Executive Summary

Healthy Eats (HE) is a meal prep delivery service founded by Luke Thomas in 2017 that focuses on providing nutritious meals using locally sourced ingredients. Since relocating to London, Ontario in 2020, HE has grown significantly, achieving $372,507 in revenue and a net income of $34,111 in 2022. Thomas now faces a strategic decision between opening a second kitchen in Hamilton or focusing on securing new corporate clients to further expand and move toward his goal of franchising. This report analyzes HE’s situation using the Diamond-E framework, evaluates these alternatives, and provides a recommended action plan.

Operational Performance

For profitability, HE has shown significant improvement with consistent 51% gross margins and a shift from -3% net margin in 2021 to 9% in 2022. For financial position, the company maintains strong liquidity with $132,752 in cash, a manageable operating line of credit of $11,750 against a $50,000 limit, and a healthy debt-to-equity ratio of approximately 0.66, demonstrating an improved liquidity. For market performance, HE has achieved impressive growth with revenue increasing from $180,166 in 2021 to $372,507 in 2022, representing 107% year-over-year growth. HE's operating performance ranks **7/10**, as the company has achieved strong growth and profitability improvement, providing a solid foundation for expansion despite being a small player compared to industry leaders like LiveFit that delivers over 50,000 meals weekly.

Organizational Health

Enthusiasm at HE appears high with Thomas shifting from survival to aggressive growth mindset, having quit his personal training job to go “all in” on HE.. Boundaries are evolving from a one-person operation to a team with clear roles as Thomas has hired a full-time chef and outsourced delivery. Problem-solving capabilities improved through participation in Western University's Accelerator Program, which helped refine business strategy. Learning sustainability is evidenced by Thomas's ability to adapt from personal training to running a growing meal prep business. Work sustainability has improved as Thomas has delegated kitchen operations to focus on business development. HE's organizational health ranks **8/10**, reflecting Thomas's entrepreneurial drive and ability to build systems, though continued growth will require further organizational development.

Performance Matrix

HE currently sits in *the desired state* (strong operating performance and organizational health) due to its 7/10 operating performance and 8/10 organizational health, positioning the company well for expansion. Therefore, to move to an even stronger operating performance, HE must address resource gaps and implement strategic initiatives that align with its long-term goals of expansion and franchising. Successfully executing the recommended alternative (e.g., Hamilton expansion or corporate client focus) will enable HE to scale its operations while maintaining quality, thereby improving its market position and operational efficiency.

Strategy Triangle

The meal prep delivery industry key success factors include quality ingredients, convenience, variety of options, and competitive pricing. HE's current strategy focuses on providing restaurant-quality meals using locally sourced ingredients with generous portion in a convenient delivery format. This strategy is sustainable because of HE's strategic advantage in offering premium quality and portion sizes that exceed competitors while maintaining competitive pricing, though it lacks the operational scale of larger competitors like LiveFit. It suggests that any growth path (Hamilton expansion or corporate clients) must maintain the core elements of HE's value proposition while addressing scale limitations.

Goals

HE's hard goals include growing revenue in the near term, as evidenced by the projected 75% increase in fiscal 2023 London sales and expanding operations either through geographical expansion or client base diversification. HE's soft goals include becoming a leader in the meal prep industry, eventually franchising the business, and maintaining commitment to quality food and locally sourced ingredients. Given that HE is currently resided within the *desired state*, these goals are achievable due to the company's strong foundation, while requiring addressing certain resources gaps and ensuring alignment between expansion strategies and long-term objectives.

Product/Service Market Focus

HE offers a sophisticated product lineup of 45 rotating precisely proportioned meal options, delivered fresh weekly on Wednesdays or Sundays through an online subscription model. The company serves distinct market segments: individual clients (primarily health-conscious professionals aged 25-40 and athletes) and corporate clients (health-forward companies seeking employee meal benefits). Geographically, HE currently operates exclusively in London, Ontario, with two major competitors (LiveFit and Macro Foods) sharing the local market. HE's current growth considerations involve either market development through geographic expansion to Hamilton or deeper market penetration in London by focusing on corporate clients—both approaches leverage the existing product offering but target different market opportunities with varying degrees of risk and resource requirements.

