any product that is found to be damaged or spoiled will be replaced within 24 hours free of charge and the customer will receive a \$5 credit to their account for the inconvenience. Customers may opt to return an item without replacement for a full refund for the item. Damaged goods must be reported to RDW within one hour of receiving the product. The Road Warriors Delivery and Honey Bee Market are not responsible for damaged goods left in coolers for not-at-home customers. For some products, the website does offer the ability for customers to choose a specific quality in their produce. For example, bananas purchased may be green or yellow.

Drop Off Service

If customers do not plan to be present at time of delivery, groceries may be left in a cooler outside of their home. Coolers will be packed with wet or dry ice depending on the nature of the products being left. The charge for this service is a flat fee of \$10, plus a \$100 deposit for the cooler. Coolers must be returned to Honey Bee Market within 7 days of the delivery and the deposit will either be refunded or issued as an account credit, subject to the customer's preferences. Honey Bee Market and the Road Warriors Delivery are not responsible for and damage or theft to goods. Customers may leave special instructions regarding the drop off location, but locations must be deemed "easily accessible" by the delivery person.

Road Warriors Delivery Home Base

RWD will rent a small office space in the Green Garage in Detroit. The Green Garage is a communal office space in midtown that allows for shared office space for triple bottom line businesses and nonprofits. Ideally, businesses utilizing this shared space are healthy for the environment, economics and the community. The Green Garage opened in fall of 2011. Currently, there are over 35 businesses who call the Green Garage home. RWD takes office expenses into account including rent, phone, internet, office supplies and printing costs. The manager of RWD will use this space to manage all orders, including online orders through our custom website and phone-in orders. The manager will intake orders and will email orders daily to Honey Bee Market in order to be processed for the next business day.

Honey Bee Market Partnership

Road Warriors Delivery chose to initially partner with Honey Bee Market due to its location and values. Honey Bee Market is dedicated to quality produce, customer service, and affordable pricing. This family owned market has supported grocery in the community since 1956 and recently saw an expansion from 4,000 square feet to 15,000 square feet. In meeting with the Honey Bee Market store manager, RWD was able to lay the groundwork for what a partnership with Honey Bee might entail. Each day, the Road Warriors Delivery Manager will compile all orders for the next business day. Orders will be placed with Honey Bee Market by 9pm the evening before. All payments will run through RWD and will be paid to Honey Bee Market. The RWD van will be stored in the Honey Bee Market parking lot.

Honey Bee Market staff will compile and sort groceries for customers. When a RWD driver reports to the store, the pre-sorted groceries will be ready to be loaded into the refrigerated van for delivery. This will greatly cut down on the staff time RWD will need to commit. When a driver returns at the end of a shift, the next delivery window's items will be compiled, sorted and waiting in a storage space of the proper temperature.

Additionally, RWD will implement a robust marketing plan. Honey Bee Market currently does not do anything to market their store. RWD anticipates that through its marketing of the service and partnership, Honey Bee will see at least a 10% increase in profits. Not only will the customer base grow due to the new customers gained through the delivery service, but the marketing campaign will serve to increase in person and foot traffic at the market as well. Honey Bee will commit to share with RWD 50% of their additional annual profits if profits jump by at least 10% over the course of the year.

SALES AND MARKETING

Pricing

Based on the type and volume of the delivery, there are four price points for delivery services. While tipping is permitted, it is not required. For a “residential delivery”, the delivery fee is a flat rate of \$8. This includes the transport of goods and grocery unloading. Delivery staff will carry purchased items as far as the front door of the customer. With the customer’s permission, delivery staff will unload items to inside the front door of the home. For those who live in select senior housing establishments within the delivery radius, a “discount delivery” fee of \$4 will be charged per order. Delivery staff will unload all items to the front desk of the senior community and management of the partnered senior center will be responsible for making staff and resources available to deliver goods to individual rooms or units. Customers who know they will not my home for their scheduled deliver may make arrangements to have their groceries left in large 100-ounce coolers. The “drop off” fee is \$10 plus a \$100 deposit for every cooler left. Customers must return the cooler within a week to receive a refund of the deposit. The cooler may be returned to Honey Bee Market or may be given back to the delivery staff at the time of the next delivery. The deposit can be credited to the customer’s credit card or checking account or may be put into their account as a RWD service credit. Finally, customers that order more than \$150 in groceries will be charged the base price as well as 15% of the grocery price over \$150. This fee is assessed to offset the additional time and labor of compiling groceries and loading/unloading the van.

Payment

Customers must pay when placing their orders. They may use a credit card or electronic checking account number either online through the website or when ordering over the phone through a RWD representative. Those ordering over the phone may utilize the website or a printed RWD grocery catalogue to select the products they’d like to order. Each product will correspond with an item number for easy reference. These catalogues will be distributed to select city residents in advance and will also be mailed to individuals who request them. The delivery staff will not exchange any cash with customers on site.

Shop by History

Our custom website keeps track of delivery dates and the products you previously purchased. With just one click you can easily replicate past orders. This option allows flexibility to add or remove items from previous order when placing a new order.

Food Assistance Programs

Customers using the Michigan Bridge card will be able to use the card to purchase groceries as they would in any grocery store. Moderate delivery charges may be comparable or less expensive than transportation costs for many customers.

How far do you

Reduce your overall costs each month on processed, take-out and fast foods

Enjoy many health benefits from adding fresh fruits and vegetables to your daily diet

Ordering your list of groceries is both quick and convenient

Let us bring fresh, high



Advertising

In order to get the word out to local residents, we will be putting up promotional flyers outside the Honey Bee Market, beginning at least one week before the service begins. We will also be mailing the flyers out to local residences that are within the designated service area. The flyers will show the company name, logo, hours of delivery service and the telephone number and web address for placing orders.



Why travel to buy fresh food?

Don't let distance or transportation issues keep you from enjoying fresh and nutritious food from your neighborhood grocery store.

We are happy to announce that Road Warriors Delivery now provides convenient and dependable grocery delivery services in your area. Choose from your favorite national and store brands, natural and organic produce, high quality meats, prepared meals and much more delivered straight to your door.

Call 1-800-WARRIOR or visit our website at www.RoadWarriorsDelivery.com to start your personalized grocery shopping and delivery service. Your satisfaction is our top priority and we guarantee your order will arrive promptly and safely!

High quality food straight to your door!



As a way to appeal to a new market, RWD will offer a one-time promotional 15% off coupon on the flyer, if the order exceeds \$35. The coupon must be redeemed during the first month of business. By offering the first delivery at a discount, the residents will be able to get an understanding of how the business will work and determine that the service is one that is needed.

