



# Franchise Business Plan

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# I. EXECUTIVE SUMMARY

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## COMPANY OVERVIEW

Founded in Logan, Utah in 2017, Crumbl Cookies is the fastest-growing gourmet cookie company in the nation with over 400 bakeries in 42 states. Crumbl's popularity gained traction from their social media presence with 5 million *TikTok* and 2 million *Instagram* followers. Crumbl now continues to innovate with new flavors and engaging online interactions.

## OBJECTIVES

Short-Term Goals	Long-Term Goals
Gain \$250,000 to open a Crumbl Cookies franchise in Bethlehem, Pennsylvania	Increase total revenue sales by at least 20% for the first three years
Make a net profit of at least \$167,630 in the first year	Open an additional franchise store in Philadelphia, Pennsylvania

## BUSINESS ENVIRONMENT

<b>P</b>	The Commonwealth of Pennsylvania maintains a non-regulative process for franchisor/franchisees as a non-registration state
<b>E</b>	Bethlehem is a city in the Lehigh Valley region; it is one of the fastest growing and largest economies in Pennsylvania
<b>S</b>	Densely populated city center that is still increasing and a younger population with a median age of 35.5
<b>T</b>	A core marketing strategy for Crumbl is the use of social media ( <i>TikTok</i> and <i>Instagram</i> ) and online ordering via their app or website
<b>E</b>	Open concept kitchen for customers to see the hands-on care and environmentally conscious policies by using authentic ingredients
<b>L</b>	Our business will abide by FDA and Pennsylvania's health and safety regulations while following the franchise agreements

## PRODUCTS AND SERVICES

Crumbl offers a rotating menu with six cookies a week composed of four new flavors and two classics: Chilled Sugar and Milk Chocolate Chip. In total, Crumbl has 200 flavors and has also recently started ice cream labeled as "Crumbl Cream". Regarding services, Crumbl offers catering, online ordering, and delivery.



## LOCATION

Close to Philadelphia, New York, and New Jersey, Bethlehem is the ideal location for Crumbl because of its high population density in our target market, proximity to large businesses, and growing economy. Offering plenty of labor to new local businesses, this location shows great potential for growth and success.

## COMPETITION

Our primary competitors are going to be the local bakeries, such as Hotel B Ice Cream Parlor, Vegan Treats, etc. We differentiate from them because of our well-known cookie qualities that are trendy, visually appealing, and generously sized. Our emphasis on innovation in unique flavors, employee-customer satisfaction, and social media outreach also demonstrates our competitive advantages as an exclusively tech-driven bakery.



## MARKETING

Our Crumbl store will have four main marketing strategies:

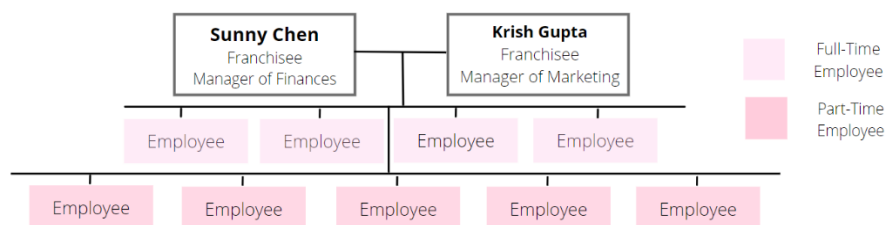
**Hype Cycle Marketing:** announce the new menu on social media weekly to continuously attract customers with trendy and delicious new flavors. This strategy gains millions of views per week.

**Social Media Marketing:** taking advantage of Crumbl's popular social media presence, our location will have an individual account that will be run by our younger employees.

**Digital Media Marketing:** connect to our customers when they are online by utilizing emails, web-based advertising, and referral programs to increase awareness about our location.

**Business Marketing:** sell products in bulk to other companies that award their employees for their employee recognition programs such as UPS, FedEx, Amazon, etc.

## MANAGEMENT/ORGANIZATION



Sunny and Krish will be the two managers where they lead and train employees, maintain work systems, and oversee operations and policies. The four full-time employees and five part-time employees will make and decorate cookies, attend customers, and maintain the kitchen.

## TARGET MARKET

<b>S</b>	Demographics: focus on 30 years of age and under, especially college students Psychographics: anybody who follows trends, social media, and likes dessert
<b>T</b>	Target young people, male or female, and develop a favorable reputation so they can bring their other family members to our bakery, expanding our target market
<b>P</b>	Addictively delicious cookies that are one-of-a-kind and generously-sized, thereby inviting from all target sections including students and adults

