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The Green Tray - Nutritional Auditing Service

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The Green Tray

Submitted in partial fulfillment of requirements for the degree B.S.B.A in Marketing & Finance
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Incentives Program Abstract

The Green Tray will create a customizable Healthy Lifestyle Incentives Program (HLIP) for each institution to ensure employee participation and to lead employers and employees alike to considerable long-term benefits. The HLIP will encourage employees to get and stay healthy by offering a variety of activities to complete throughout the year to earn points that will qualify them for full medical plan selection, medical premium discounts, and win cash and other prizes. These financial incentives have been proven to be the most effective way to increase employee participation in health & wellness programs and foster long-term behavior change. By implementing our HLIP, institutions can expect a high return in their investment by reducing medical costs, decreasing absenteeism and improving employee productivity. The ROI analyses conducted in other studies found returns of up to six times their investment in healthcare costs alone after implementing a HLIP. These health and wellness incentives programs have also proven to benefit employees as well over the long run. Along with the financial rewards this program provides, participation in such a program gets employees accustomed to a healthier lifestyle leading to great benefits in many aspects of their life. Integrating the Healthy Lifestyle Incentives Program into the institutions will be essential to our implementation strategy and will surely differentiate *The Green Tray* from its competitors.

THE GREEN TRAY

Nutrition Auditing Service

EXECUTIVE SUMMARY

The Green Tray is a nutritional auditing service that will reduce nutrition-related health problems and their associated costs by connecting educational, business, and health institutions to small, healthy food service providers. *The Green Tray* is seeking a $250,000 capital investment to enter the $137.8 billion non-commercial food services market. By the end of year 3 of our operations, *The Green Tray* projects to achieve $3.36 million in net revenue and will be recognized as a leader in institutional nutrition auditing services.

Over the past 30 years, the United States of America has reached an obesity level of epidemic proportions. Problems with obesity not only affect an individual's personal income and health, but—when looked at from a broader perspective—also have an impact on worker productivity and childhood development. According to a 2009 economic analysis published in Health Affairs, obesity-related medical costs total $147 billion a year, accounting for nearly 10% of all annual medical spending. Obese people spend 42% more on health care costs than healthy-weight individuals costing taxpayers an estimated $92.6 billion. Researchers say the impact of obesity on business can range anywhere from $1,000 to $6,000 in added cost per year for each obese employee. Studies estimate the total cost of obesity to U.S. employers—including lost productivity– to be $73 billion. To combat this growing national health concern, a number of healthy non-commercial food service startups have set out to provide healthy and nutritionally balanced meals to schools and businesses. These new businesses are seeing early success and are growing quickly year after year, but they are currently restricted to small private schools and SMEs (small-medium sized enterprises) in the northern metropolitan areas that they are based out of. These businesses do not currently market their services and will be unable to maintain their rapid growth unabated. Much of their expansion is due to word of mouth and allowing the quality of food "speak for itself," however progression towards servicing big-named corporations and other large institutions via this marketing avenue is unlikely.

The Green Tray will connect educational, business, and health institutions with these aforementioned healthy food service providers that fit their institutional needs, create tailored incentives plans to win and sustain institutional stakeholder involvement, and provide analytical support to show that our program has a positive impact on the institutions' bottom-line. There currently is not a company providing this sort of tailored business-to-business service in the industry of non-commercial food.

The Green Tray's business model is based on revenue generated from three components. Our primary source of revenue will come from a 10% share of profit a healthy food service provider receives from their contract with one of our client institutions. The two other revenue streams derive from the institutions themselves. A $1,000 match-up fee will be charged to the institution in return for finding them a healthy food service provider that matches their needs. A $250 annual fee will be charged for nutritional audits to ensure that the institution is maintaining healthy food standards.

The Green Tray estimates the startup cost to be $250,000 and projects breaking even within the first 6 months. Following our projected costs and revenue, it is anticipated that *The Green Tray* will reach $1,000,000 in revenue near the end of year 2 and anticipates being able to pay back investors with 5x their initial investment after year 5 through a 15% royalty on gross sales each year with a cap of $1,250,000.

THE GREEN TRAY

Nutrition Auditing Service

INTRODUCTION & COMPANY OVERVIEW

Poor nutrition is associated with the increased risk of an assortment of conditions, the most notable being obesity. In less than 30 years, the percentage of Americans categorized as obese has more than doubled. In 2012, it was reported that 2/3 of adults and nearly 1/3 of children and teens are currently obese or overweight. According to a 2009 economic analysis published in Health Affairs, obesity-related medical costs total $147 billion a year, accounting for nearly 10% of all annual medical spending. Obese people spend 42% more on health care costs than healthy-weight individuals costing taxpayers an estimated $92.6 billion. Researchers say the impact of obesity on business can range anywhere from $1,000 to $6,000 in added cost per year for each obese employee. Studies estimate the total cost of obesity to U.S. employers—including lost productivity– to be $73 billion. Poor nutrition is linked to various factors affecting academic achievement. Obesity can impact schools in terms of absenteeism, classroom behavior, ability, to concentrate, self-esteem, cognitive performance, and test scores. It is obvious that this is no longer just a problem, it’s an epidemic.

By connecting qualified healthy food service providers to schools, businesses, and health care facilities, *The Green Tray* will provide a health service that reduces the barriers associated with delivering healthy, nutritionally-balanced, and sustainable meals. Because we realize that simply having the option of health does not guarantee the choosing of it, *The Green Tray* would sustain stakeholder involvement through tailored incentives programs and annual audits. Through this proposition, we hope to cultivate a new institutional culture of health, thereupon increasing productivity, morale, health, performance, and longevity and decreasing absenteeism and health care costs.

PROBLEM

Customer segments include healthy food providers and recipient institutions such as corporate campuses, private schools, hospitals, and nursing homes. Many of the market problems are shared between the two customer segments and stems from the general presence of unmet needs and lack of synchronicity in the market.

For one, healthy food providers typically don't market. This obviously leads to inefficiencies in supply/demand congruency. Despite this, most healthy catering companies have experienced astronomical growth in recent years. Medill Reports states that in some cases this growth may exceed well over 1,000%. However, this rate is not sustainable without proper market directives.