Road Warriors Delivery will reach out to local media outlets, in order to reach those that disregard the mailers.

Detroit 2020, sponsored by WXYZ Channel 7, is committed to helping spread the word of the positive and beneficial things that are happening within the city. Detroit 2020's goal is to unify, inspire change and help make Detroit a better place to live, work and raise families. RWD will reach out to Channel 7 in order for the reporter to do a profile piece on the business. Reaching out for publicity for the new business will not increase costs for the RWD. Whenever possible, it is necessary to look for the journalist/reporter who will create free publicity.

Radio is another way to spread the word about the delivery service. While there are a number of radio stations in the metro Detroit area, RWD will limit to 101.9 WDET Detroit Public Radio, 97.9 WJLB and 760 WJR. Advertising rates on WDET, WJLB and WJR, will cost \$245.00 for a 30-second spot.

Road Warriors Delivery will also reach out to Metro Times and Real Detroit to spotlight on the delivery service. Each will run a profile piece, highlighting the business and its enhancement to the neighborhood. The magazines will also provide space for advertising that will continue to run throughout the year.

Advertising for Metro Times and Real Detroit will cost \$44.00 per week for a column-inch of black and white. These print magazines have a more targeted audience and would be more likely to

be seen than by advertising in the Detroit Free Press and the Detroit News. These publications have more advertising that tend to go unnoticed.

The Road Warriors Delivery Website

RWD will contract with Custom Grocery, a web service that builds client websites for grocery delivery startups and small grocery stores. RWD is working with Dave Backhaus of Custom Grocery to build and then host a website that customers and RWD staff can use to place orders. Custom Grocery has not only served RWD as a web service, but has worked closely with us to help guide our business development. Custom Grocery has extensive experience working with start-up grocery delivery businesses. Their service is able to supply us with an initial product list of over 4,500 products organized by aisle, subcategory and product. Items are also accompanied by pictures and multiple size options. All payments will be made through a Paypal link integrated into this website. When customers order by phone, the manager will create an online profile for them utilizing the Custom Grocery website and will input all of their order information. This will ensure all order information for all customers is stored in one central and easily accessible location.

The initial set-up of the website will include the entire design, SSL security certificate, and hosting for the first year. After year one, RWD will use Custom Grocery for monthly hosting which covers software for both the external and administrative sites, as well as 24/7 technical service.

Social Media

Road Warriors Delivery will also become a presence on Facebook and Twitter. Businesses will thrive due to word-of-mouth. These days, that includes social media. Detroit residents can “like” or comment on the service, thereby generating more business and more followers.

Smartphone “Apps”

One option for future technological advancement for customer benefit is the development of smartphone applications through which customers could place orders for delivery. Since the growth of smartphone use, including the accessibility to low-income families that may use smartphones in place of desktop or laptop computers in the home, “apps” provide a large customer base one more option to place orders and pay.

Additionally, technology exists for customers to either enter UPC codes or scan these codes on products in their pantry for ease of ordering, ensuring their favorite products are the items they add to their order. Favorite items can also be saved for regular restocking of the home grocery supply.



Quality, Value & Prompt Delivery!
Personalized grocery shopping and delivery to your door

Enter your zip code to begin:

zip code



Great Selection & Satisfaction Guarantee

Choose from your favorite national brands, store brands, prepared meals, natural and organic produce, high quality meats and more delivered straight to your door. We guarantee your order to arrive promptly and safely!



Avoid trips to fast food restaurants and convenience stores
Learn more today!





All Rights Reserved • Call Toll Free 1-800-WARRIOR (927-7467)


T-Mobile 12:01 AM 75%

Road Warrior Delivery [View Cart: \\$0.00](#)

[Back](#) **Bananas**

Sort [Alphabetical](#) [Save](#)

	Banana Green 1 EA (\$.39 / EA)	Buy \$0.39
	Banana Organic 1 EA (\$.45 / EA)	Buy \$0.45
	Bananas Yellow Full Case 90-100ct 1 BOX (\$29.99 / EA)	Buy \$29.99
	Banana Yellow 1 EA (\$.39 / EA)	Buy \$0.39
Plantain (Platano)		Buy

072140633783 

Eucerin Daily Moisturizing Creme Skin Calming Fragrance Free



8 OZ SQZ
\$.97/OZ
\$7.79

[Buy](#)

Competitors

Unlike cities of comparable size, by way of population or geographic area, or by population density, Detroit has few and limited options for grocery delivery. While considerations such as average household income, neighborhood safety, and general economic issues facing Detroit may be an issue, food remains a necessary item regardless of geography or income.

Additionally, while stories of Detroit's "food desert" have been debunked as myths, an element of truth remains to the concern Detroiters have over nearby, quality grocery options within city limits. As with any major urban center, Detroiters face time crunches from juggling work and family, limited access to reliable transportation, and budgetary concerns. Grocery delivery then becomes a modern convenience allowing busy working parents, disabled individuals, and senior citizens—or simply anyone who would like the convenience of delivery at low prices—to leverage their time and money effectively and efficiently.

Road Warrior Delivery provides a unique service in partnering with a reputable local grocery store, delivering to parts of Detroit underserved by competitors.

Detroit's Eastern Market: A Food Hub in a Food Desert

Posted by Debbie Tropp, Branch Chief, Farmers Market and Direct Market Research Branch, AMS, on December 17, 2010 at 3:59 PM

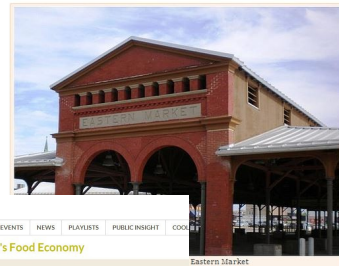


Photo courtesy of Eastern Market. Photo by WDET-TV.

"... Depending on where you live, depending on your race, depending on your economic situation... your quantity and quality of life is reduced depending on your access to high-quality food. And so that is a social justice issue."

~ Malik Yakini

Detroit Grocery Stores, 'Food Desert' Myth Examined In Noah Stephens' Photography Survey

Posted: 10/22/2012 4:26 pm EDT Updated: 11/09/2012 4:20 pm EDT

Detroit photographer Noah Stephens has aimed to show a different side of the city from what frequently makes it into national press, highlighting its interesting, motivated and beautiful people in his portrait project "The People of Detroit." Now, he's using photography to address another negative portrayal of Detroit: that it is a "food desert" where residents struggle to access fresh produce.