Value Proposition

HE competes primarily on features and execution rather than price. For features, HE offers larger portion sizes (6 oz protein) compared to LiveFit's standard 4 oz, uses locally sourced farm-fresh ingredients, and provides a variety of 45 meal options. For execution, HE delivers consistent restaurant-quality meals, convenient twice-weekly delivery, and a user-friendly online ordering platform. While HE's list prices of $15.99 is higher than LiveFit's $13.99, the value proposition centres on premium quality and generous portions that justify the price differential, creating a differentiated position that appeals to health-conscious consumers who prioritize quality over cost. This distinctive value proposition enables HE to command premium pricing while establishing a defensible market position that neither budget-focused competitors (who sacrifice quality) nor high-end meal services (who lack convenience) can easily replicate, creating a sustainable competitive advantage that supports both customer retention and expansion opportunities.

Value Chain Analysis

HE's value chain consists of sourcing ingredients from local farmers, meal preparation by trained chefs, packaging, and delivery through third-party services. The company's core activities focus on menu development, ingredient sourcing, and meal preparation, with outsourced delivery. There is potential for forward integration through establishing physical locations or backward integration through stronger partnerships with local farms.

Stakeholder

Definitive stakeholders include Luke Thomas as owner and operator with full decision-making authority and the strongest interest in the business's success, and the silent partner who recently invested and expects financial returns. Dominant stakeholders include HE's chefs who directly influence product quality and customer satisfaction but may not have urgent demands. Corporate clients represent dependent stakeholders with legitimacy and urgency but limited power, while individual customers are discretionary stakeholders with legitimacy but lower urgency or power. Local suppliers are also discretionary stakeholders. Thomas maintains primary control as a key stakeholder (with 200 Class A Shares), yet the interests of the silent investor and key customers must be carefully considered in strategic decisions.

Resource Analysis

For marketing, HE possesses targeted marketing resources including word-of-mouth referrals (identified as their most effective channel), successful gym partnerships (converting 2 of 15 visits into partnerships), and a $30,000 fiscal 2023 marketing budget. The company has invested $15,000 in social media management through a marketing agency, though with limited success to date.

For operations, HE maintains consistent 50% gross margins across its production of nutritionally balanced meals through operational efficiency. The London kitchen has expansion capacity with additional equipment, while systematized processes for ordering, preparation and delivery create a replicable model. Supplier relationships secured through Thomas's farming background provide reliable ingredient access with favourable 30 EOM payment terms.

For developments, Thomas's combined nutritional expertise (Precision certification) and farming background constitute a valuable development foundation. Knowledge gained through the Western University Accelerator Program enhanced business capabilities, as evidenced by HE's successful scaling from a small rental kitchen to the current operation.

For financials, HE's strong financial position includes $132,752 cash, a $50,000 line of credit (only $11,750 utilized), and recent equity investment from a silent partner. Revenue grew 107% from $180,166 (2021) to $372,507 (2022), transitioning from a $5,524 loss to $34,111 profit (9% margin). The anticipated Pulp and Press contract will add $150,000 in revenue over the next year, further strengthening cash flow while maintaining the London operation's profitability.

For Human Resources, HE operates with a lean team including Thomas's leadership and nutritional expertise, one full-time chef enabling Thomas to focus on business development, and outsourced delivery providing scalable logistics. Thomas's relationship with chef Jay Miller, who helped scale kitchen operations, offers valuable advisory support for managing growth, though limited human resources create constraints on simultaneous pursuit of multiple growth initiatives.

For Corporate Reputation, HE has established credibility through farm-to-table sourcing, nutritional expertise, and quality outcomes. The successful Northern Commerce corporate contract validates HE's B2B reputation, while individual customer loyalty demonstrates B2C credibility. Thomas's authentic background (farm upbringing, football career, personal training experience) provides brand authenticity that larger competitors cannot easily replicate.

The resource analysis suggests that leveraging existing operational capacity through corporate contracts may provide more immediate returns on investment, while geographic expansion would require more significant resource redeployment despite potentially higher long-term strategic value for the franchising vision.

Gap Analysis

For marketing resources, HE needs more effective promotional strategies as current social media efforts are underperforming; this gap could be addressed by redirecting marketing budget to more effective channels like gym partnerships and event vending. For operations resources, expansion to Hamilton would require significant investment in kitchen setup ($180,000) while corporate client growth would require only a $15,000 cooler, representing different resource demands. For human resources, both strategies require hiring additional kitchen staff, but the corporate client strategy would require Thomas to dedicate 80% of his time to sales for up to six months, creating a significant gap in leadership bandwidth. For financial resources, while both options appear manageable given current cash reserves, the Hamilton expansion requires approximately $180,000 in initial investment compared to $15,000 for corporate clients. The key resource gaps centre on marketing effectiveness and Thomas's personal bandwidth, which will be critical considerations in the expansion decision.