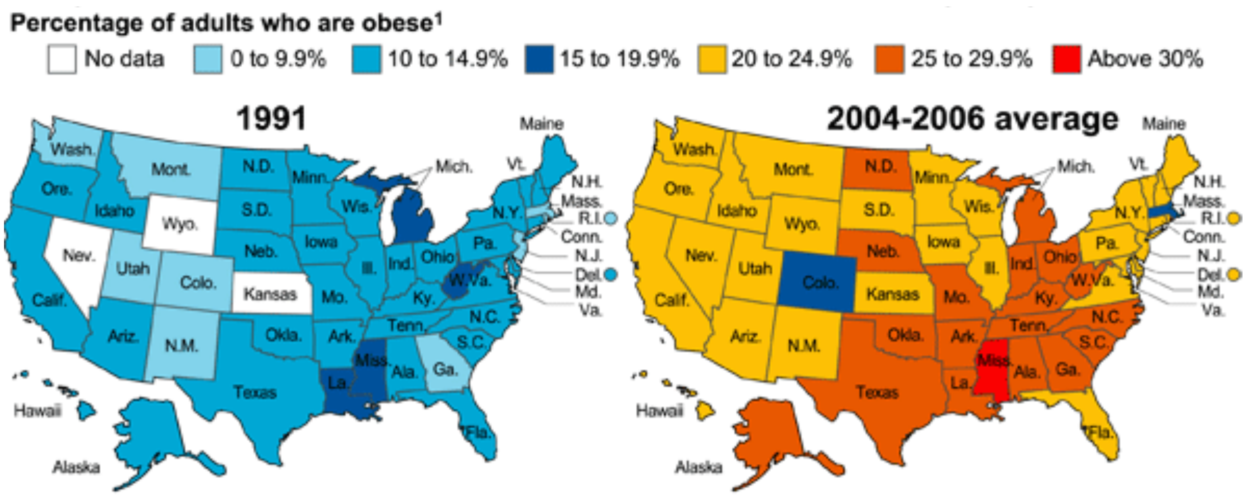
Secondly, a nutritional auditing service, for the most part, doesn't exist. Presently, nutritional audits are performed almost exclusively on hospitals and the occasional public school. Furthermore, there is not yet such a thing as an agent between these healthy food providers and recipient organizations.

This market discord is made painfully apparent in the status of our country's health, which leads us to our third and final problem: we are located in the heart of the fattest part of America. The latest report released by the Centers for Disease Control and Prevention shows that of states with the highest obesity ratings, the south holds 9 out of the top 10 positions. Clearly, there are many unmet needs and very little competition to contend with.

This point was further supported in several of our customer development interviews. Because *The Green Tray* will target mostly private schools, medium-sized businesses, and corporate campuses in the initial stages of our development, we focused our interviews on teachers and corporate employees. We found that although it seems that many of the large corporations in the northern metropolitan areas are taking steps towards health, it was made rather apparent that here in Arkansas we are quite negligent in the area of health conscientiousness.

COMPETITION & CRITICAL RISKS

There is almost no direct competition other than the occasional government audit. Even so, this is usually only applicable to the public sector, and thus wouldn't overlap with our targeted customer segments. Indirect competition includes any alternative that can be performed in-house such as in-house dietitians and catering or human resources. However, our biggest challenge would be overcoming institutional inertia. Institutions tend to hold on to what is familiar and proven. In order to succeed, *The Green Tray* must redefine what it means to "cut costs" and validate that our indirect approach has direct effects on the company's bottom line. In any case, the present solutions have proven extremely ineffective in addressing the market problem. The organization Trust for America's Health states that over the past 15 years, obesity rates have risen steadily in every state at an average of about 10-15% in most states (see figure below). Projections for the year 2030 estimate that every state will reach a rate of at least 44%, with some states exceeding 60%. This would result in approximately 42% of U.S. adults being obese and add an extra $550 billion to health care costs. Despite our existing efforts, the problem only continues to grow.

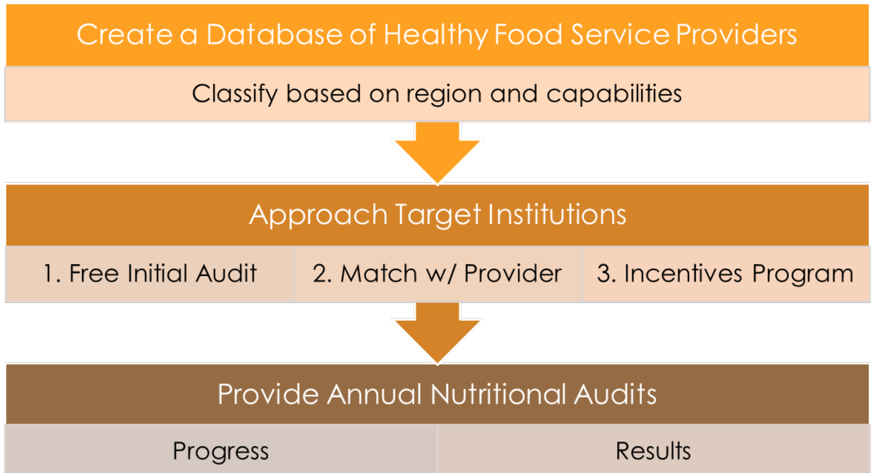


1 – Body mass index above 30 or about 30 pounds overweight for a 5'4" adult:
Source: Trust for America's Health; HealthyAmericans.org; CDC

By Dave Merrill, USA TODAY

SOLUTION

In order to solve the problems associated with poor institutional nutrition, to expand the market for healthy food service providers, and to help people of all ages achieve a healthier lifestyle, *The Green Tray* has developed an integrated solution to address these issues. Firstly, a database would be compiled of food service providers in the region. Using a standard criterion, *The Green Tray* would classify these food service providers on their ability to prepare healthy food and their capacity to work within specific institutions. From there *The Green Tray* would begin to identify institutions of concern and offer an initial nutritional audit to these institutions free of charge. After assessing the institution for its health deficits and coming to an agreement with decision makers on an institutional health goal using *The Green Tray's* services, we would match them with a healthy food service provider from our database that best fit their needs as an institution. Alongside this we would create a customized incentives program for the institution to win over stakeholder interest in the company's new health initiative. To ensure that the institution is on track to reach its overall health goals, *The Green Tray* would perform nutritional and health audits on a regular basis. *The Green Tray* would take the data collected from these audits and analyze it against the institution's health goals and their key measurements of success (ex: reduction in employee absenteeism or an improvement in a school's average test scores) to ensure that the institution was receiving their desired return on investment in our services.



As mentioned earlier, *The Green Tray's* greatest challenge will be in overcoming institutional inertia and resistance to our unconventional approach to performance enhancement and cost reduction. This institutional inertia has three implications for our corporate wellness development initiatives. First, institutional change should be a priority. Success will hinge on the reshaping of the institutional framework and its integration into corporate culture. Through carefully crafted incentives programs, *The Green Tray* can incite positive participation and assimilate the principles of health into the cultural change process. Second, institutional reform pays off. Comprehensive, strategically designed investment in employees' social, mental, and physical health has enormous benefit. An article in Harvard Business Review about the hard returns of employee wellness programs asserts that, since 1995, the percentage of Johnson & Johnson employees who smoke has dropped by more than two-thirds. The number who have high blood pressure or who are physically inactive also has declined by more than half. J&J's leaders estimate that wellness programs have saved the company a cumulative of $250 million in health care costs over the past decade. From 2002 to 2008, the return was $2.71 for every dollar spent on this corporate wellness initiative. Wellness programs have long been viewed as a nice "extra", rather than a strategic imperative. New evidence is beginning to reveal otherwise. With tax incentives and grants available under recent federal health care legislation, U.S. companies can employ these wellness programs as a means to reduce their colossal health care costs, which are only rising with an aging workforce. And lastly, institutional change is feasible. A growing number of businesses are turning to wellness programs to manage their bottom line. According to a new survey from the International Foundation of Employee Benefit Plans, 70% of U.S. employers offer some kind of wellness benefit, and 83% of those report a positive return on their investment. For every dollar spent on employee wellness programs, companies save $3 on average costs.