Media accounts that Detroit had no national chain grocery stores (currently false, and a Whole Foods and Huggs store are under construction with the help of subsidies) have been shut down, as residents and organizations stepped in to refute the claim. Last September, a report by Think Tank Data Driven Detroit found 115 full-service grocery stores in the city, not including the large and busy Eastern Market.

But the existence of stores doesn't guarantee a wide selection of fresh produce and healthy foods, nor that they are accessible to residents in a city with a significant lack of public transportation.

So Stephens is going further, setting out to document the city's grocery stores, 111 at his count, with his camera. He aims to create a "visual survey of the food landscape," a project for which he's raising funds on Kickstarter. In just eight weeks, he plans to photograph every grocery store, its produce, shoppers and the routes they take to get there from their homes. He will also interview individuals about their food choices and shopping habits, resulting in a website and photo book.

For Stephens, the project is not just about combating negative views of the city. Strongly influenced by his own background and family history, Stephens is aiming to determine whether Detroiters' food options are restricted by access or choice, as he explains on Kickstarter.

Edible Eats Grocery Delivery Company
www.edibleeatsonline.com



Go Get! Delivery
gogetdelivery.com

Jay & Mike's Urban Grocery Delivery



Konbini Delivery
www.konbinidelivery.com

Phil's Market / Harvest Express

- Delivery anywhere in Metro Detroit
- Small family-owned business with little press or advertising
- \$12.95 delivery fee + 10% of grocery bill
- Delivery to zip codes in Oakland County and very limited in northern Macomb County only
- \$10 delivery fee
- Affiliated with Hollywood Markets
- Not yet open
- Seeking funding
- Bike-based, volunteer-staffed delivery service to Midtown and Downtown Detroit
- \$4 delivery fee
- Not yet open
- Seeking funding

Future Expansion Opportunities

The goal of the grocery delivery service is to expand and grow beyond delivering goods and produce to residential homes. One market demographic who would benefit from grocery delivery would be the elderly Detroit residents living in senior community facilities. This would include those individuals who are not under dietary restrictions and are able to make their own decisions regarding their nutritional well-being.

As most of the facilities researched provide meals to the residents, Road Warriors Delivery will not be prohibiting them from enjoying those meals, but would be available for special requests and/or treats.

The Road Warriors Delivery service would be available to pick up those items that would be requested of the elderly, without them having to venture from their facilities on their own. As Detroit does not have a readily available public transit system and Michigan winters are not overly kind to pedestrians, having an elderly person walk to the nearest store to get a desired item could be a laborious adventure. Not to mention that the nearest store might be a liquor store, where produce or healthy food options would be at a minimum.

The delivery service would provide healthy snacks and treats for those who would not be able to get to the store easily. Residents would have the comfort and enjoyment of the foods that they desire, without having to venture through the city to get them.

There are a number of senior communities within the city of Detroit. Below are seven facilities that do not currently employ a food delivery service, but allow residents to bring in their own food. A food delivery service would be welcome in these facilities.

Rio Vista Detroit Co-Op
1250 18th St
Detroit 48216
0.3 miles from Honey Bee Market

Williams Community Living
2662 W Grand Blvd
Detroit 48208
3.2 miles from Honey Bee Market

Himelhoch Apartments
1545 Woodward
Detroit 48226
2.1 miles from Honey Bee Market

Genessee AFC
9250 Genessee St
Detroit 48206
5.8 miles from Honey Bee Market

Friendship Meadows
1001 Leland St
Detroit 48210
3.3 miles from Honey Bee Market

WC Turner 1
48 Chandler St
Detroit 48206
4.6 miles from Honey Bee Market

Carson AFC No 2
5825 Livernois
Detroit MI 48210
3.5 miles from Honey Bee Market

FINANCIAL PROJECTIONS

The tables provided below summarize the initial amount of money needed, and each following year, to establish and maintain our proposed small business. The money will be used to establish a central location for operations, equipment for the delivery service, and cover the annual operating expenses. A more detailed look at the start up costs and monthly expenses is outlined in the Appendix.

Start Up Costs

Startup costs for DRW have projected to be \$40,000. The costs will be funded in the following ways:

Personal financing by founding owners - \$15,000

Crowd funding - \$10,000

Small business bank loans - \$15,000.

Start-Up Projections

Vehicle	\$25,300
Equipment and Supplies	\$6430
Marketing	\$4669
Unexpected Costs	\$3500
Total Start Up Costs	\$39,899

Monthly Expenses

Monthly expenses for DRW have projected to be \$17,000 and have been categorized in the following ways:

Monthly Expense Projections

Employee Pay	\$5581
Equipment & Supplies	\$4620
Facility Operations	\$1216
External Services	\$5615
Total Monthly Costs	\$17,032

Revenue

DRW monthly revenue projections are based on 45 unique delivery locations and 75 customers per day. We estimate 45 regular and 35 discount sales, 5 customers per day that will use the drop-off service, and 15% that will be imposed the extra grocery fee. The following details our anticipated monthly income:

Monthly Revenue Projections		
	Price x Customer	
Regular Sales	\$8 x 45 (per day)	\$11,160
Discount Sales	\$4 x 35 (per day)	\$4340
Drop-off Fee	\$10 x 5 (per day)	\$1550
Extra Grocery Fee	%	\$1000
Honey Bee Market Fee		\$5000
Total Monthly Revenue		\$23,050

Benefit / Profit

With annual revenues of \$276,600, expenses of \$204,484, and financing covering all startup costs this equates to a benefit (profit) of \$72,216 in the first year.

Year 1	
Start-Up Costs	\$40,000
Annual Cost	\$204,384
Funding	\$40,000
Revenue	\$276,000
Benefit / year	\$72,216

Assumptions

RDW anticipates expansion after the initial year – largely based on need and lack of competition. Due to the absence of directly comparable companies we identified other delivery companies in the commercial delivery service – of similar size and age – and identified key components of their financial reports.

- We are projecting a 10% growth rate annually after year one. Our annual revenue will grow from \$276,600 at the end of the startup year to \$404,970.06 after year five.
- Based on reports of the same companies we project our costs will have an approximate annual increase of 5%. During the same 5 year time period our costs will increase from \$204,384 to \$248,430.
- The analysis uses a 3.5% APR for its discount rate. This value was determined based on industry standards and conducting a sensitivity analysis.
- Startup loan will be paid off after year five and that expense is removed from the annual costs – an additional \$2,775/yr. of revenue.