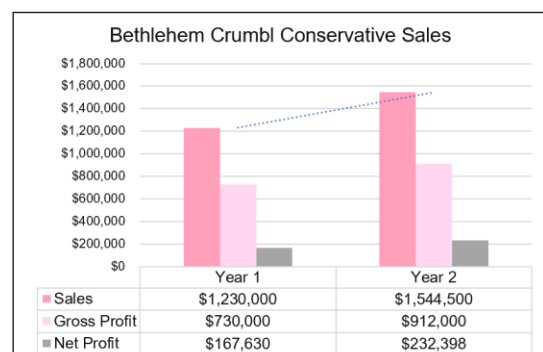
## BUSINESS RESOURCES

<b>Human Resources</b>	We will have 2 managers (franchisees Sunny Chen and Krish Gupta), 4 full-time employees, and 5 part-time employees
<b>Capital Resources</b>	Mixers, rotating rack ovens, baking smallware, bun pan racks, tables, sheet pans, dry storage, refrigeration equipment, outside signs, freezers, food prep tables, counters, display cases, food processors, iPads, flat-screen TVs, Tupperware, cleaning, and safety equipment
<b>Natural Resources</b>	Organic and high-quality ingredients that are delivered weekly by the Crumbl merchant supplier

## FINANCIAL SUMMARY

<b>Personal Investment</b>	<b>Loan Required</b>
Sunny Chen and Krish Gupta will both invest \$75,000 each, a total of \$150,000	\$250,000 paid over a 3-year term at an annual interest rate of 5%. Payments start year 1.

We plan to invest the \$250,000 loan into our opening launch, and the other \$150,000 will be both liquidity and used for investments to equipment and furnishings. There will be an on-going royalty fee of 8% to Crumbl and state tax of 3.07%. Finally, we will start reimbursing in monthly payments.



## II. BUSINESS HISTORY, BACKGROUND AND OBJECTIVES

### A. Describe the company for you wish to purchase franchise rights

Since its first opening in 2017, Crumbl Cookies has expanded to over 400 bakeries in 42 states, making it the fastest-growing cookie franchise nationwide. CEO Jason McGowan opened Crumbl's first store in Logan, Utah, hoping to create a family-focused business that boasted one-of-a-kind flavors. Over time, thanks to a



*Figure 1: Map of Crumbl's locations*

strong *TikTok* media presence, Crumbl's attention-grabbing videos exceeded expectations, reaching millions of new customers by highlighting their natural and pristine cooking process. Furthermore, Crumbl has demonstrated a commitment to its online marketing strategies and



*Figure 2: Jason McGowan and Sawyer Hemsley (COO)*

quality customer service. They release a new menu lineup on their *TikTok* page and website weekly—a distinguishing aspect of Crumbl that showcases four out of 200 specialty flavors. By streamlining the customer's experience, Crumbl makes it its mission to bring friends and families together over the world's best box of cookies.

### B. List your short-term and long-term objectives

Short Term (0-12 months)	Long Term (Year 2+)
<ul style="list-style-type: none"><li>- Break-even within the first 10 months</li><li>- Eliminate inventory overflow and wastage</li><li>- Hire a team that exemplifies Crumbl values and retains a positive reputation</li><li>- Make a \$167,630 net profit in the first year</li><li>- Have a strong positive cash flow number</li><li>- Create a Bethlehem <i>TikTok</i> account</li></ul>	<ul style="list-style-type: none"><li>- Increase sales by at least 20% first three years</li><li>- Create a rewards program and provide stellar customer service to attract regular customers</li><li>- Expand target market to older ages</li><li>- Open another location in Philadelphia, Pennsylvania</li><li>- Collaborate with local festivals</li></ul>

*Figure 3: Chart of Bethlehem Crumbl's objectives*

The purpose of our short-term goals is to help this new franchise location have a successful launch campaign and become profitable within the first year of operations. The long-term goal is



to continue growth and open another location in Philadelphia, and ultimately dominate the market as the No. 1 cookie brand in Pennsylvania. Our management team will remain flexible in the case that both the short term and long-term goals need to be revised.

### C. Describe the company's major successes and achievements to date

The company's first major breakthrough came from its viral videos on *TikTok*; they gained two million followers in just six weeks in February 2021. In addition, Crumbl started franchising within months after opening, leading to over 400 stores opening in just four years. Not a single

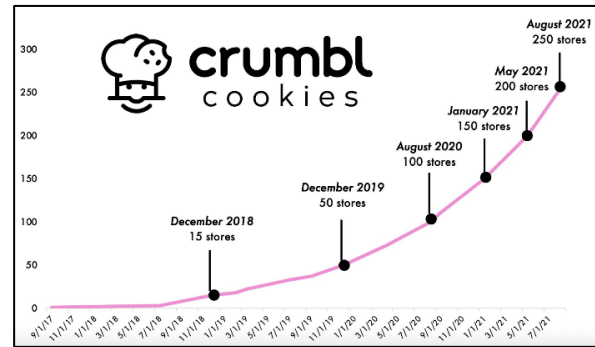


Figure 4: Chart of Crumbl's increase in locations

location has shut down since the founding year, and over 180 stores were opened during the pandemic at a stunning rate of 8-10 stores a week. McGowan (COO) anticipates that Crumbl will have around 650-700 locations in total by the end of 2022. Finally, the free app also has over 1.2 million reviews, a 4.9-star rating, and has ranked as high as #7 in Food & Drink.