COMPETITIVE POSITIONING

	Private Sector Availability	Comprehensive Nutritional Audits	Implementation Strategy	Matching Service
Government & USDA		X		
In-house Dietitian & Catering	X	X		
In-house Human Resources Dept			X	
The Green Tray	X	X	X	X

None of the existing alternatives can fully replicate the extensiveness of our service. *The Green Tray* separates itself through its unique combination of services of comprehensive nutritional audits, matching services, and institutional culture implementation strategy.

Comprehensive Nutritional Audits

Nutritional audits will be created and conducted by a licensed dietitian. Audits will be standardized according to institutional classification (i.e., school, corporation, nursing home, or hospital) and differentiated appropriately according to the specific needs of each. Monthly menus will be analyzed and existing nutritional deficiencies will be recorded. Data from the initial audit will be used as the primary criteria in matching the institution with the most suitable healthy third party food provider; data from the follow-up audits will be consolidated and forwarded as feedback to the acting healthy food provider. If the healthy food provider perpetually fails to meet the expected standards, they may risk termination or discontinuation of contract.

Matching Services

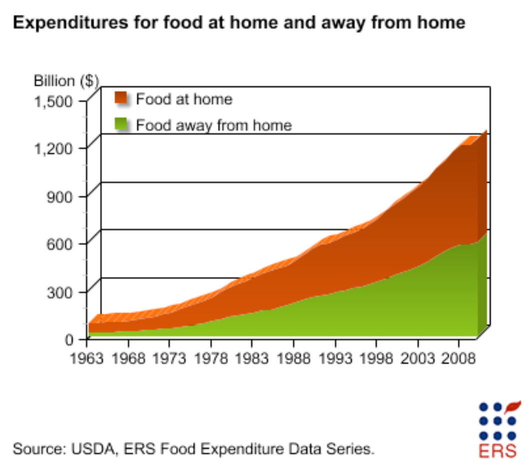
The Green Tray database will contain a compilation of healthy food service providers as well as each provider's relative numerical scoring as measured under proprietary standard criterion involving their ability to prepare healthy food and at which capacity they can operate within. After conducting the free preliminary audit, *The Green Tray* will inquire and identify the institution's target health objective and match them with a befitting healthy third party food provider.

Implementation Strategy

A custom incentives program would be tailored to accommodate each institution's specific health initiative. Exact procedure would differ between institutions depending on target metrics. After defining these objectives, *The Green Tray* will apply the appropriate methodology to achieve each institutional health goal. Although *The Green Tray* will be creating the incentives program, the institution is responsible for the actual implementation. However, this is not to say that *The Green Tray* is still not highly engaged in the process. Through regularly scheduled follow-up audits and periodical check-ups, *The Green Tray* will track the progress of the institutional health initiative and make any necessary modifications to the incentives program to ensure its fulfillment. Follow-up audits in conjunction with each institution's internally-derived data will be processed and delivered in the form of a progress report. Through this report, the client company can have a physical and numerical representation of their defined metrics of improvement and their exact progress in the journey towards health.

MARKET OPPORTUNITY

The USDA Economic Research Service states that in 2010, the U.S. non-commercial food services market represented a $137.8 billion industry. This industry segment represented just 23% of the total market for food eaten away from home. As Americans continue to become more health conscience this segment's demand for healthier food options will increase.



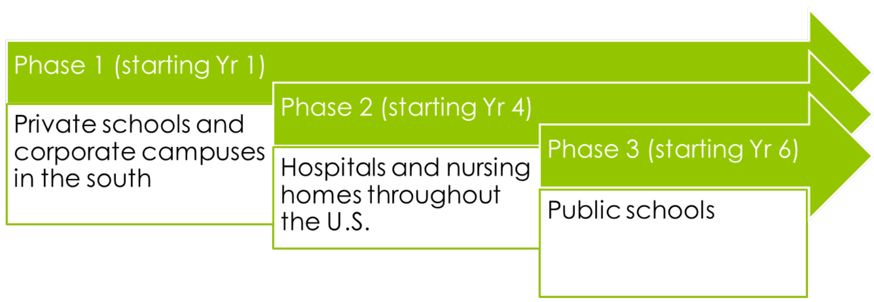
State	Nursing Homes	Public School	Private School	Hospitals	SME	Fortune 500
Alabama	232	1,618	390	105	84,277	1
Arkansas	232	1,108	160	85	60,007	4
Florida	678	4,212	1,761	210	444,066	16
Georgia	360	2,388	668	154	198,271	15
Kentucky	287	1,565	319	106	80,595	6
Louisiana	287	1,437	374	126	93,742	3
Mississippi	203	1,069	212	96	52,403	-
Missouri	523	2,408	583	122	131,405	10
Oklahoma	329	1,774	175	113	75,058	4
South Carolina	181	1,223	357	67	90,416	1
Tennessee	325	1,802	452	134	106,729	9
Texas	1,196	8,697	1,398	426	399,323	44
Total	4,833	29,301	6,849	1,744	1,816,292	113

Starting out, *The Green Tray* intends to focus our services on private schools and corporate campuses located in the Southeastern United States. Based on our research using the National Center for Education Statistics there are a total of 6,849 private schools in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, Oklahoma, South Carolina, Tennessee and Texas with a grand total of 397,380 students enrolled. Based on our interview with a Chartwell's executive, the average private school will spend about $4.50 on food and labor for a student's lunch. According to seniorswork.net, these same states are also home to 48 companies in the Fortune 1000. In 4 years *The Green Tray* will expand our services to the 1,744 registered hospitals and 4,833 nursing homes throughout the Southeastern U.S. The sizes of these institutions vary, but the average hospital and nursing homes spends about $5 per patient per day on food. In year 6 *The Green Tray* will further expand our services to the 29,301 Southeastern U.S. public schools where $3 billion a year is spent on school lunches.