Cost Benefit Analysis

The CBA was calculated over a 9 year period. As you can see we anticipate a payback time period of 2.83 years – where the continual annual sum of profits surpasses initial costs. Because investors, board members, financial institutions, and other stakeholders measure the worthiness of a project vary we included other measures:

- Internal Rate of Return (IRR) = 59.95%
- Benefit Cost Ratio (BC Ratio) = 12.95
- Present Value = \$69,773
- Present Value Sum = \$1.2M
- NPV = \$1.45M

Discount Rate Used = 3.50%

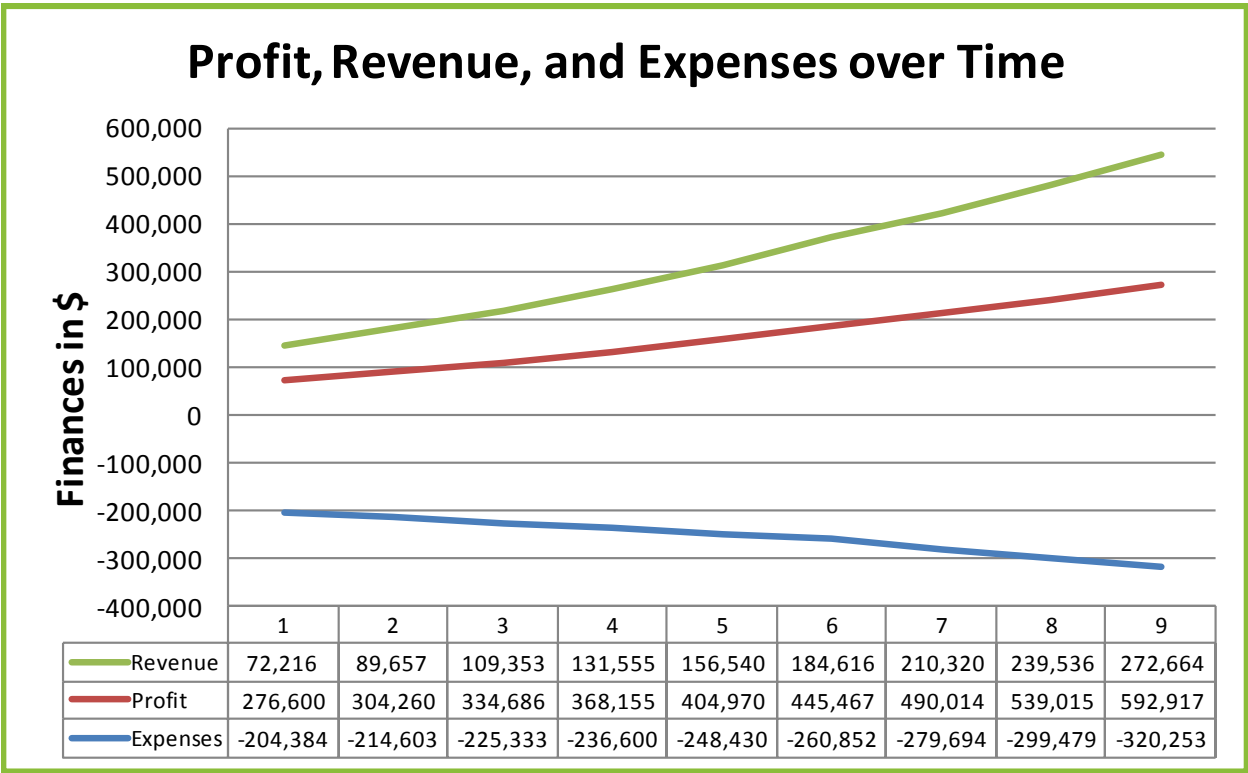
Year	1	2
Start-Up Costs	-40,000.00	
Annual Cost	-204,384.00	-214,384.00
Funding	40,000.00	
Revenue	276,600.00	304,970.06
Benefit/year	72,216.00	89,970.06
PV	69,773.91	83,970.06
PV sum	1,196,006.86	
NPV	1,450,212.77	

Year	1	2
	-\$202,975	91,970.06

IRR	59.95%
BC Ratio	12.95
Pay Back Time	2.83 Years

Losses

Based on information obtained from equivalent delivery services – food and human transportation – they record less than one robbery per week. These companies have strict rules, and publicly advertise, as to the amount of cash that is carried by its employees. RWD employees will carry no cash as all financial transactions are done in advance when the order are placed. The losses the companies occur are usually non-cash and limited to small amounts of food. These amounts are negligible enough that when calculating costs they aren’t included. Large losses are covered by the insurance policy and any increase in rates can be adjusted as necessary.