### D. Describe the company's challenges and obstacles

Crumbl faces a few challenges to maintaining its success; this company prides itself in being a tech-driven bakery with online ordering and in-store ordering kiosks, so all the technology and equipment must be inspected consistently or updated with maintenance when needed. Another challenge is the weekly rotating menu because bakers from every location must learn how to perfect different cookies each week. Furthermore, cookies cannot be made in advance because they must be served fresh, so the management team must be efficient. To overcome this obstacle, Crumbl invests more money compared to competitors in training its employees and managers.

### E. Describe the requirements to franchise

Crumbl is looking for dedicated owners willing to seek out great locations and employees in addition to minimum liquidity of \$150,000. The first steps include an overview of Crumbl's franchising documentation and expectations, followed by an interview. If accepted, negotiations

will continue as the ideal territory, operations, and fees are hashed out. Once the proposed location has been approved and purchased, new employees will finally go through orientation to prepare for launch, while construction will continue in the background. With these preliminary steps completed, a new Crumbl store can now be opened.

### III. BUSINESS ENVIRONMENT

<b>P</b> Political	<ul style="list-style-type: none"> <li>- Pennsylvania is a non-registration state, meaning no state franchise registration, no special state disclosures required in a Franchise Disclosure Document (FDD), and no state franchise relationship laws</li> <li>- State income tax rate of 3.07%</li> </ul>
<b>E</b> Economic	<ul style="list-style-type: none"> <li>- Lehigh Valley is one of the largest and fastest growing economies in Pennsylvania</li> <li>- Lowest minimum wage allowed by federal law at \$7.25 and not increased in 15 years</li> <li>- Lehigh Valley Economic Development Corporation (LVEDC) invested in business incentive programs, strengthening the economy and luring large established businesses</li> </ul>
<b>S</b> Social	<ul style="list-style-type: none"> <li>- Lehigh Valley's population growth ranked in the top 25% of all counties nationwide</li> <li>- 2020 census numbers show 64% increase in Lehigh Valley's population</li> <li>- Younger population with median age of 35.5</li> </ul>
<b>T</b> Technological	<ul style="list-style-type: none"> <li>- Founders with background in tech launched Crumbl with a digitally advanced mindset</li> <li>- Use of social media (<i>TikTok</i> and <i>Instagram</i>) are effective for marketing</li> <li>- Online ordering is made easier via app or website</li> </ul>
<b>E</b> Environmental	<ul style="list-style-type: none"> <li>- Cookies are made fresh everyday with organic and high-quality ingredients</li> <li>- Open-kitchen concept to display the hands-on care towards making the cookies</li> <li>- As environmentally conscious as possible</li> </ul>
<b>L</b> Legal	<ul style="list-style-type: none"> <li>- Crumbl must abide by FDA and Pennsylvania's health and safety regulations</li> <li>- Must follow the franchise agreements</li> <li>- Must follow employee-related regulations regarding welfare and wages</li> </ul>

**Figure 5:** PESTEL analysis of Bethlehem Crumbl

Close to major metropolitan areas like Philadelphia and New York, Bethlehem in Lehigh Valley Pennsylvania is experiencing a growth in population from people who are urban, active online, and young. This city is surrounded by universities and leading companies including Amazon, McKesson, PPL Corporation, and more. With a myriad of potential partners for catering opportunities and a population willing to showcase their cookies on social media, Bethlehem serves as an ideal proving ground where Crumbl can thrive. Furthermore, the city is accessible



and welcoming to visitors; Bethlehem is situated close to major interstate highways, has accessible parking, and has several tourist attractions. Regarding expenses, Pennsylvania’s minimum wage is the lowest allowed by federal law at \$7.25 an hour, but our Crumbl strives for both customer and employee satisfaction with higher wages at \$14-19 an hour.

## IV. PRODUCTS AND/OR SERVICES

### A. List and describe the products and/or services offered

Crumbl currently has 200 flavors and serves them with a weekly rotating menu that features four specialty flavors and two staples: Milk Chocolate Chip and Chilled Sugar. Each mouthwatering cookie is dense, crumbly, and soft yet



*Figure 6: Open-display of Crumbl cookies*

crunchy at the same time. They are delivered in a unique, oblong-shaped box colored with the brand’s signature pink coloring. Recently, ice cream labeled “Crumbl Cream” has also been added to the menu. Finally, we offer the following services:

Service	Description
On Location	Customers can come to the bakery and first look at the open-display flavors before ordering either on the iPads mounted on the walls or at the register
Delivery	Our cookies can be found on Grubhub, DoorDash, Seamless, Uber Eats, and Postmates for efficient delivery right to the customer’s doorsteps
Online	Customers may order their cookies in advance and come to the bakery for pick up
Catering	With a 72-hour notice for flavors, Crumbl also offers catering services for customers to enjoy warm and delicious cookies at their parties and events