MARKETING STRATEGY AND EXECUTION

Our primary means of obtaining new business will be through our team of sales staff. Our sales team will be making calls to prospective institutions to inform them about our services and how *The Green Tray* can benefit their institution. From these sales calls, we hope to generate appointments with prospective clients and then offer them a free nutritional audit. For each new client generated for *The Green Tray*, the responsible salesperson will receive a 10% commission from that sales contract. By using direct sales as opposed to an affiliate program, we are able to keep our costs lower and maintain higher quality control over the message delivered to our prospective clients.

Initially, *The Green Tray's* target customers will be private schools and corporate campuses throughout the southern United States. We feel that these institutions provide us with the least bureaucratic resistance and this area of the country is more in need of our services due to its higher obesity rates. Around year 4 *The Green Tray* will expand our services to hospitals and nursing homes throughout the continental U.S. Finally, around year 6 *The Green Tray* will incorporate public schools into our list of targeted institutions.



In addition, our sales staff will host seminars and webinars on the topic of poor nutrition and its consequent effects on health, performance, and an institution's bottom line. This will be an opportunity to inform decision makers about the true cost of poor nutrition and a chance for *The Green Tray* to promote its nutrition auditing and improvement services. To promote these seminars and our services in general, *The Green Tray* will use direct marketing methods to reach the institutions that we feel can benefit from our services. These direct methods of contact include phone calls, mailing informational brochures, and sending emails. *The Green Tray* will encourage potential clients to either contact us directly by phone, email, or by visiting our website and filling out a contact form. In addition to hosting our contact information, *The Green Tray* website will also be used for sharing information about our services and it will host a blog covering the topics of nutrition and our nation's health.

BUSINESS MODEL

This is a business driven by direct consultative sales. Our business model for schools and corporations is based off a few key assumptions (in the initial stages):

- Each sales rep will make 50 calls per week
- 5% of those calls will convert into sales visits
- 10%-15% of those sales visits will result in a close

Schools

After talking to a former employee of *Chartwells*, we derived the average sale for a school with the following factors:

- Serve lunch 10 months out of the year
- 20 days out of the month
- $4.50 for an average hot lunch
- 500 students purchasing each day (50% of the total average private school population)

Sales forecast estimates:

- 16 schools closed in year 1
- 65 schools closed in year 2
- 116 schools closed in year 3

Corporations

Average sale for a corporation was calculated with the following factors:

- Serve lunch 12 months out of the year
- 20 days out of the month
- $2.50 for an average bagged lunch
- 250 employees purchasing each day (50% of the total average medium-sized business)

Sales forecast estimates:

- 24 corporations closed in year 1
- 85 corporations closed in year 2
- 118 corporations closed in year 3

Revenue Streams

The Green Tray's revenue streams are based on the following assumptions:

- Healthy lunch providers have a 30% profit margin
- We will contract 10% of that profit share from the provider as a finder's fee
- The responsible sales representative will earn 10% of that as commission
- The recipient institution will pay a $1,000 match fee in exchange for our service of pairing them with the appropriate healthy third party lunch provider
- The recipient institution will be charged $250 annual for follow up audits
    - as derived from the assumption of charging the audit at a price greater than 8 hours (estimated hourly duration of completing an audit) multiplied by $25.60 (the average hourly wage of a dietitian)

PRICING STRATEGY

Because *The Green Tray* is endeavoring to introduce an unprecedented and unsought service, comparative pricing schemes are nonexistent. This lack of antecedent, in combination with limitless valuation options, prompted difficulty in the formulation of a specific pricing strategy. After much literary research and market analysis, *The Green Tray* constructed several unique formulas and utilized various proven pricing approaches in the development of our pricing strategy.

Preliminary Audit: Free

Enticing a customer to simply try a new product or service is one of the greatest challenges any company may face. According to Kantar Media, companies spent more than $94 billion last year in advertising alone. A large portion of this sum was allocated towards the advertising of new products. *Small Business Chronicle* states that "the percentage of annual sales revenue that a business launching a new product will need to budget towards marketing will be closer to 20 percent and above than a company that is spending marketing dollars to continue to promote an established product line." Because marketing a new product costs significantly more than marketing an existing product, newly launched products often have a disproportionately high mark-up. With the free preliminary audit, *The Green Tray* is getting the customer to try the product without putting up a price barrier, while the customer gets to sample the service without having to gamble away a portion of their funds on a service that might not even suit the company's needs. Furthermore, in terms of reaching consumers, free samples are often much more powerful and much cheaper than traditional advertising. Researchers are uncovering further evidence that shoppers who have received freebies not only are more likely to buy the products given away, but are also more likely to become loyal customers in the future. Time Magazine describes it as "consciously or not, somehow you feel obligated to pay the company back." The most common use of samples as a marketing strategy is for the introduction of new products and services. For our purposes, free preliminary audits would help provide a point of entry into the market.

Nutrition Audits: $250

Much of *The Green Tray* audit pricing strategy is based upon factors involving dietitian pricing and salary. Researching local nutritionists shows that a scheduled private session may cost anywhere from $60-$150 per session. Because of the extensiveness required of examining an institution's entire monthly dietary menu, we realized it would be appropriate to price significantly higher. The Bureau of Labor Statistics reports that the 2010 median pay of a dietitian is $25.60 per hour. This figure, coupled with the approximation of an eight hour audit completion time, yields the follow-up audit pricing of $250.

Match-Up Fee: $1,000

The fee charged for pairing the customer institution with the healthy third party lunch provider is a $1,000 match fee. This figure was calculated as a little more than the 1% value of the average annual profit between a medium-sized corporation contract and a private school contract.

- [($45,000 + $135,000) / 2] * .01 = $900

  $900 rounded up to $1,000

Profit Share: 10%

The Green Tray's primary revenue stream is from the 10% "Finder's Fee" profit share. Our reason for choosing profit sharing over subscription fees is simple: it allows for the alignment of incentives. For *The Green Tray*, profit share would foster our company's identification with our client's success. That is to say, our client's success is a direct reflection of our own. For our clients, a profit share plan would insure that they are receiving the highest level of effort for the service that they are paying for. Unlike subscription fees, one cannot get paid without providing the promised deliverables. Through this profit sharing plan, we hope the alignment of interest will allow for a more congruous effort between our company and our clients.

This particular percentage was chosen on the grounds that it would allow for the most realistic fulfillment of a value-adding service. The average healthy lunch provider's annual sales are based off of the following key assumptions: hot lunches cost $4.50 per lunch, 500 students purchase lunch each day (50% of the total average private school population), lunch is served 10 months out of the year and 20 days out of the month. These numbers estimate average healthy lunch provider's sales per year for one school contract to be $450,000.

- $4.50 per hot lunch * 500 students * 10 months/year * 20 days/month = $450,000 avg 3PP sale/yr for 1 school contract

After further inquiry with a former *Chartwells*employee, we discovered the average profit margin of a third party lunch provider to be approximately 30%. Factoring this into the previous equation yields an average annual profit of $135,000 per school contract.