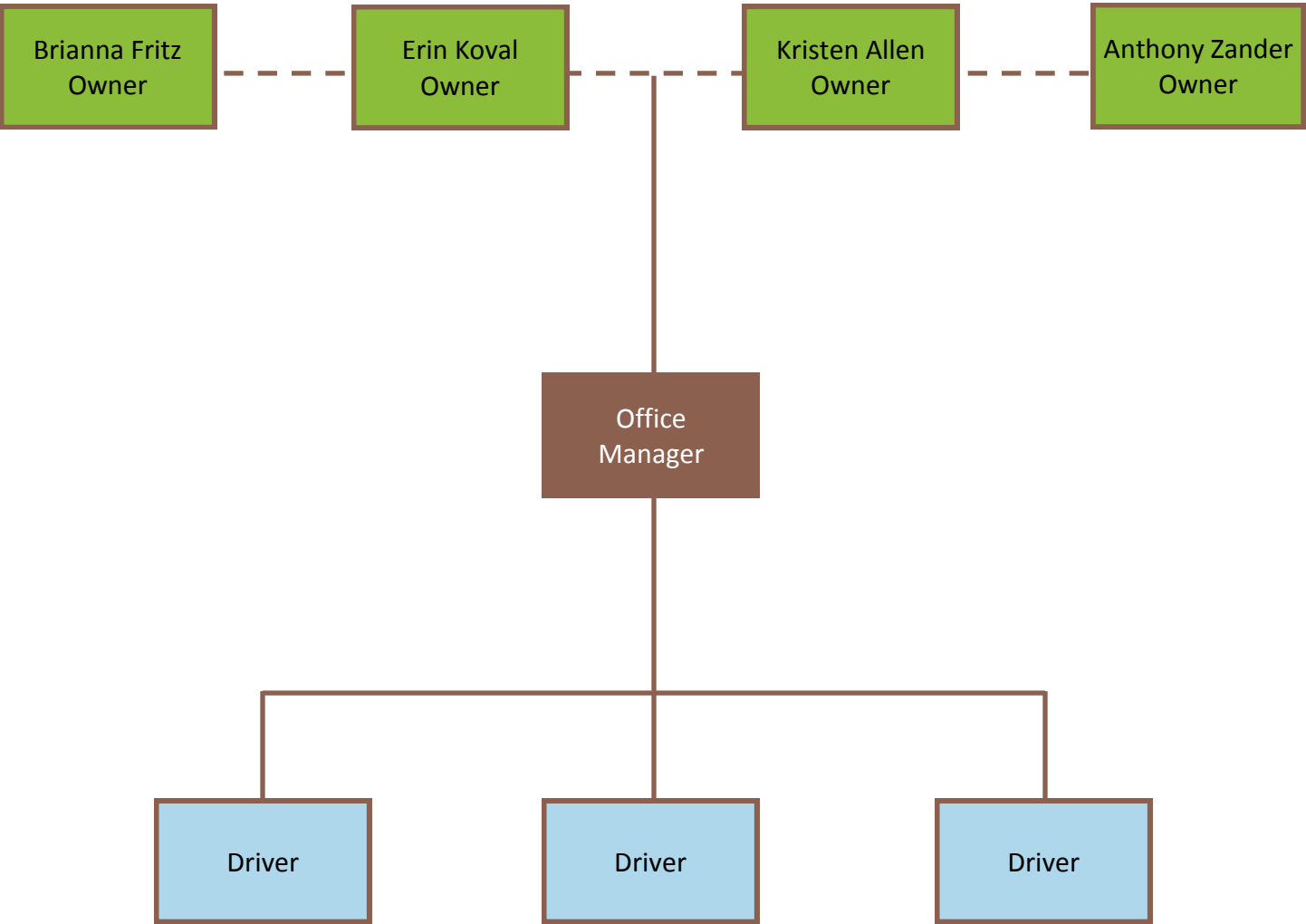


	3	4	5	6	7	8	9
603.20	-225,333.36	-236,600.03	-248,430.03	-260,851.53	-279,694.11	-299,478.81	-320,252.75
260.00	334,686.00	368,154.60	404,970.06	445,467.07	490,013.77	539,015.15	592,916.66
656.80	109,352.64	131,554.57	156,540.03	184,615.54	210,319.67	239,536.34	272,663.91
695.58	98,629.82	114,642.21	131,802.51	150,184.86	165,309.36	181,906.66	200,061.96
	3	4	5	6	7	8	9
136.25	110906.063	133185.666	158252.679	186413.816	212207.86	241518.942	274745.646

MANAGEMENT TEAM

Organizational Chart

The staffing needs are simple, with one individual performing the administrative duties and taking orders and three drivers to cover the delivery shifts. As expansion occurs, the primary positions will not be significantly different. Instead the same basic roles will be filled with additional people to serve in similar capacities.



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The forms required for creating a new business are numerous but standard. Registering the business name, ensuring all delivery staff have appropriate commercial driver licenses, and completing other standard forms will be required to set up Road Warriors Delivery.

22

CERTIFICATE- CONDUCTING BUSINESS UNDER AN ASSUMED NAMESTATE OF MICHIGAN }
COUNTY OF WAYNE } ss.

The undersigned hereby certify in pursuance of Section 445.1 to 445.5 inclusive C.L. 1948 as amended, that I/We own, conduct or transact business or maintain an office or place of business in the City/Township of _____, Michigan, Zip code: _____
Business Address _____
Name of Business _____

I/We do further certify that the true and real name or names of the person or persons owning, conducting, transacting the same together with the Post Office address of each is as follows:

PRINT OR TYPE NAMES AND ADDRESS

NAME	RESIDENCE ADDRESS	CITY OR TOWNSHIP
_____	_____	_____
_____	_____	_____
_____	_____	_____

In Witness Whereof, I/We have this date _____ made and signed this certificate.

SIGNATURES OF PERSONS CONDUCTING BUSINESS UNDER AN ASSUMED NAMESTATE OF MICHIGAN }
COUNTY OF WAYNE } ss.

On this _____ day of _____, 20____, before me personally appeared _____ who being duly sworn says they are the person(s) described in and who executed the foregoing instrument for the purpose therein stated.

STATE OF MICHIGAN }
COUNTY OF WAYNE } ss.

Notary Public, Wayne County Michigan
My Commission Expires _____

I, Cathy M. Garrett, County Clerk, do hereby certify that I have compared the forgoing copy of Certificate of Conducting Business Under An Assumed Name with the original and that it is a true and correct transcript therefrom, and of the whole of such original Certificate of Conducting Business Under An Assumed Name.

Michigan Department of State

COMMERCIAL DRIVER LICENSE CERTIFICATION

Date of Birth: _____

I am applying for the following Commercial Driver License (CDL):

(See only one) See reverse side for description of CDL group designations.

☐ GROUP B☐ GROUP C

(See many as you need) See reverse side for description of CDL endorsements.

☐ N-TANK VEHICLE ☐ P-PASSENGER VEHICLES ☐ S-SCHOOL BUS ☐ T-DOUBLE/TRIPLE TRAILERS

COMMERCIAL MOTOR VEHICLE (CMV) DRIVING I WILL DO AS REQUIRED IN 49 CFR PARTS 383 AND 391 (Choose one or more information on driving types.

Vehicle used in the following manner:

☐ Operate a commercial motor vehicle outside of Michigan. You must also provide a medical certification document.

☐ Operate a commercial motor vehicle outside of Michigan, only for an excepted purpose.

☐ Operate a commercial motor vehicle only within Michigan (Intrastate commerce).

☐ Operate a commercial motor vehicle only within Michigan for an excepted purpose.

(Choose one)

☐ Equipped with air brakes☐ Not equipped with air brakes (Restriction Code 28)

Conditions. Your driving record will be verified before you take any test. A starred (*) response to one or more of these questions requires a CDL.

Michigan address with the intention of remaining in Michigan?

☐ Yes * ☐ No

in more than one state? (Section 257.301 of the Michigan Vehicle Code and 49 CFR 383.21 of drivers from having more than one driver's license.)

☐ Yes ☐ No

suspended from operating commercial motor vehicles in Michigan or any state?

☐ Yes * ☐ No

suspended, revoked, denied, or canceled in Michigan or any state?

☐ Yes * ☐ No

Motor Carrier Safety Administration (FMCSA) rules, do you meet the driver qualification

☐ Yes * ☐ No

al motor vehicle as stated in 49 CFR Part 391? If yes, you should have a valid Medical

in as a DOT card) and a valid FMCSA Skills Performance Evaluation as needed.

rules, do you meet the qualification standards to operate a commercial motor vehicle under the

☐ Yes * ☐ No

and affixed the seal of the Circuit Court of said _____.

by M. Garrett, Wayne County Clerk

Deputy Clerk

Change your place of business, you must notify this office. If you change the office. If you discontinue your business, you must file Notice of Dissolution

Challenges Serving the Senior Community in Detroit

In working on this project, we realized that one of the greatest hurdles/barriers was going to be getting customers; specifically how to attract elderly Detroit residents living in senior communities. It is greatly assumed that those individuals over a certain age will be distrustful of this kind of business and reluctant to new technology. They would not be comfortable giving away credit card numbers and personal information over the phone or via the internet.