*Figure 7: Crumbl’s service descriptions*

## V. PRESENT MARKET

### A. Describe the present market

We believe that everybody can enjoy a delicious cookie, so our ultimate goal is to serve customers from all age ranges. However, we recognize that with Bethlehem’s many local

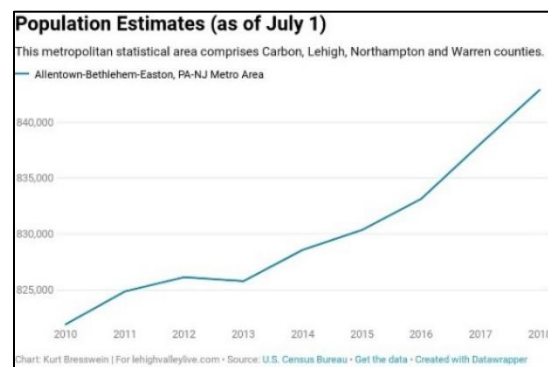
colleges, growing student population, and social media opportunities, focusing on younger customers will be more beneficial at first. For example, according to data from the U.S Census Population Estimates, Lehigh Valley's 18-to-34 age bracket grew by 10.7% over the last decade, which is a faster rate than any other region in Pennsylvania. In addition, Franklin Univ. states that there are over fifteen colleges in the Bethlehem area, so by targeting younger audiences, we can further the online popularity generated by *TikTok*. Therefore, our present market is primarily younger audiences, but as Crumbl's reputation grows, we hope that more visitors and elderly will be willing to try our cookies based on word of mouth. The STP chart summarizes our findings:

Segmentation:	Targeting:	Positioning:
<p><i>Demographics:</i> focus more on people under the age of 30 and younger</p> <p><i>Psychographics:</i> anybody who uses social media platforms, follow online trends, and likes desserts</p>	<p>Our main focus would be to target university students and all audiences eventually</p> <p>We hope to develop a stellar reputation so our young target market can bring their family members to our bakery</p>	<p>One-of-a-kind cookies that are generously sized! Anyone can come enjoy our insanely delicious cookies</p> <p>The unique texture, aesthetic appeal, and weekly flavors will get people addicted</p>

**Figure 8:** STP chart of Crumbl

## B. Describe the growth potential in your market

Lehigh Valley's lower cost of living with affordable housing and lower taxes, along with a larger labor pool and better access to higher education have attracted younger workers to the area. As a result, the population of millennials and Gen Z in the Lehigh Valley have been growing at a faster rate



**Figure 9:** Graph of PA increasing population estimates

than any other region in the state—nearly 150,000 in the last decade according to the 2020

LVEDC population report. As Crumbl is a modern take on cookies with a contemporary atmosphere, it will attract this young population that only continues to grow. All in all, there is an impressive number of statistics that illustrate the population growth in the Lehigh Valley, resulting in the great potential for augmentation in our market.

### C. Describe the current pricing policy

Crumbl has a set pricing policy, where the prices are the same at all locations. Crumbl currently prices its large cookies at \$4.38 for one, \$14.83 for four, \$21.13 for six, and \$38.36 for a dozen. Compared to our competitors, our cookies are higher in price, but we believe the value and quality reflect in the experience. The ice cream is \$4.38 for a one-half pint and \$14.83 for four.

### D. If the business is seasonal, explain how the company adjusts to seasonal factors

Crumbl is not a seasonal business, but the company targets special holidays such as Valentine's Day and Mother's Day to increase sales with new designs. Bethlehem as a city has several avenues of seasonal participation that Crumbl may apply for in the future, such as Christmas City Village in the winter and Musikfest in the summer. With this strategy and the increased popularity on Crumbl's social media platforms, we will operate our business in an all-season environment and adjust accordingly throughout the year to capitalize on special sales.

## VI. COMPETITION

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### A. List the company's primary competitors in your market. Identify their strengths and weaknesses

Our primary competitors are any local bakeries, which we have narrowed to the following:

	Strengths	Weaknesses
Small Bakeries	<ul style="list-style-type: none"><li>- Homemade, family-owned</li><li>- More loyal customers</li><li>- Less expensive</li></ul>	<ul style="list-style-type: none"><li>- Less brand awareness</li><li>- No online ordering options</li><li>- No free apps</li></ul>
Hotel B Ice Cream Parlor	<ul style="list-style-type: none"><li>- Wider variety of products</li><li>- Famous ice cream brand (Penn State Creamery)</li><li>- Popular location in Bethlehem area</li></ul>	<ul style="list-style-type: none"><li>- Understaffed</li><li>- Small range of business hours</li><li>- No app</li></ul>
Vegan Treats	<ul style="list-style-type: none"><li>- Ranked as one of the top ten bakeries in the world*</li><li>- More inclusive of vegan diets</li><li>- Offers a delivery service</li></ul>	<ul style="list-style-type: none"><li>- Difficult management</li><li>- Lower wages</li><li>- No app</li></ul>