- $450,000 * 30% profit margin = $135,000 avg 3PP profit/yr for 1 school contract

After the application of the 10% profit share "Finder's Fee", the healthy lunch provider will only receive $121,500 in annual profit for one school contract.

- $135,000 avg 3PP profit/yr for 1 school contract * 90% = $121,500 3PP profit/yr for 1 school contract after Finder's Fee

Assuming the healthy food provider has a natural growth rate of 20 additional school contracts per year (as based off of the 2011 growth of Gourmet Gorilla, LLC), the application of a 10% profit share fee yields an estimated annual loss to the client of $270,000 in lost profit due to Finder's Fee.

- 20 schools * $135,000 avg 3PP profit/yr for 1 school contract * 10% Finder's Fee = $270,000 in lost profit due to Finder's Fee

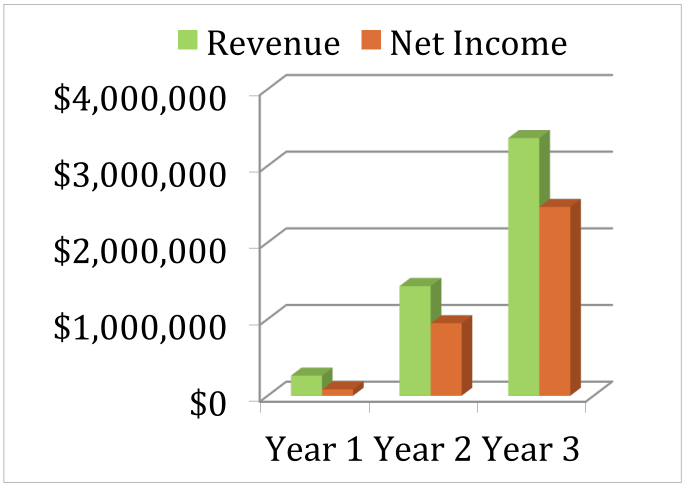
The Green Tray's break-even point would be 2.22 additional school contracts per year. Therefore, in order to qualify as a value-adding service, *The Green Tray* must contract an additional 3 schools or a total of 23 schools annually.

- $270,000 = $121,500 * x
  x = 2.22 schools
  therefore, contract > 23 schools annually

FINANCIAL PROJECTIONS

With salaries being our biggest cost, our costs are extremely low. If the key assumptions we made in our Business Model are correct, according to our sales forecast, *The Green Tray* should break even in the first 6 months (June 2014) after a total of 13 sales (8 corporations & 5 schools). If things continue as planned *The Green Tray* should earn our first million dollars in net income by the start of Year 2 (Jan 2015), attain 100 Corporations by the end of Year 2 (Nov 2015) and 100 Private Schools by early Year 3 (March 2016). We plan on paying off our investors completely, including interest, within 5 years. *The Green Tray* should reach $3 million in revenue by the end of year 3 (see chart below).

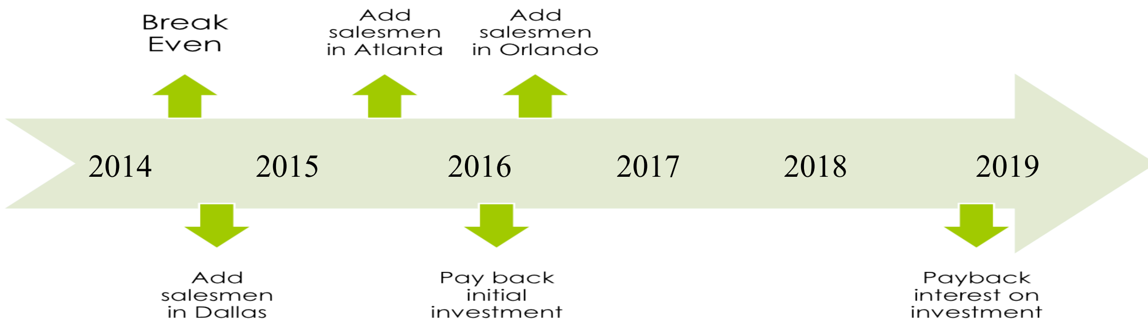
Revenue vs. Net Income



You can find our actual financial projections in the Appendix for the following:
- Sales Forecast
- Cost Projections
- Income Statement
- Balance Sheet
- Cash Flows

FUNDS SOUGHT / USE OF PROCEEDS

With a $250,000 capital investment, *The Green Tray* could cover all of the initial startup costs with rather quick payback. Since our business model is based on sales rather than a product, we can keep our costs down and break even in just after 6 months (total sales). With this investment, *The Green Tray* can add on 3 new regional salesmen into large business districts with high private school populations in southern metropolitan areas such as Dallas, Atlanta, and Orlando within 2 years. Long term, *The Green Tray* would like to expand to the whole United States, as well as extend our services into the public sector. We believe we could pay back the initial investment by the end of year 2. Within 5 years, we will have also finished paying back our investors 5x their initial investment.



MANAGEMENT TEAM

CEO – Tania Schmitfranz

Tania recently graduated from the University of Arkansas with a BSIB in Int'l economics and a minor in Japanese. She is an advocate of holistic health and has been a vegetarian for over 5 years. Her hobbies include crossfit and running. She is also a certified martial arts instructor and competed on the 2010 and 2011 USA Taekwondo Team. In addition to teaching part-time at Impact Martial Arts, she started a small business of teaching private lessons 4 years ago and has experienced great success. She will be entering a graduate program in Community Health Promotions in Fall 2013 under the University of Arkansas's College of Health Education and Promotion.

CMO – Hannah Gant

Hannah will be graduating in May 2014 with a BS in Communications/Public Relations and Minor in Management. She is the ad sales manager/journalist for the American Bucking Bull Magazine. In her spare time she enjoys training and participating in half marathons.

CFO – Alexander Clark

Alex will be graduating in May 2013 with a double major in Finance and Accounting. He currently has an internship with University of Arkansas Office for Sustainability. He has worked previously in Asset Management and Investment Banking. His hobbies include Jiu-Jitsu and reading.

EXIT STRATEGY

The Green Tray plans to pay back 5x initial investment by year 2019 through a 15% royalty on our gross sales each year with a cap of $1,250,000. Through this, we may maintain ownership in addition to lowering the investment risk for our investors. Our fallback strategy would be an acquisition. One option is acquisition by a non-commercial food service provider such as *Compass Group* (owner of Chartwells), because we could offer them relations with additional clients and create a more profitable revenue stream. A company such as *Whole Foods* might see the value in *The Green Tray* because we would fit in with their corporate goal of providing healthy, sustainable food and would increase the presence of this brand beyond their stores. Another acquisition option could be a company like *Jenny Craig* because it fits with the company's goal of getting people to live a healthier lifestyle. They could take over our incentives program and really tailor it to have employees join their exercise and weight loss program. The most likely acquisition would be by a healthcare analytics company such as *Human Factor Analytics*. This company "delivers risk analytics tool and data warehouse for… wellness providers to analyze risk and identify what is driving present and future cost." Because this relational database and software application is well aligned to *The Green Tray's* purpose, assimilation would be mutually beneficial. We are also open to notion of establishing *The Green Tray* franchises across the United States.