In order to calm those concerns and to demonstrate that our business is one that can be trusted, RDW will be in contact with the senior living communities and apartment complexes and will lead a seminar demonstrating the website to the residents. We are hoping that this gesture will get the residents excited about using new technology, as well as showing them the people that are behind this business are not out to steal their money or private information. RDW will provide the demonstration at no cost to the facility or the residents. This will also bring RDW in direct contact with its customer base and will be able to receive feedback and make necessary improvements to assist an aging population.

Detailed Start-Up Projections

Used Refrigerated Delivery Van	\$25,000
Delivery Supplies	
Coolers [50 @ \$100]	\$5,000
Van Shelving/Organizers	\$500
Vehicle Title, Registration, Plate	\$300
Misc. Office Supplies (desk, chair, paper, etc.)	\$500
Computer	NA
Printer	NA
Website Setup	\$1,599
Marketing	
Brochures [10,000 @ \$.04]	\$400
Postage [5000 @ bulk rate \$.234]	\$1,170
Paid Social Media	\$500
Radio	\$1,000
Bank Account Setup	NA
Unexpected costs	\$3,500
Order Forms [2000 @ \$.10]	\$200
Order Form Postage [500 @ \$.46]	\$230
Total Start Up Costs	\$40,000

Detailed Monthly Cost Projections

Employee Pay	\$5580
Employee Cell Phone	\$260
Employee Benefits	NA - employees are contract
Insurance Costs	\$484
Office Lease	\$500
Internet	included in rent
Phone	\$130
Office Supplies	\$100
Printing Costs - Receipts (paper, ink)	\$400
Start-Up Loan	\$232
VAN maintenance	\$2080
Website Hosting	\$249
Consulting - Accountant	\$208
Consulting - Lawyer	\$208
Marketing (brochures, postage, paid social media, radio)	\$850
Delivery Supplies (ice, dry ice, coolers)	\$1500
Order Forms	\$5
Order Form Postage	\$100
Pay Pal Credit Processing Services	\$4,100
Total Monthly Costs	\$16,897

Why Grocery Delivery?

The news reports about food accessibility in Detroit over the last several years have vacillated between suggesting Detroiters live in a “food desert”, in which there are little resources for grocery purchases, and suggesting Detroiters have sufficient access to grocers in most places. We believe the truth lies somewhere in between.

Detroit is home to 111 grocery stores, yet significant pockets exist in which the nearest grocery store is a distance from the population. In a city with spotty and unreliable transportation and with people struggling to meet the basic needs of life, a service considered a luxury for others may be a lifeline in Detroit. Detroiters rely disproportionately on party stores and grocers that have a high number of quality and food safety violations. Out of all food retailers that accept Bridge Cards in Detroit, 95% are party stores.

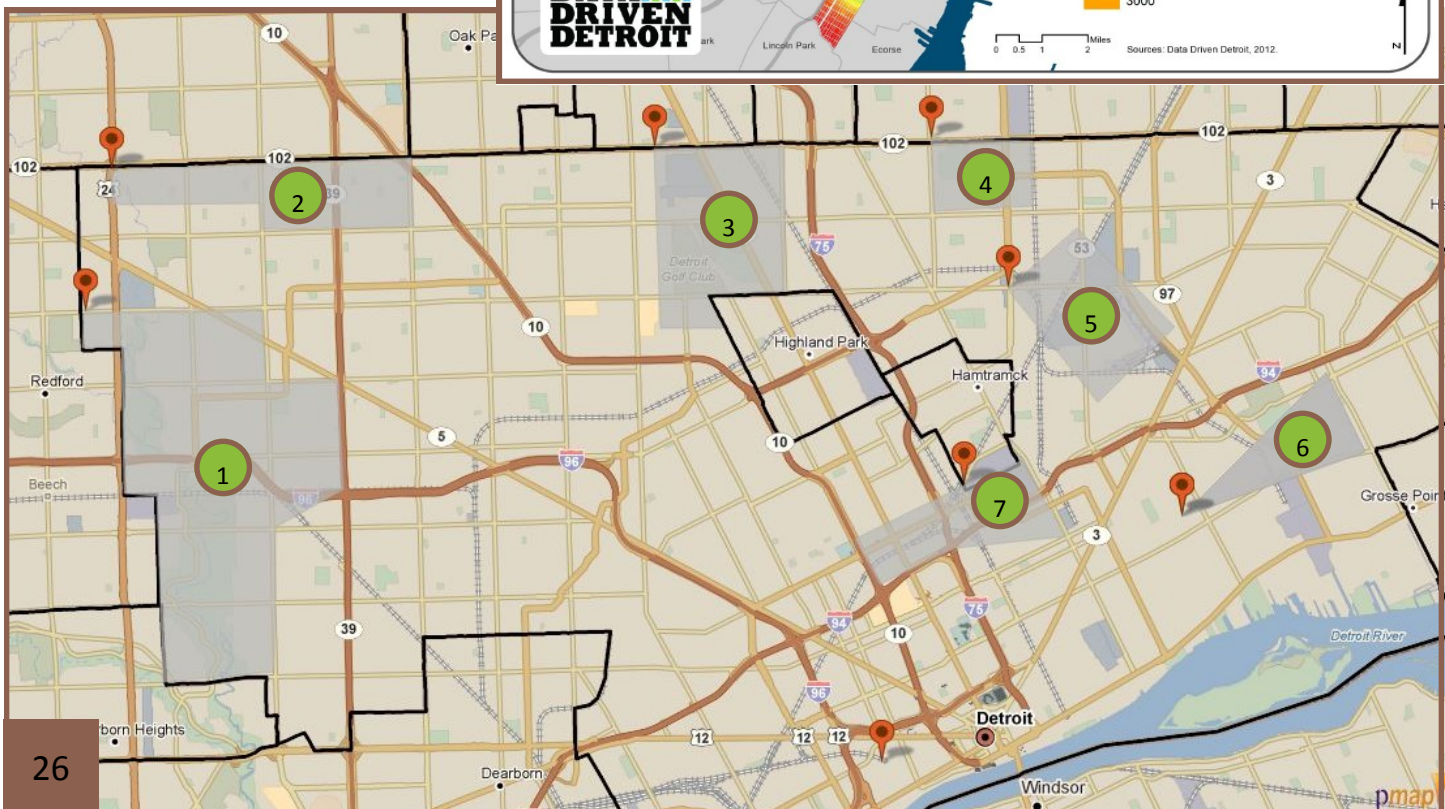
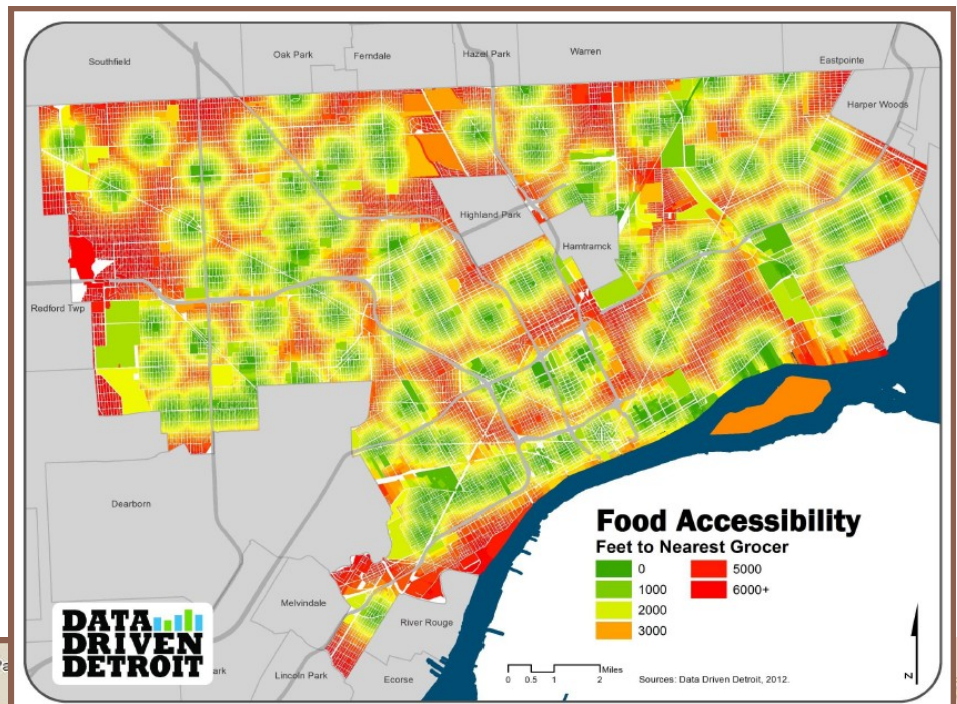
Concerns about crime and safety may limit some from accessing full-service grocery stores, especially if foot transportation is required to access these stores. The sight of Detroiters using a taxi service to get home from a store, laden with purchases, is not uncommon. Parents with young children may also find utilization of a grocery delivery service more economical than traditional means to secure groceries in Detroit. While not a charitable service, we see the service as highly beneficial to all categories of Detroiters.

