

Acme Bakery Acquisition and Turnaround Strategy

Summer 2020

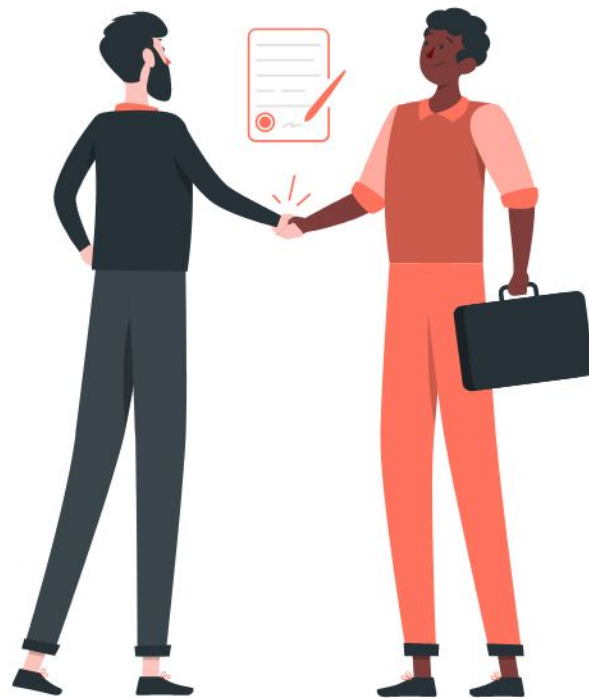


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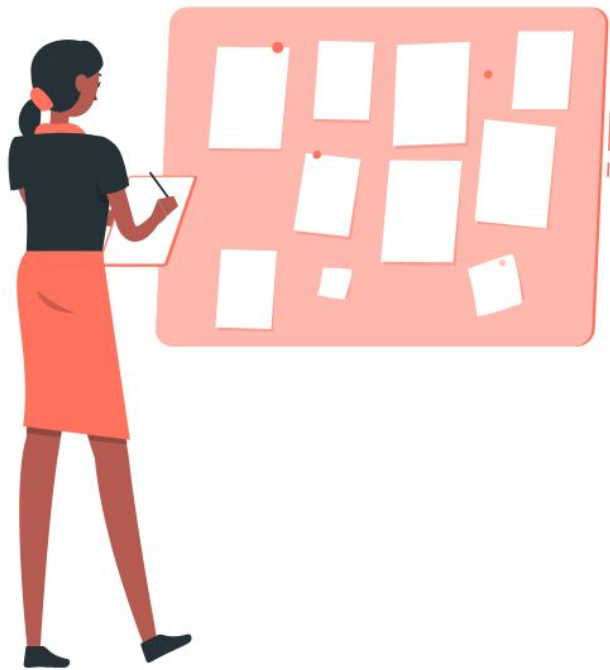
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Use the war chest diligently

06

SUMMARY

All wrapped up with a bow



01

WHERE WE ARE NOW

Let's set the tone

THE TARGET COMPANY

Acme Bakery is a one hundred year old Italian bakery located in Seattle, WA. It is known for its cakes, traditional Italian pastries and cookies, and imported groceries.



THEIR CURRENT STATE



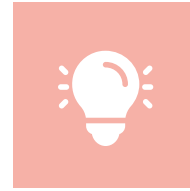
DECLINING SALES

Decades of decreasing revenue leave unnerving outlook



BRAND FADING

A once robust brand is now struggling to remain vibrant



AMPLE WAR CHEST

Substantial cash reserves are a light in the dark

“Through every dark night, there’s a
brighter day.”

— Tupac Shakur



02

GOALS

A North Star to focus on

OUR GOALS

GOAL 1

Invest cash reserves
diligently

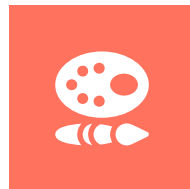
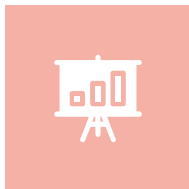