Appendix

SALES FORECAST

Sales Yr 1

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	**Year 1**
# of salesmen	2	2	2	2	2	2	3	3	3	3	3	3	**3**
Calls	400	400	400	400	400	400	600	600	600	600	600	600	**6000**
Sales visits	20	20	20	20	20	20	30	30	30	30	30	30	**300**
# closed (corporate)	0	1	1	1	2	2	2	3	3	3	3	3	**24**
# closed (schools)	0	1	1	1	1	1	1	2	2	2	2	2	**16**
Total # closed	0	2	2	2	3	3	3	5	5	5	5	5	**40**
Avg 3PP sale/yr (corporate)	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	**$150,000**
Avg Profit/yr (sale-cogs) Corporate	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	**$45,000**
% taken for finders fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
Finders fee * # corporate closed	$0	$4,500	$4,500	$4,500	$9,000	$9,000	$9,000	$13,500	$13,500	$13,500	$13,500	$13,500	**$108,000**
% salesman commission	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
$ salesman commission	$0	$450	$450	$450	$900	$900	$900	$1,350	$1,350	$1,350	$1,350	$1,350	**$10,800**
Our profit from 3PP coporate sales	$0	$4,050	$4,050	$4,050	$8,100	$8,100	$8,100	$12,150	$12,150	$12,150	$12,150	$12,150	**$97,200**
Avg 3PP sale/yr (Private School)	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	**$450,000**
Avg Profit/yr (sale-cogs) School	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	**$135,000**
% taken for finders fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
Finders fee * # schools closed	$0	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$20,250	$20,250	$20,250	$20,250	$20,250	**$216,000**
% salesman commission	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
$ sales commision	$0	$1,350	$1,350	$1,350	$1,350	$1,350	$1,350	$2,025	$2,025	$2,025	$2,025	$2,025	**$18,225**
Our profit from 3PP school sales	$0	$12,150	$12,150	$12,150	$12,150	$12,150	$12,150	$18,225	$18,225	$18,225	$18,225	$18,225	**$164,025**
initial audit cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
follow-up audit cost	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	**$250**
follow-up audit cost * # closed (year later)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
cost for incentive program setup	?	?	?	?	?	?	?	?	?	?	?	?	**?**
days from initial contact to close	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	**30 days**
Total Revenue	$0	$16,200	$16,200	$16,200	$20,250	$20,250	$20,250	$30,375	$30,375	$30,375	$30,375	$30,375	**$261,225**

Sales Yr 2

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Year 2
# of salesmen	3	3	3	4	4	4	4	4	4	4	4	4	**4**
Calls	600	600	600	800	800	800	800	800	800	800	800	800	**9,000**
Sales visits	60	60	60	80	80	80	80	80	80	80	80	80	**900**
# closed (corporate)	3	6	6	6	8	8	8	8	8	8	8	8	**85**
# closed (schools)	2	5	5	5	6	6	6	6	6	6	6	6	**65**
Total # closed	5	11	11	11	14	14	14	14	14	14	14	14	**150**
Avg 3PP sale/yr (corporate)	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	**$150,000**
Avg Profit/yr (sale-cogs) Corporate	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	**$45,000**
% taken for finders fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
Finders fee * # corporate closed	$13,500	$27,000	$27,000	$27,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	$36,000	**$382,500**
% salesman commission	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
$ salesman commission	$1,350	$2,700	$2,700	$2,700	$3,600	$3,600	$3,600	$3,600	$3,600	$3,600	$3,600	$3,600	**$38,250**
Our profit from 3PP coporate sales	$12,150	$24,300	$24,300	$24,300	$32,400	$32,400	$32,400	$32,400	$32,400	$32,400	$32,400	$32,400	**$344,250**
Avg 3PP sale/yr (Private School)	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	**$450,000**
Avg Profit/yr (sale-cogs) School	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	**$135,000**
% taken for finders fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
Finders fee * # schools closed	$20,250	$64,800	$64,800	$64,800	$86,400	$86,400	$86,400	$86,400	$86,400	$86,400	$86,400	$86,400	**$877,500**
% salesman commission	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
$ sales commision	$2,025	$6,480	$6,480	$6,480	$8,640	$8,640	$8,640	$8,640	$8,640	$8,640	$8,640	$8,640	**$90,585**
Our profit from 3PP school sales	$18,225	$58,320	$58,320	$58,320	$77,760	$77,760	$77,760	$77,760	$77,760	$77,760	$77,760	$77,760	**$815,265**
initial audit cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
follow-up audit cost	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	**$250**
follow-up audit cost * # closed (year later)	$0	$500	$500	$500	$750	$750	$750	$1,125	$1,125	$1,125	$1,125	$1,125	**$9,375**
cost for incentive program setup	?	?	?	?	?	?	?	?	?	?	?	?	**?**
days from initial contact to close	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	**25 days**
Total Revenue	$30,375	$83,120	$83,120	$83,120	$110,910	$110,910	$110,910	$111,285	$111,285	$111,285	$111,285	$111,285	**$1,168,890**

Sales Yr 3

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	**Year 3**
# of salesmen	5	5	5	5	5	5	5	5	5	5	5	5	**5**
Calls	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	**12,000**
Sales visits	100	100	100	100	100	100	100	100	100	100	100	100	**1,200**
# closed (corporate)	8	10	10	10	10	10	10	10	10	10	10	10	**118**
# closed (schools)	6	10	10	10	10	10	10	10	10	10	10	10	**116**
Total # closed	14	20	20	20	20	20	20	20	20	20	20	20	**234**
Avg 3PP sale/yr (corporate)	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	**$150,000**
Avg Profit/yr (sale-cogs) Corporate	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	**$45,000**
% taken for finders fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
Finders fee * # corporate closed	$36,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	**$531,000**
% salesman commission	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
$ salesman commission	$3,600	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	**$53,100**
Our profit from 3PP coporate sales	$32,400	$40,500	$40,500	$40,500	$40,500	$40,500	$40,500	$40,500	$40,500	$40,500	$40,500	$40,500	**$477,900**
Avg 3PP sale/yr (Private School)	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	$450,000	**$450,000**
Avg Profit/yr (sale-cogs) School	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	**$135,000**
% taken for finders fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
Finders fee * # schools closed	$86,400	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	$135,000	**$1,571,400**
% salesman commission	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	**10%**
$ sales commision	$8,640	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	**$157,140**
Our profit from 3PP school sales	$77,760	$121,500	$121,500	$121,500	$121,500	$121,500	$121,500	$121,500	$121,500	$121,500	$121,500	$121,500	**$1,414,260**
initial audit cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
follow-up audit cost	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	**$250**
follow-up audit cost * # closed (year later)	$1,125	$2,700	$2,700	$2,700	$3,600	$3,600	$3,600	$3,600	$3,600	$3,600	$3,600	$3,600	**$38,025**
cost for incentive program setup	?	?	?	?	?	?	?	?	?	?	?	?	**?**
days from initial contact to close	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	25 days	**25 days**
Total Revenue	$111,285	$164,700	$164,700	$164,700	$165,600	$165,600	$165,600	$165,600	$165,600	$165,600	$165,600	$165,600	**$1,930,185**