Underserved Community Expansion Opportunities

Based on an infographic showing the areas in Detroit in which residents must travel the farthest to a grocery store, expansion opportunities exist to provide service to these underserved areas.

Expansion to these areas would likely introduce partnerships with additional grocery stores besides Honey Bee Market so food is able to be kept at safe temperatures during delivery and so that customers can purchase from local community businesses. As demand for services rises, expansion to all Detroit areas with multiple partnerships and additional models of business, such as delivery of orders from multiple stores, may be possible.

Zone	Population
Expansion Area 1	43,355
Expansion Area 2	21,437
Expansion Area 3	15,279
Expansion Area 4	7,590
Expansion Area 5	6,330
Expansion Area 6	8,076
Expansion Area 7	4,816



Regulations

Grocery delivery services are not considered food service or retail food establishment. Additionally, the service offered is delivery of food products but not the handling of food items in such a way as to require retail food licensing. Honey Bee Market serves as the retail food establishment and will be packaging food items for delivery by Road Warriors Delivery. Therefore, two primary regulations impact Road Warriors Delivery service and expansion opportunities.

Frozen food products must be maintained as frozen or kept below 41° for time period restrictions outlined in the Food and Drug Administration's Food Code section 3.501.1, particularly subsections 1 and 2.

3-501.11 Frozen Food.

Stored frozen foods shall be maintained frozen.

3-501.12 Potentially Hazardous Food (Time/Temperature Control for Safety Food), Slacking.

Frozen potentially hazardous food (time/temperature control for safety food) that is slacked to moderate the temperature shall be held:

- (A) Under refrigeration that maintains the food temperature at 5oC (41oF) or less; or
- (B) At any temperature if the food remains frozen.

The following section of State of Michigan Liquor Control Code Act 58 of 1998 prohibits Road Warriors Delivery from delivering alcohol on behalf of Honey Bee Market:

436.1203 Sale, delivery, or importation of alcoholic liquor or wine; duties of direct shipper of wine; verification that individual accepting delivery is of legal age; original purchase and importation into state of spirits for sale, use, storage, or distribution; requirements; exceptions; direct shipper license required; qualifications; fee; violation; delivery of beer and wine to home or designated location of consumer; holder of specially designated merchant license, out-of-state retailer holding equivalent license, or brewpub or microbrewer; definitions.

Sec. 203.

(11) A retailer that holds a specially designated merchant license in this state; an out-of-state retailer that holds its state's substantial equivalent license; or a brewpub, microbrewer, or an out-of-state entity that is the substantial equivalent of a brewpub or microbrewer may deliver beer and wine to the home or other designated location of a consumer in this state if all of the following conditions are met and except as otherwise provided in subsection (12):

- (a) The beer or wine, or both, is delivered by the retailer's, brewpub's, or microbrewer's employee and not by an agent or by a third party delivery service.
- (b) The retailer, brewpub, or microbrewer or its employee who delivers the beer or wine, or both, verifies that the person accepting delivery is at least 21 years of age.
- (c) If the retailer, brewpub, or microbrewer or its employee intends to provide service to consumers, the retailer, brewpub, or microbrewer or its employee providing the service must have received alcohol server training through a server training program approved by the commission.

(12) A retailer that holds a specially designated merchant license in this state or an out-of-state retailer that holds its state's substantial equivalent license may utilize a third party that provides delivery service to municipalities in this state that are surrounded by water and inaccessible by motor vehicle to deliver beer and wine to the home or other designated location of that consumer if the delivery service is approved by the commission and agrees to verify that the person accepting delivery of the beer and wine is at least 21 years of age.