The gap analysis reveals that corporate client expansion presents a more immediately viable path given resource constraint, requiring less upfront investment ($15,000 for cooler versus

$180,000 for Hamilton kitchen) and leveraging existing operational capabilities. However, this approach creates significant strain on Thomas's time allocation, potentially undermining execution.

Management Preference

The management subject is Luke Thomas, whose required preferences include methodical expansion planning, delegation of operational responsibilities, and patience with long sales cycles. His observed preferences demonstrate entrepreneurial drive, hands-on involvement in operations, and preference for immediate results as evidenced by his aggressive growth targets. The major gap is Thomas's potential reluctance to engage in lengthy corporate sales processes, preferring the tangible progress of opening a new location. The solution involves creating a structured sales process with clear milestones to provide the sense of progress Thomas desires while pursuing corporate clients.

The analysis reveals that Luke Thomas's high personal involvement is the primary bottleneck for scalability, as it limits his ability to focus on strategic growth initiatives like expansion or corporate client acquisition. Additionally, the team's limited capacity and lack of standardized processes pose risks to maintaining quality during expansion.

Change Agenda

Change agenda for HE includes several non-behavioural and behavioural changes. Non-behavioural changes include investing in additional kitchen equipment (either in Hamilton or London), developing formalized processes for multiple locations or corporate accounts, and implementing enhanced tracking systems for larger operations. Behavioural changes include Thomas transitioning from hands-on operator to strategic leader, developing team management capabilities across multiple locations, and building sales skills for corporate client acquisition.

Crisis Curve

HE is positioned in the anticipatory change section of the crisis curve. The company is performing well with strong financials and organizational health, allowing Thomas to proactively plan for growth rather than reacting to immediate threats. This favourable position provides flexibility in timing and approach to growth initiatives, though the competitive meal prep market suggests action should not be unnecessarily delayed.

Evaluation of Alternatives (Tool 22)

Hamilton Expansion offers HE access to a new market with higher spending potential and an estimated $100,000-$300,000 in annual sales, significantly increasing revenue while establishing geographic proof of concept needed for future franchising. However, this option requires substantial upfront investment of approximately $180,000 for kitchen equipment and renovations, creating financial risk and potential cash flow challenges if market traction develops more slowly than anticipated.

Corporate Client Focus provides guaranteed recurring revenue through contractual agreements with minimal upfront investment, allowing each new contract to potentially add $100,000 in annual revenue while leveraging existing London kitchen infrastructure. However, this approach requires Thomas to dedicate approximately 80% of his time to a lengthy sales cycle of up to six months, potentially creating operational challenges and delaying revenue realization until at least February 2023.

Do Nothing allows HE to consolidate its recent 250% growth and optimize current operations in London without additional financial or operational risk, preserving cash for future opportunities and ensuring the quality of service is maintained. However, this conservative approach sacrifices potential market share and revenue growth opportunities while allowing competitors like LiveFit to strengthen their positions in both London and Hamilton markets.

Attributes	**Relative importance (0.00-1.00)**	**Hamilton Expansion**		**Corporate Client Focus**		**Do Nothing**	
		B Belief (1-10)	**A*B**	**B Belief (1-10)**	**A*B**	**B Belief (1-10)**	**A*B**
Revenue potential	0.35	4	1.40	3	1.05	1	0.35
Initial investment required	0.25	2	0.50	4	1.00	5	1.25
Alignment with franchising goals	0.20	5	1.00	3	0.60	1	0.20
Implementation risk	0.15	2	0.30	3	0.45	5	0.75
Time to realize benefits	0.05	3	0.15	1	0.05	5	0.25
Total	1.00		3.35		3.15		2.80

Scale: 1 = Least favourable outcome for HE's strategic position; 5 = Most favourable outcome for HE's strategic position

Revenue potential (0.35) is weighted highest as Thomas's primary goal is near-term revenue growth, evidenced by his focused goal of becoming an industry leader and achieving 75% sales growth in London for fiscal 2023. Initial investment required (0.25) is the second most important criterion given HE's cash position of $132,752 and the need to manage financial risk during expansion. Alignment with franchising goals (0.20) reflects Thomas's long-term vision of becoming a franchisee business, which requires developing replicable business models. Implementation risk (0.15) accounts for the complexity and potential pitfalls of executing each strategy successfully, particularly important given HE's still-evolving operational structure. Time to realize benefits (0.05) is weighted lowest as Thomas appears focused on long-term sustainable growth rather than immediate returns.