Sales Total Yrs 1-3

	3 Year TOTAL
# of salesmen	5
Calls	27,000
Sales visits	2,400
# closed (corporate)	227
# closed (schools)	197
Total # closed	424
Avg 3PP sale/yr (corporate)	$150,000
Avg Profit/yr (sale-cogs) Corporate	$45,000
% taken for finders fee	10%
Finders fee * # corporate closed	$1,021,500
% salesman commission	10%
$ salesman commission	$102,150
Our profit from 3PP coporate sales	$919,350
Avg 3PP sale/yr (Private School)	$450,000
Avg Profit/yr (sale-cogs) School	$135,000
% taken for finders fee	10%
Finders fee * # schools closed	$2,664,900
% salesman commission	10%
$ sales commision	$265,950
Our profit from 3PP school sales	$2,393,550
initial audit cost	$0
follow-up audit cost	$250
follow-up audit cost * # closed (year later)	$47,400
cost for incentive program setup	?
days from initial contact to close	27 days
Total Revenue	$3,360,300

COST PROJECTIONS

	Year 1	Year 2	Year 3	3 Year TOTAL
AR Corp. Filing Fee	$45	$0	$0	$45
Website Hosting	$50	$50	$50	$150
Domain Name Registration	$10	$10	$10	$30
Website Design	$1,500	$0	$0	$1,500
Salesman 1 Salary	$15,000	$15,000	$15,000	$45,000
Salesman 2 Salary	$15,000	$15,000	$15,000	$45,000
Salesman 3 Salary	$7,500	$15,000	$15,000	$37,500
Salesman 4 Salary	$0	$11,250	$15,000	$26,250
Salesman 5 Salary	$0	$0	$15,000	$15,000
Printed Marketing Material	$800	$800	$800	$2,400
Logo Design	$250	$0	$0	$250
Company Cellphone	$400	$100	$100	$600
Cellphone Plan	$3,570	$4,845	$6,120	$14,535
Attorney's fees	$1,000	$0	$0	$1,000
Accoutant fees	$1,000	$0	$0	$1,000
Dietitian Salary	$53,100	$53,100	$53,100	$159,300
Green Lunch Trays	$45,000	$45,000	$45,000	$135,000
$ salesman commission (corporate)	$10,800	$38,250	$53,100	$102,150
$ sales commision (schools)	$18,225	$90,585	$157,140	$265,950
Travel Expenses	$5,625	$16,875	$22,500	$45,000
Rent	$12,000	$12,000	$12,000	$36,000
Sign	$300	$0	$0	$300
Furniture	$4,000	$1,000	$1,000	$6,000
Office Supplies	$200	$200	$200	$600
TOTAL Cost	$195,375	$319,065	$426,120	$940,560
SUM of Costs	$195,375	$514,440	$940,560	$940,560

INCOME STATEMENT

	Year 1	Year 2	Year 3
Gross Sales	**$364,000**	**$1,419,375**	**$2,374,825**
Comissions	$29,025	$128,835	$210,240
Net Sales	**$334,975**	**$1,290,540**	**$2,164,585**
Costs of Goods Sold			
Legal Fees	$2,105	60	$60
Website Design	$1,500	$0	$0
Marketing Material	$800	$800	$800
Logo Design	$250	$0	$0
Phone	$3,970	$4,945	$6,220
Travel Expenses	$5,625	$16,875	$22,500
Lunch Trays	$45,000	$45,000	$45,000
Total Costs of Goods Sold	**$59,250**	**$67,680**	**$74,580**
Gross Profit	**$275,725**	**$1,222,860**	**$2,090,005**
General & Administrative Expenses			
Rent	$12,000	$12,000	$12,000
Wages	$90,600	$109,350	$128,100
Utilities	$2,500	$2,500	$2,500
Office Supplies	$4,200	$1,200	$1,200
Total General & Admin Expenses	**$109,300**	**$125,050**	**$143,800**
Net Income	**$166,425**	**$1,097,810**	**$1,946,205**

BALANCE SHEET

Assets	Year 1	Year 2	Year 3
Cash	$52,425	$94,860	$1,085,615
Accounts Receivable	$364,000	$1,419,375	$2,374,825
Inventory	$0	$0	$0
Prepaid Expenses	$14,500	$14,500	$14,500
Current Assets	$430,925	$1,528,735	$3,474,940
Property, Plant, and Equipment	$4,300	$4,300	$4,800
Accumulated Depreciation	-$1,000	-$500	-$500
Net of Depreciation	$3,300	$3,800	$4,300
Total Assets	$434,225	$1,532,535	$3,479,240

Liabilities and Owners' Equity	Year 1	Year 2	Year 3
Accounts Payable	$5,625	$16,875	$22,500
Accrued Expenses Payable	$0	$0	$0
Income Tax Payable	$8,374	$16,673	$23,684
Short-term Notes Payable	$0	$0	$0
Current Liabilities	$13,999	$33,548	$46,184
Long-term Notes Payable	$0	$0	$0
Owner's Equity:			
Invested Capital	$250,000	$0	$0
Retained Earnings	$170,226	$1,498,987	$3,433,056
Total Owners' Equity	$420,226	$1,498,987	$3,433,056
Total Liabilities and Owners' Equity	$434,225	$1,532,535	$3,479,240