**Figure 10:** Chart of Crumbl's primary competitors and their strengths/weaknesses

\*American Express' "Departures" magazine

## B. List the advantages the company has compared to its primary competitors

Small Bakeries	Hotel B Ice Cream Parlor	Vegan Treats
Crumbl offers: <ul style="list-style-type: none"><li>- Highly recognized brand</li><li>- Available on 5 delivery service apps</li><li>- Catering and online ordering options</li><li>- Uniquely tech-driven</li></ul>	Crumbl offers: <ul style="list-style-type: none"><li>- Free app</li><li>- Well-trained staff members</li><li>- Wider business hours (8:00 am-10:00 pm on weekdays and 12:00 am on weekends while Hotel B is 10:00 am-9:00 pm)</li></ul>	Crumbl offers: <ul style="list-style-type: none"><li>- Popular on multiple social media platforms</li><li>- Uniquely tech-driven</li><li>- Free app</li><li>- Higher employee satisfaction</li></ul>

*Figure 11: Chart of Crumbl's advantages to its primary competitors*

Crumbl's primary competitive advantages are the existing brand awareness, social media presence, and tech-driven bakery. Currently, our biggest competitor out of the three above is Vegan Treats. However, former employee reviews on Indeed, a worldwide employment website, have mentioned the lower wages and difficult management. We will differentiate ourselves by offering higher salaries at \$14-19 an hour for employee satisfaction and by utilizing our tech-driven bakery for an enjoyable experience for customers and employees. Elements such as the seamless high-tech ordering experience for customers, the easily accessible data for employees, and the advanced internal dashboard helps Crumbl scale, pivot, and reach buyers in unprecedented ways. These factors along with the wide range of business hours allow Crumbl to be more accessible to younger audiences and more favorably reviewed by future customers.

## C. List the disadvantages the company has compared to its primary competitors

Crumbl has a few disadvantages, but a prominent one includes the loyal customer base that has been built in the small bakery shops that long-time locals might prefer. To combat this, our location will prioritize giving the best product quality and customer service to ensure that visitors are eager to share with friends on media and return in the future. Because Crumbl already has a foundation as a franchise, we believe our trendiness can build a following over time in Bethlehem. Another disadvantage is that Vegan Treats is a popular location that is inclusive of veganism, while Crumbl does not accommodate all diets. However, Crumbl's mission statements have noted that they hope to release more options for inclusivity, such as gluten-free.

## VII. MARKETING PLAN

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### A. Describe the company's existing marketing techniques, strategies, and tools

Crumbl's marketing currently uses two strategies to get customers excited. Both especially target the younger generations but take different approaches in how they increase outreach.

**Hype Cycle Marketing:** Crumbl releases new and trendy cookie flavors weekly with a rotating menu as a "hype cycle" and replaces the previous week's flavors for every location. This strategy leads to excitement among customers to buy the current week's flavors and creates anticipation for the next release. It is effective in gaining attention, as the unveilings reach over 1 million views on *Instagram* and 1.5 million views on *TikTok* per week. While our flavors are not truly a scarcity, Crumbl mimics the marketing tactics found in industries with limited supply drops, such as streetwear and tickets.

**Social Media Marketing:** Crumbl has flooded the *TikTok* "for you page" with their menu releases and other content creators' weekly reviews. With 2 million and 5 million followers on *Instagram* and *TikTok* respectively, Crumbl relies on customers and content creators to help push their hashtags that drive engagement and their reviews on how amazing their cookies are. Finally, Crumbl actively uses modern *TikTok* sounds or snippets that help drive the algorithm in favor of our products. We will continue to use this strategy by creating a Bethlehem Crumbl TikTok account that advertises our location.



Figure 12: Crumbl's TikTok page (Apr. 2022)

### B. Describe the marketing techniques, strategies, and tools you will use in the future to promote the business

We plan to expand upon Crumbl's already effective tactics by utilizing two more strategies: digital media marketing and business marketing.

**Digital Media Marketing:** As customers begin to frequent Crumbl, we will set up an automated email system that customers can optionally sign up for to keep up to date on new weekly flavors and holiday deals. Because the younger generations generate the most traffic on social media

apps like *TikTok*, we want to diversify our avenues to reaching emails, texting, and web-based advertising that may favor older generations more. Since cookies are universal, we believe that continuing communication through digital media will increase both awareness of Crumbl and brand loyalty for older audiences.

**Business Marketing:** Due to Bethlehem having many different corporations and growing communities situated here, Crumbl aims to provide catering services for the many business events that happen in the local area, whether it be fairs, conferences, or even employee recognition programs. We understand that there is much to celebrate for all the local businesses around us, so as a result, our Crumbl seeks to position itself as the primary dessert provider. By collaborating with large established organizations like UPS, Amazon, Lehigh Valley Hospital, and more, our location will promote sales, improve profit, and build more branding power.