GOAL 2

Refocus business
model on competitive
advantages

GOAL 3

Reduce costs and
increase revenue



GOAL 4

Refresh the brand and
paint it everywhere

OUR FORECAST

+74%

Bakery

+19%

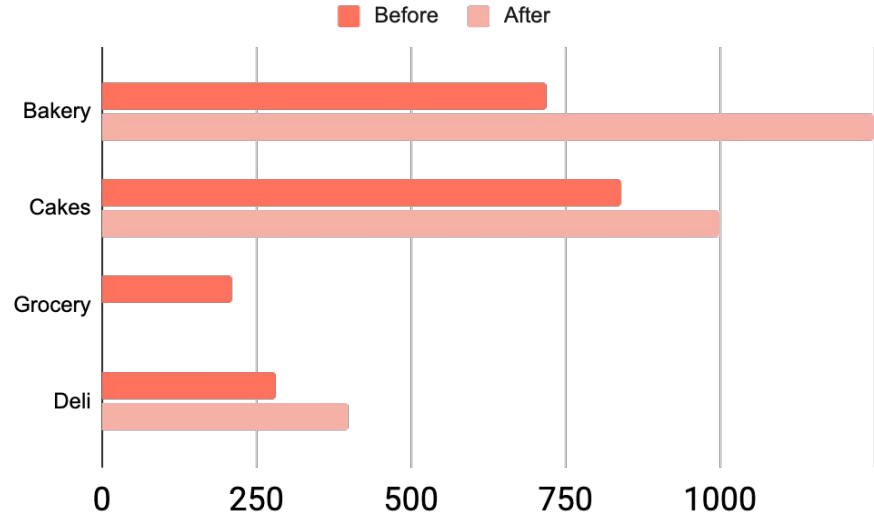
Cakes

-100%

Grocery

+64%

Deli





03

STRATEGY

Refocus on competitive
advantage

INDUSTRY 5-FORCES BARRIERS TO ENTRY (Unfavorable)

- (-) No scale
- (~) *Some* proprietary products
- (+) A lot of brand identity
- (-) Low switching cost
- (+) High capital requirements
- (-) Lots of access to distribution

INDUSTRY 5-FORCES RIVALRY (Unfavorable)

- (-) Industry growth low
- (-) Switching cost low
- (-) Diversity of competition
- (+) Brand identity high
- (-) Product differences low
- (-) High concentration
- (+) Exit barriers low

INDUSTRY 5-FORCES THREAT OF SUBSTITUTES (Favorable)

- (+) Comparable prices
- (-) Switching costs low
- (+) Propensity to substitute low

INDUSTRY 5-FORCES BARGAINING POWER OF CUSTOMERS (Favorable)

- (+) Concentration low
- (+) High volume
- (-) Switching cost low
- (-) Lots of information availability
- (+) Few substitutes
- (+) Brand identity

INDUSTRY 5-FORCES

BARGAINING POWER OF SUPPLIERS

(Favorable)

- (-) Concentration high
- (-) Low volume
- (+) Switching cost low
- (+) High short-notice availability
- (+) Forward integration unlikely

CURRENT INTERNAL VRIO

	BAKERY	CAKES	GROCERY	DELI
VALUABLE	High	High	Low	Medium
RARE	Medium	Low	Low	Medium
INIMITABLE	No	No	No	No
ORGANIZED	Yes	Yes	No	Yes
SUMMARY	Temp. CA	Parity/Temp. CA	Temp. Disadvantage	Temp. CA

FUTURE DIFFERENTIATION DRIVERS

CUSTOMIZATION

- Existing cake customization
- Made to order sandwiches

UNIQUE STYLING

- Proprietary frosting
- New authentic Italian frosting

PREMIUM BRAND IMAGE

- Authentic Italian
- Local ingredients
- Heritage/Family
- Nostalgia
- Presentation & Packaging

MORE CONVENIENT ACCESS

- Website ordering
- Delivery (cakes/catering)
- Delivery Apps
- Farmers Markets & Pop-ups

UNUSUALLY HIGH QUALITY

- Local ingredients in imported recipes

SPEED

- Now cakes
- Online ordering
- Cake station checkout
- Deli counter checkout

We will reach profitability by the year 2025 by targeting experience-seeking urbanites, and optimizing operational efficiencies at store #1, because we will provide the most authentic Italian bakery and grocery experience in the Greater Seattle area.