CASH FLOW

	b/f	Year 1	Year 2	Year 3
In-Flows				
Sales	$0	$364,000	$1,419,375	$2,374,825
investor Loan	$250,000	$0	$0	$0
Total In-flows	**$250,000**	**$364,000**	**$1,419,375**	**$2,374,825**
Out-Flows				
AR Corp. Filing Fee	$0	$45	$0	$0
Website Hosting	$0	$50	$50	$50
Domain Name Registration	$0	$10	$10	$10
Website Design	$0	$1,500	$0	$0
Salesman 1 Salary	$0	$15,000	$15,000	$15,000
Salesman 2 Salary	$0	$15,000	$15,000	$15,000
Salesman 3 Salary	$0	$7,500	$15,000	$15,000
Salesman 4 Salary	$0	$0	$11,250	$15,000
Salesman 5 Salary	$0	$0	$0	$15,000
Printed Marketing Material	$0	$800	$800	$800
Logo Design	$0	$250	$0	$0
Company Cellphone	$0	$400	$100	$100
Cellphone Plan	$0	$3,570	$4,845	$6,120
Attorney's fees	$0	$1,000	$0	$0
Accoutant fees	$0	$1,000	$0	$0
Dietitian Salary	$0	$53,100	$53,100	$53,100
Green Lunch Trays	$0	$45,000	$45,000	$45,000
$ salesman commission (corporate)	$0	$10,800	$38,250	$53,100
$ sales commision (schools)	$0	$18,225	$90,585	$157,140
Travel Expenses	$0	$5,625	$16,875	$22,500
Rent	$0	$12,000	$12,000	$12,000
Sign	$0	$300	$0	$0
Furniture	$0	$4,000	$1,000	$1,000
Office Supplies	$0	$200	$200	$200
Total Out-flows	**$0**	**$195,375**	**$319,065**	**$426,120**
Cashflow Surplus/Deficit	$250,000	$168,625	$1,100,310	$1,948,705
Opening Cash Balance	$0	$250,000	$168,625	$1,100,310
Closing Cash Balance	$250,000	$418,625	$1,268,935	$3,049,015

Incentives Program

The Green Tray's customized Healthy Lifestyle Incentives Program (HLIP) helps to ensure employee participation, differentiates us from our competitors, and is essential to our implementation strategy. This well-structured worksite health program focusing on prevention, self-care, risk-factor reduction and disease management can provide institutions with considerable long-term benefits in ROI by reducing medical costs, decreasing absenteeism and improving employee productivity. By encouraging employees to lead a healthier lifestyle, our program will also provide several benefits to their employees as well as financial incentives.

Our Program

The Green Tray will set up a customized website for each company where employees can login and access all the information our wellness center has to offer. First, there will be a Healthy Lifestyle section including information on healthy recipes, nutrition, fitness activities, weight management, as well as progress trackers, meal planners and exercise planners. Second, there will be a section on Diseases & Conditions that will include causes, signs, treatments as well as other general info about various conditions. Lastly, there will be a section for the Healthy Lifestyle Incentives Program. The HLIP will encourage employees to get and stay healthy by offering a variety of activities throughout the year. The activities will be sorted into 5 categories: preventive care, health awareness, wellness challenges, health & wellness programs, and wellness activities (Table 1). Employees can choose to participate in the activities or programs that best fit their needs. There will be a certain number of points assigned to each activity and employees accumulate these points after completing each activity. Once employees have earned enough points they can qualify for full medical plan selection, medical premium discounts, and win cash and other prizes (Table 2).

Table 1

PROGRAM ACTIVITY	Points Per Activity	Annual Maximum
PREVENTIVE CARE		
Health Screening	10	10
Physical Exam	5	5
Dental Exam	2	4
HEALTH AWARENESS		
Wellness Assessment	5	5
WELLNESS CHALLENGES		
Financial Challenge	5	5
Spring Into Shape Challenge	5	5
Stress Elimination Challenge	5	5
HEALTH & WELLNESS PROGRAMS		
Online Monthly Seminars and/or Conversations	1	5
Healthy Living Programs	2	4
WELLNESS ACTIVITIES		
Fitness/Physical Activity Tracking	1	5
Health Education Program	2	10
Personal Development Activity	1	4
Community/Charity Event	1	3
Total Credit Opportunity		70

Table 2

15 Points	• Full Med Plan Selection
30 Points	• $10/mo Premium Reduction
50 Points	• $20/mo Premium Reduction
60 Points	• $500
70 Points	• 60" Flat Screen TV

Use of Incentives

The Green Tray will use financial incentives to encourage participation in the HLIP because studies show that it is the most effective way to increase participation and foster long-term behavior change. In the *Journal of Public Health Management and Practice*, Merrill (2011) states that the primary factors contributing to participation in their HLIP were financial incentives, followed by a desire to improve health. He also found that once financial incentives were introduced participation increased 7% in men and 11% in women over the 5-year study period and was associated with a significantly greater level of physical activity and improved general health. With greater participation in our incentives program, the greater the savings to the institution will be, so we need to design our HLIP around strong incentives and foster a health-minded company culture to maximize participation. The *Journal of Occupational and Environmental Medicine* reports, "because of financial incentives to participate and a corporate culture that supported health-promoting activities, approximately 90% of the 40,000 domestic U.S. [Johnson & Johnson] employees participated in the program" (Ozminkowski, 2002).

Company Benefits

Studies clearly show that incentive programs greatly benefit participating companies by having significant effects on ROI in the long run. Employers offering worksite wellness programs to employees decrease their healthcare coverage costs, lower absenteeism, and improve their employees' productivity. According to the *Journal of Public Health Management and Practice*, for every dollar spent on an HLIP used in the Salt Lake County saved them $3.85 in lower prescription drug and medical costs (Merrill, 2011). The ROI analyses conducted in other studies found returns of up to six times their investment in healthcare costs alone. Once you factor in the effects on absenteeism, the savings are even greater. *The American Journal of Managed Care* states that after accounting for the savings on healthcare and absenteeism, their studies showed "ROI of $15.60 per dollar spent, $1350 saved per employee in short-term disability costs, and 0.1% point risk reduction in illness days" (Osilla, 2012). Johnson & Johnson's program also indicated substantial savings (Table 3).

Table 3

Savings per Employee per Year After Start of the Health & Wellness Program					
Type of Care	1 Year After Start	2 Years After Start	3 Years After Start	4 Years After Start	Weighted Average per Employee per Year
ED visits	-12.15	-14.43	-7.27	-8.06	-10.87
Outpatient/ doctors' office visits	35.04	3.85	146.6	121.93	45.17
Mental health visits	78.42	55.05	51.49	103.43	70.69
Inpatient days	60.76	94.25	164.72	195.8	119.67
Overall savings	**91.99**	**131.02**	**355.54**	**413.1**	**224.66**

Employee Benefits

The employers aren't the only ones who benefit from these healthy lifestyle incentives programs. Not only do participating employees earn financial rewards by completing these healthy activities, but studies also show that by participating in a HLIP employees become accustomed to a healthier lifestyle leading to great benefits in many aspects of their life. In *The American Journal of Managed Care*, Osilla (2012) reported that the positive effects of a HLIP included employees being twice as likely to exercise, higher fruit and vegetable consumption, lower fat and energy intake, higher quit rates of smoking, fewer days of alcohol consumption, and a reduction in stress. These effects all help with losing weight, reducing the risk of diseases, reducing stress, and increasing confidence and self-image.

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