## VIII. MANAGEMENT AND ORGANIZATION

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### A. Describe your management team and its strengths and weaknesses

	Strengths	Weaknesses
Sunny Chen	<ul style="list-style-type: none"> <li>- Good teamwork and communication skills</li> <li>- Effective problem-solving skills</li> <li>- Strong management skills and multitasking</li> <li>- Works effectively under pressure</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of experience</li> <li>- Indecisive</li> </ul>
Krish Gupta	<ul style="list-style-type: none"> <li>- Reliable work ethic</li> <li>- Good teamwork and communication skills</li> <li>- Assertive decision-maker</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of experience</li> <li>- Struggles in multitasking</li> </ul>

**Figure 13:** Chart of franchisee's strengths and weaknesses

Our management team is made up of two franchisees, Sunny Chen and Krish Gupta; Krish is in charge of the marketing, and Sunny will be responsible for finances. Fortunately, each franchisee's weakness can be overcome by the other's strength and can also be uniquely beneficial towards the business. For example, Krish is an assertive decision-maker, and Sunny's indecisiveness allows them to gather more information before making a decision. Krish's difficulty to multitask means he can focus solely on the more tedious projects.



## **B. Describe your plan to further develop your management team**

The Crumbl Franchise Disclosure Document (FDD) includes all the necessary management team developments. For example, as part of the franchising process, Crumbl provides an initial training program for the managers, and it teaches them exactly how to make their location successful. The program includes how to maintain the equipment, ensure the flavor quality is up to standard, and other mandatory operations. Corporate also supplies the franchisees with access to electronic manuals for extra assistance. During the construction process, Crumbl offers them additional seminars to discuss accounting, performance standards, personnel training, and more. After the location is established, Crumbl often holds conferences to discuss improvements, new developments, and other concerns to keep the managers up to date with information and policies.

## **C. Describe your management succession plan—who will take over in the event of the incapacity or continued absence of any owner or key employee?**

One of the two franchisees will take complete control of the business if the other is unable to continue with Crumbl or is taking a continued absence. We will be providing on-the-job training and leadership workshops to our employees so that they are ready to be promoted to manage the location in the next five years without our assistance. Through these trainings, we will also be developing key employees who will cover for each other in the future in case an employee is unavailable for any reason. If needed, we will recruit and hire more employees.

## **D. Describe the need for, and how you will obtain, additional management personnel based on present and projected sales**

The two franchisees will be able to manage the Bethlehem Crumbl location with no additional management personnel. However, as one of our long-term goals is to open additional locations, we will promote an appropriate number of key members to manage the Bethlehem bakery. If needed, new qualified personnel would be interviewed and hired by a franchisee, where the new employee would be trained sufficiently before they work independently. Another possible option to expand our management team is to set up campus ambassadors with local college students willing to receive gear, free samples, and more to help advertise our products.

## IX. BUSINESS RESOURCES

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### **A. List the major operating equipment that you will purchase or lease**

Crumbl is a tech-driven bakery, so we will purchase the following kitchen equipment: mixers, rotating rack ovens, baking smallware, bun pan racks, refrigeration equipment, processors, and appropriate safety equipment. Furthermore, a POS system, hardware (iPads, TVs), and any appropriate décor will be bought. We intend to purchase outright our equipment with liquidity as the operational expenses and equipment are not too complex.

### **B. List major suppliers, location, and payment terms**

Our supplies will be bought weekly and delivered to our Bethlehem location through Crumbl's dedicated merchant supplier, who distributes the necessary ingredients for cookies nationwide to all the different franchises. As a result, our supply of ingredients is managed by the parent company and is streamlined for us without needing payment terms. We plan on purchasing most of our large baking equipment, garnishing supplies, and other smallware from Bakedeco / Kerekes for their high-quality and established reputation. Since most of our equipment will be ordered through their website, we can also observe their location in New York if we wish to first shop in person. The payment term is 30 days.

### **C. Identify other outside resources used or needed to fulfill customer requirements**

Because Crumbl does not have indoor seating, we can avoid many extraneous purchases for furniture and tableware. However, because we want to ensure that the purchasing and indoor experience is still pleasant, we will invest in several outside systems to improve it. One example would be music speakers and ongoing playlist selections. Additionally, stanchions, cleaning supplies, and complimentary hand sanitizers will help us maintain orderly lines and happier moods while ensuring that our delivery services are at the regulation standards we expect. Lastly, we will also work with delivery services like GrubHub, DoorDash, etc., to provide our cookies within 15 miles of our location to business partners.

#### **D. Describe quality control procedures**

The entire cookie-making process will be supervised with an exact measurement of ingredients, temperature, and baking time. Crumbl provides us with the instructions and documentation for each cookie weekly, but the Bethlehem location will add some additional procedures to further ensure the gourmet quality. For example, we will create a checklist for employees to sign off daily to ensure that all tasks are completed without any oversight, primarily maintenance and baking stations. There will also be quality checkpoints for employee training, hygiene, allergen controls, and raw material because we know it can drastically reduce the risk of product recalls and also ensure a consistently delicious finished product.