YOUR **STRATEGY** **STATEMENT**



04

REBRAND

Visualize and communicate the
new you



The place that's a Seattle birthday tradition

a longtime Rainier Valley landmark,

Local News

Landmark bakery, Acme

Originally published September 12, 2006 at 12:00 am | Updated September 12, 2006 at 9:31 pm



BRAND

ATTRIBUTES

Home

Quality

Heritage

Familiar

Accessible

Warm

Legacy

Traditional

Affordable

Local

Authenticity

Convenient

Trustworthy





REBRAND GOALS

- Continue the legacy of Acme Bakery, rooted in Seattle Italian history
- Preserve existing loyalty
- Introduce new generation of customers

BUILD LOYALTY

- In-store experience
 - Signage
 - Decor
 - Layout
- Punch cards / loyalty programs
- Limited / rotating products
 - Ex/ Seasonal
- Delivery programs
 - Postmates, etc.
 - Dependent on product strategy
- Retire programs that cheapen brand & decrease perceived value (Groupon)

ACQUIRE NEW CUSTOMERS

- SEO
- Website experience
- Review sites
- Local press
 - Storytelling
- Social media
 - Create shareable moments
 - Tell stories (customers, bakers)
 - Events
- Signage / drive-by traffic
- Local partnerships
 - Wedding vendors
 - Pop-ups, tastings, events, etc.

REVIEW SITES

- Leverage existing positive reputation
- Claim profiles
 - Photography
 - Responsiveness
 - Drive traffic
- Yelp
- Facebook
- Wedding review sites
- Travel sites
 - 'Things to do' lists
 - Leverage Seattle history

www.yelp.com › Food › Bakeries

Acme Bakery - 411 Photos & 368 Reviews - Bakeries ...

★★★★★ Rating: 3.5 - 368 reviews - Price range: Under \$10

368 reviews of **Acme Bakery** "If you've ever traveled on Rainier, you've undoubtedly passed **Acme** . We've lived here over a decade and I was ...

www.facebook.com › Places › Seattle, Washington › Grocery Store ▼

Acme Bakery - 1,230 Photos - 517 Reviews - Deli ...

★★★★★ Rating: 4.7 - 517 votes

Acme Bakery -1234 Voldemort St Seattle, Washington 98144 - Rated 4.7 based on 517 Reviews "They have done many birthday cakes and wedding...

www.tripadvisor.com › ... › Seattle Restaurants › **Acme Bakery** ▼

Huge Dissapointment - Review of **Acme Bakery** ...

★☆☆☆☆ Rating: 1 - Review by a Tripadvisor user

Description: **Acme Bakery** is Seattle's historic Italian Bakery, tracing our roots back to our founding in 1922. Our quality and customer service is ...



SEO

- Optimize website
- Referral traffic
- Online directories
- Local lists
- Vendor / partner sites

THRILLIST

seattle
magazine

EATER
SEATTLE

SeattleMet



LOCAL PARTNERSHIPS & EVENTS

- Farmers markets
- Pop-ups
- Tastings
- Align with other local Italian brands with similar values





IN-STORE EXPERIENCE



RECOMMENDATIONS

- Interior signage
- Specialty displays
- Cafe furniture
- Paint (interior & exterior)
- Branded printed materials (menus, etc.)



100 YEARS

RELAUNCH CELEBRATION

- Bakery story - local press
- Signature product(s)
- Focus on family
- Partner with complementary local businesses / vendors
- Give back to the community





05

BUDGET

Use the war chest diligently

YEARLY TIMELINE

YEAR 1

Back to basics
and stem the
bleeding

YEAR 2

Infrastructure
and relaunch

YEAR 3

Extend categories
and verticals

YEAR 4

Remodel and
optimize

YEAR 5

Terminal velocity



YEAR ONE

BACK TO BASICS:

\$22,000

- Wedding books: \$1k
- Interior signage: \$3k
- Small displays: \$2k
- Barista training: \$1k
- Update online profiles: \$0
- Increase quality standards: \$1k
- Low hanging ops efficiencies: \$1k
- Photography: \$3k
- Focus product offerings: \$0
- Inventory system: \$10k

YEAR TWO

INFRASTRUCTURE & RELAUNCH:

\$73,000

- Payroll systems: \$10k
- Relaunch event: \$20k
- Interior paint: \$15k
- Website revamp: \$10k
- Furniture: \$10k
- Product extensions: \$5k
- Servingware: \$3k