Grocery Delivery Services in Comparable Cities

To explore similar companies in comparable cities, a list of cities with populations and/or population densities similar to Detroit was developed. The goal of this research was to find reasonably similar cities that may also rely on auto transportation and may have poor public transportation systems, much like Detroit.

From there, research into companies that offered grocery delivery services uncovered at least one grocery delivery company in each market. The companies researched could be single companies or chains. Some were subsidiary services of grocery stores while others were separate companies. Costs for delivery ranged from approximately \$4 to \$20, often varying with distance from the central location or store.

City	Population	Square Miles	Population Density	Grocery Delivery Companies or Grocery Stores Offering Delivery
Cleveland	393,806	77.70	5107.2	Lonestar Shoppers
Columbus	797,434	217.17	3624.1	Green Bean Delivery Hill's Market
Detroit	706,585	138.75	5144.3	Edible Eats Go Get! Delivery Konbini Delivery
Indianapolis	827,609	361.43	2270.0	Green Bean Delivery Maries To Your Door Peapod Your Groceries To Go
Las Vegas	589,317	135.82	4298.2	Safeway / Vons
Minneapolis	387,753	53.27	7088.3	Colburns Gopher Grocery Lunds and Byerly's Peapod Simon Delivers Store to Door [homebound seniors only]
Portland	593,820	133.43	4375.2	The Grocery Bag Safeway / Vons Spud
Sacramento	472,178	97.92	4764.2	Safeway / Vons
Seattle	620,778	83.94	7250.9	Safeway / Vons Spud

Each company was contacted with a variety of questions about the grocery delivery service offered. Only 2 companies responded at all, and only Safeway / Vons, a large grocery chain, provided answers to questions.

RE: Grocery Delivery questions

Monday 14, 2013 12:39 PM

From: "Mike Minasi" <mike.minasi@safeway.com>
To: "Kristen Allen" <kristenallen@wayne.edu>

My responses below. Hope they help.

From: Kristen Allen [mailto:kristenallen@wayne.edu]
Sent: Tuesday, March 12, 2013 12:38 PM
To: Mike Minasi
Subject: Grocery Delivery questions

Good evening, Mr. Minasi,

I understand from your website and from once living in Portland that Safeway offers grocery delivery. I first emailed Mr. Everette, and he suggested that you might be a better person to contact with this particular inquiry.

As part of a project for a class on Local Economic Development at Wayne State University in Detroit, Michigan, my teammates and I are going through the process of forming a business startup or expansion proposal. My team has been assigned a business in the area of transportation. We chose grocery delivery due to many factors unique to the Detroit area. Recently we presented this idea in a presentation at the Detroit Regional Chamber Policy Conference to apparent community interest and support. Although none of us are business majors, as we're all graduate students in public policy, public administration, or urban planning, we hope to uncover some of the tasks and hurdles such as zoning, permits, community support and so on that those who try to start up a small business must handle to be successful in addition to typical new business considerations.

The following are questions we have for you or the person with whom you share this request. Although we have lots of questions, we know some topics are more sensitive than others. Please answer to whatever degree you feel comfortable sharing. Also, feel free to answer in brief responses.

- Can you tell me a little about your company? Is there a brick-and-mortar store? How many stores if it's a chain? Is it privately owned? Safeway has over 1500 stores in more than 20 States. We are a public company, shares traded on the NYSE symbol SWY
- Where is/are the store/s predominately located? Do you have a strong presence in the local community? We are a multi-regional operator with a strong Western US bias.
- What is the volume of business annually? What portion of this comes from grocery delivery? Approximately how many customers use your delivery service weekly/monthly? Annual volume is over \$40 Billion. We do not release results specific to the home delivery portion of our sales.
- What was the reason your company decided to offer grocery delivery service? Consumer demand and business growth opportunity.
- How long have you been offering grocery delivery? Do you plan to continue this service for the next 3-5 years? More than 10 years. At this time we are planning continued operation of the business.
- Do you deliver to an area within a certain radius from your location(s) or do you deliver to certain zones? How was this decided and using what criteria? Were demographics studied to determine delivery areas? Are there plans for expansion, and how will those delivery zones be chosen? Delivery is available within specific zip codes around our stores. Shopper demand is the primary driver of coverage areas. Demographics and shopper profiles are considered along with population density.
- In our research, we have found a wide range of delivery charges. How did you determine the fee for your delivery service? Does this fee cover all delivery costs, or do you count on the saving from foregoing brick-and-mortar store costs [ie stocking shelves, store security, etc] to offset true delivery costs? Delivery fee is competitive with the market and our competition.
- What is your typical or average customer in the store like? Do you serve similar customers with your delivery service, or are there significant differences in clientele? Safeway serves a broad range of customers across many demographic and economic profiles. Home delivery and in-store shoppers are similar demographically.
- Do most of your customers use online ordering options? We have good demand and a significant number of home delivery shoppers. We do not release specific details however.
- Do you offer any services to low income individuals who might use your state's equivalent of food stamps? Are you able to include a delivery fee in these costs? We accept all forms of Government assistance.
- How have you taken steps to ensure food safety and safety of delivery staff? Yes.
- Does your grocery delivery offer items not normally carried by all of your locations? No. We pick orders from our stores and offer the full store assortment on-line.

Thank you very much for your time and effort. We would certainly love to share the progress of our project with you if you are interested.

Survey of Grocery Delivery Services

- Can you tell me a little about your company? Is there a brick-and-mortar store? How many stores if it's a chain? Is it privately owned?
- Where is/are the store/s predominately located? Do you have a strong presence in the local community?
- What is the volume of business annually? What portion of this comes from grocery delivery? Approximately how many customers use your delivery service weekly/monthly?
- What was the reason your company decided to offer grocery delivery service?
- How long have you been offering grocery delivery? Do you plan to continue this service for the next 3-5 years?
- Do you deliver to an area within a certain radius from your location(s) or do you deliver to certain zones? How was this decided and using what criteria? Were demographics studied to determine delivery areas? Are there plans for expansion, and how will those delivery zones be chosen?
- In our research, we have found a wide range of delivery charges. How did you determine the fee for your delivery service? Does this fee cover all delivery costs, or do you count on the saving from foregoing brick-and-mortar store costs [ie stocking shelves, store security, etc] to offset true delivery costs?
- What is your typical or average customer in the store like? Do you serve similar customers with your delivery service, or are there significant differences in clientele?
- Do most of your customers use online ordering options?
- Do you offer any services to low income individuals who might use your state's equivalent of food stamps? Are you able to include a delivery fee in these costs?
- How have you taken steps to ensure food safety and safety of delivery staff?
- Does your grocery delivery offer specialty items not normally carried by all of your locations?