#### **E. Describe the availability of skilled labor to meet your company needs**

Lehigh Valley offers plenty of labor to new businesses due to its increase in population and affordable living. We will be looking for employee candidates who have previous experience in the food and customer service industry. Because Lehigh Valley has a strong presence of restaurants, strip malls, and more, the expectations for service culture will be standardized with our training. We can also tap into the local part-time college student population who are willing to work short hours throughout the day. Not only will this improve our presence among younger customers, but also it ensures that Crumbl is community-driven in its core recruiting principles.

#### **F. Describe the type and extent of necessary training that will be required to upgrade the skills of labor and administrative employees and the estimated cost**

We will provide a thorough training program where our employees will learn company policies, products, customer service expectations, and have hands-on training, shadowing, and demonstrations. Our corporation has established a formal process during the interviewing for the franchising requirements. They will be providing us any physical materials needed to illustrate how to display our cookies, design the decorations, and more, which they do for all franchised stores. Each employee will be evaluated for their performance weekly and have brief 1:1 review with the managers until they fully graduate from training. We estimate the cost to be \$20,000.

## G. Projected number of full-time and part-time employees

Our projected number of employees is four full-time and five part-time employees to cover a.m. and p.m. shifts. The times change accordingly on Saturdays since its open until midnight, and the hourly wages are \$19 an hour for full-time and \$14 an hour for part-time employees. The chart below is our employee projected operating schedule.

Employee Name	Start Time	Finish Time	Total Hours	7.00	7.50	8.00	8.50	9.00	9.50	10.00	10.50	11.00	11.50	12.00	12.50	13.00	13.50	14.00	14.50	15.00	15.50	16.00	16.50	17.00	17.50	18.00	18.50	19.00	19.50	20.00	20.50	21.00	21.50	22.00	22.50
AM FT1 - Baker	7.00	15.00	8.00																																
AM FT2 - Decorator	7.00	15.00	8.00																																
PM FT3 - Baker	14.50	22.50	8.00																																
PF FT4 - Decorater	14.50	22.50	8.00																																
AM - PT1	8.00	13.00	5.00																																
Mid Day - PT2	10.00	15.00	5.00																																
Mid Day - PT3	13.50	18.50	5.00																																
PM - PT4	15.50	20.50	5.00																																
PM - PT5	17.50	22.50	5.00																																
Daily Ops Planned Hours: 57.00																																			
Daily Ops Cost: \$958.00																																			
Yearly Ops Cost: \$293,148.00																																			

Figure 14: Bethlehem Crumbl employee schedule chart (FT = Full-Time and PT = Part-Time)

## H. Organizational chart

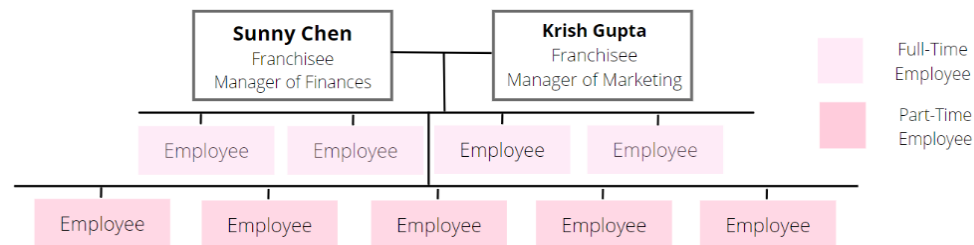


Figure 15: Bethlehem Crumbl organizational chart

## X. FINANCIAL PLAN AND DATA

### A. Describe the company's sales and profit trends

Mobile Cuisine states that in 2020, Crumbl generated \$53.4 million in revenue, a 93% increase in sales from 2019. In addition, according to Crumbl's 2020 FDD, which takes into account Crumbl's 2019 sales from fourteen franchise locations, the average total revenue for one location was \$1.3 million at a gross profit margin of 45.3% and a net profit of



Figure 16: Crumbl's 2020 FDD

\$284,000 (21.6% net margin). Crumbl has experienced explosive growth over the last few years. While we might not reach those peaks in our first year, with their social media presence growing consistently, we are still confident that our next few years of operations in the Bethlehem location will also experience similar financial performances. This comes from several interconnected reasons including Lehigh Valley’s growth, the young population, and Crumbl’s many competitive advantages.

**B. Outline your strategy and timing for obtaining capital**

Each franchisee will invest \$75,000. We request a loan of \$250,000 with a three-year payment term at an interest rate of 5% to cover the startup expenses of the first year.