YEAR THREE

EXTEND VERTICALS: \$40,000

- Replace baking equipment: \$20k
- POS system: \$10k
- Category & vertical extensions: \$10k

YEAR FOUR

REMODEL AND OPTIMIZE:

\$265,000

- Supply chain optimization: \$0
- Flooring: \$30k
- Display cases and shelving: \$20k
- Remodel: \$75k
- Baking equipment: \$100k
- Exterior paint: \$30k
- Exterior signage: \$10k

YEAR FIVE

TERMINAL

VELOCITY:

\$TBD

- Farmers markets
- Pop-ups
- Second location
- End-to-end workflow optimization



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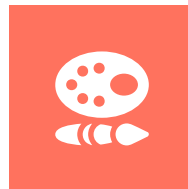
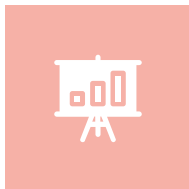


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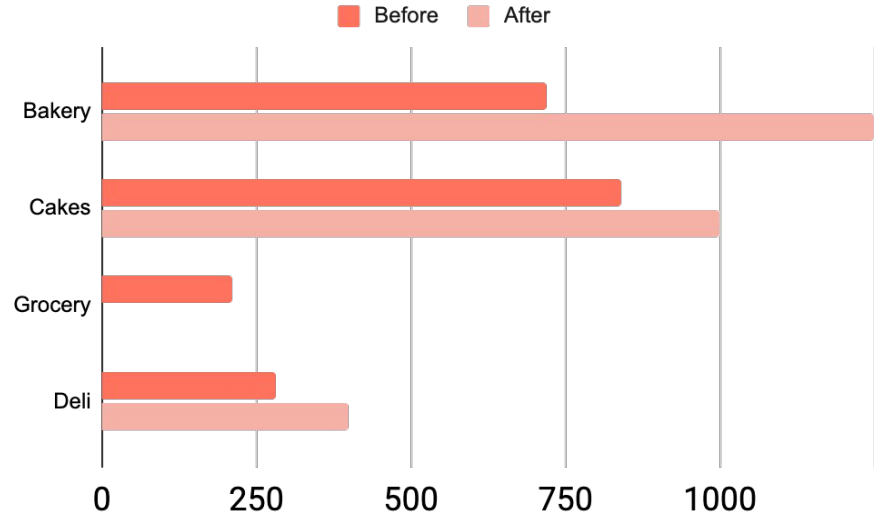
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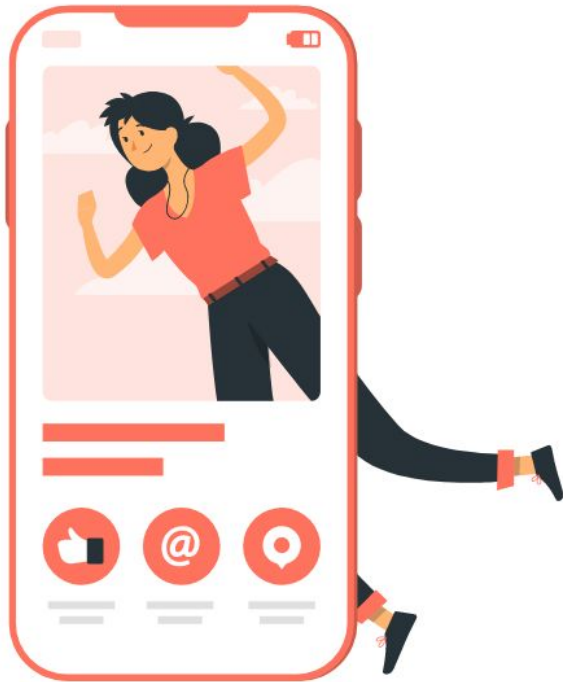
Deli



REFOCUS STRATEGY

- Cut verticals on the periphery to consolidate resources
- Increase investment in competitive advantages
- Unwavering obsession with quality





REVITALIZE THE BRAND

- Authentic Italian meets locally sourced
- Warmth and family invite everyone in
- Local partnerships and events to maximize marketing dollars

THANK YOU!!!!!!

Questions?
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