The **Hamilton Expansion** emerges as the preferred alternative with a score of 3.35, slightly edging out **Corporate Client Focus** at 3.15, as it provides a better positions for HE for long-term growth and franchising goals, despite requiring a longer time to realized benefits. The Corporate Clients Focus serves as a viable contingency plan if implementation challenges or capital requirements of the Hamilton expansion prove prohibitive, as it aligns with, HE's strengths in delivering high-quality meals and leverages the existing London infrastructure while building guaranteed revenue streams through contracts.

Action Plan

1. *Short-Term Actions (0-6 months)*
    a. **Secure and prepare Hamilton Location**
        i. Finalize rental agreement for identified Hamilton kitchen space ($3,600/month) by September 1st, 2022 (Annualized $43,200)
        ii. Purchase and install essential kitchen equipment ($40,000) and coolers ($140,000) by October 15th, 2022
        iii. Establish supplier relationships in Hamilton area by adapting existing London supplier agreements
    b. **Develop Human Resource**
        i. Begin recruitment process for one full-time chef and one part-time chef by September 15th, 2022.
        ii. Create standardized training materials and operational procedures for new hiring
        iii. Schedule training sessions in London kitchen for new Hamilton hires to ensure quality governance.
    c. **Design and Launch Marketing Campaign**
        i. Increase marketing budget by 50% ($45,000 total) with focus on Hamilton market introduction
        ii. Allocate $15,000 to continue existing marketing agency contract
        iii. Invest $10,000 in targeted paid social media advertising for Hamilton
        iv. Schedule 15 gym drop-in visits ($750) in Hamilton during October to establish relationships and distribute samples
        v. Coordinate three local fitness event appearances ($1,500) before end of 2022
2. *Medium-Term Actions (4-9 Months)*
    a. **Optimize Hamilton operations**
        i. Thomas should establish key performance metrics for Hamilton kitchen by end of month 4
        ii. Implement weekly operations reviews comparing locations
        iii. Develop local supplier relationships to maintain target gross margins of 50%
        iv. Create cross-location staff backup systems for operational continuity
    b. **Build Hamilton Client Base**

        i. Thomas should set target of 30 individual clients within first 3 months of operation
        ii. Implement referral program offering discounts for existing clients
        iii. Develop targeted marketing for specific Hamilton neighbourhoods with demographic match to target market
        iv. Explore partnerships with 5-10 Hamilton-area gyms and fitness centres
    c. Enhance Operational System
        i. Standardize processes for replicable operational model
        ii. Implement inventory management system
3. *Long-Term Actions (10-18 Months)*
    a. **Explore Corporate Client Opportunities**
        i. Leverage dual-location capability to approach corporate clients with multiple offices
        ii. Allocate 40% of Thomas's time to corporate client development after Hamilton stabilization
        iii. Develop proposals for 3-5 target corporate clients in both London and Hamilton
        iv. Create specialized corporate menu options and pricing structures
    b. **Develop Franchise Framework**
        i. Document proven operational models from both London and Hamilton
        ii. Create comprehensive franchise operations manual
        iii. Consult with franchise legal specialist to develop franchise agreement
        iv. Design franchise marketing package highlighting dual-location success story
    c. **Plan Next Geographic Expansion**
        i. Evaluate Burlington for potential return to original market
        ii. Conduct market research for other potential expansion locations
        iii. Develop criteria for identifying optimal franchise territories
        iv. Create expansion financing strategy leveraging proven Hamilton results

Contingency Plan

If the Hamilton expansion encounters significant challenges such as higher-than-expected costs, staffing difficulties, or slower market penetration, the contingency plan is to pivot to the *Corporate Client Focus* strategy. This would involve:

1. Pausing further investment in Hamilton if early indicators are negative
2. Redirecting available capital to enhance the London kitchen's capacity with additional cooler ($15,000)
3. Shifting Thomas's focus to securing three corporate contracts in London ($300,000 potential annual revenue)
4. Developing a structured corporate sales process with clear milestone metrics
5. Creating specialized corporate client proposals and service packages