Payment Schedule for Crumbl Cookies			
Year	Principal Paid	Interest Paid	Loan Balance
Begin	\$0	\$0	\$250,000
2022	\$79,302	\$10,461	\$170,698
2023	\$83,267	\$6,496	\$87,431
2024	\$87,431	\$2,333	\$0
Totals	\$250,000	\$19,290	

*Figure 17: Chart of 3-year Bethlehem Crumbl payment schedule*

The amortization schedule for this loan is outlined to the right. We will start to pay it back in our first year of operations, starting with \$7,480 in the first month, and slowly increasing with each monthly payment. The total amount of money that will be paid back is \$269,290.

**C. Two-year projected operating statement**

Crumbl’s estimated revenue comes from food ordered on location, online, delivery, and catering. We will be using conservative projections to observe profitability, as we look to err on the side of caution. In Crumbl’s 2020 FDD, we considered the franchise’s low and average 2019 sales figures for fourteen locations as a benchmark to estimate our conservative revenue, which is roughly \$1.23 million. The Bethlehem Crumbl location projects a net profit of \$167,630 in the first year of operations, with a conservative gross margin of 59% and a net margin of 13.6%. We expect a 38% increase in net profit in our second year. In the next five years, we anticipate that our location will keep experiencing these increasing trends and start having similar financial performances as a standard Crumbl franchise. Our figures are lower than average because we are

considering start-up fees and other conservative expenses. Regarding some of the figures in the operating statement, Crumbl has a royalty fee of 8% of gross sales, and our tax and interest expenses were calculated with a 3.07% income tax rate and adding the Figure 17 numbers.

<b>Two-Year Conservative Projected Operating Statement</b>		
Crumbl Cookies		
<b>Revenue</b>	<b>Year 1</b>	<b>Year 2</b>
On Location Income	550,000	682,000
Online Ordering Sales	310,000	387,500
Delivery Services Sales	250,000	325,000
Catering Services Sales	120,000	150,000
<b>Total Revenues</b>	<b>1,230,000</b>	<b>1,544,500</b>
<b>General Expenditure</b>		
Food and Material Costs	500,000	632,500
Payroll	293,000	380,900
Crumbl Royalty Fee	98,400	123,560
Facilities and Rent	50,000	55,000
Utilities	10,000	13,000
Advertising and Promotions	10,000	13,500
First Year Franchise Business Fees	25,000	-
Employee Training	20,000	30,000
<b>Total Expenses</b>	<b>1,006,400</b>	<b>1,248,460</b>
Net Income Before Taxes	223,600	296,040
State Income Tax Expenses and Interest	55,970	63,643
<b>Net Income</b>	<b>167,630</b>	<b>232,398</b>

*Figure 18: Two-year conservative projected operating statement*

#### **D. One-year projected cash flow statement**

The cash flow statement below will provide an in-depth summary of the allocation of funds during the first year. Our one-time start-up cost is a \$250,000 loan, and \$120,000 will be from our investments in equipment. The rest of the cash, \$30,000, will be used as capital liquidity. Regarding depreciation, we do not expect a large number for our first year because most of the physical assets we will be investing in will be fairly new. We expect an increase in net cash of around \$253,530. Even though these are conservative figures, we still have a strong positive cash flow, indicating that our cash flow is more than sufficient to meet short-term financial obligations and demonstrates that our location is in good financial health.



<b>One-Year Conservative Projected Cash Flow Statement</b>	
Crumbl Cookies	
<b>Cash Flow From Operating Activities</b>	
Cash Received From Customers	1,230,000
Cash Paid to Suppliers	(500,000)
Cash Paid to Employees	(293,000)
(Increase)/Decrease in Food and Material Inventory	(132,500)
Depreciation	(25,000)
State Taxes and Interest Paid	(55,970)
<b>Net Cash Inflow/(Outflow) From Operating Activities</b>	<b>223,530</b>
<b>Cash Flow From Investing Activities</b>	
One-Time Start Up Cost	(250,000)
Investments to Equipment and Furnishing	(120,000)
<b>Net Cash Inflow/(Outflow) From Investing Activities</b>	<b>(370,000)</b>
<b>Cash Flow From Financing Activities</b>	
Franchisees Investment	150,000
Loans	250,000
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>	<b>400,000</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>253,530</b>

*Figure 19: One-year conservative projected cash flow statement*

## XI. CONCLUSION

As the nation's fastest growing gourmet cookie franchise, Crumbl Cookies is an incredibly successful company. As evidenced from our PESTEL analysis, it is apparent that the great potential in Bethlehem's business environment and the increasing youth population in the Lehigh Valley will provide a large target market for Crumbl. From this strong foundation, we plan to promote our business through different media, business marketing, attractive salaries, and engagement with our community to emphasize our competitive advantage. It is our firm belief that employee satisfaction represents a key contribution to customer satisfaction, and therefore we will set out to hire qualified and excited individuals who are passionate about Crumbl's beliefs like us. We are requesting a \$250,000 loan paid back over a three-year term at 5% interest rate, which will be used to ensure a positive cash flow in the first year of operations. With our superb product quality, trendy flavors, and innovative technologies, we are confident that Crumbl is an ideal franchising opportunity in Bethlehem's urban and business landscape.

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