Section Five

Management, Staffing, Operations, and Environmental Sustainability

Proposal by Chocolate Enterprises Airport for Single Unit Package 15

Environmental sustainability is a large and complex topic, but the first steps begin with each individual and each business that recycles a plastic bottle

1. Management and Staffing Structure

This proposal is for a SeaTac Rocky Mountain Chocolate Factory retail store. The business will be owned by Chocolate Enterprises Airport, LLC. The owner/members of the LLC are Carolyn Fein Halcott, Ian Halcott, Sandi Fein, and Ken Fein. The General Manager with overall responsibility for the business is Sandi Fein. She will be assisted by the Assistant General Manager, Carolyn Fein. The two women owners hold the majority position in this enterprise. Their resumes are attached at the end of Section 5 (this section).

Sandi is a working owner who supervises ordering, marketing, price changes, merchandising, hiring, and continual training of the Store Managers, of the Store Assistant Managers, and staff scheduling. Carolyn worked for several years as the Production Manager/Chef in the store and provides input on all strategic decisions and is in training to fully understand the job of General Manager. Sandi has cooked, cleaned, managed and worked in the Seattle store (from its inception 20 years ago) and its predecessor for an additional 5 years. The Seattle store is #2 in the system for sales, the largest store in the system at 2200 ft sq., and referred to as a flagship store. The Assistant General Manager, Carolyn, has worked in the store for several years and at that time doing all the production – caramel apples, fudge, and store made chocolates. The General Manager and Assistant GM, and the other owners are fully committed to making the SeaTac store a successful location.

We, the owners, will be operating two LLCs with one store in each one. The owners are the same, but the ownership percentages are different for each LLC. We will not be sharing staff, but rather will have two complete staffs with two payrolls and two time keeping systems. However, if a person from one store clocks out and reports to the other store and clocks in we think we can maintain accountability for costs to each LLC. With this contingency in mind we plan to badge a few key people from the downtown store to provide assistance for backup staffing and oversight as needed.

The store will have a completely self-sufficient staff and be fully capable of solving all contingencies. A full time Store Manager will be assigned and a full time Assistant Manager will provide backup and support. We anticipate the need for a full time Production Lead making caramel apples, fudge, brittles, and various other store made items. At the sales levels anticipated it will likely require a second person to spend many of their hours of the week helping to decorate apples for sale. Staffing of the sales associate positions, (the clerks that run the cash registers and help the customers with product selection) are typically assigned to handle sales at a rate of approximately $100 in sales per hour. So for example, a day of sales in the $3000 range will typically require 25 to 30 hours of sales associates' time. For a 16 hour day, this is about 2 people. Of course sales are not usually even all day long, so the Manager, Assistant Manager, and all prep help will be trained on the cash registers and will provide support for a busy run on sales as needed. In addition, the downtown store will have a few key staff, the Store Manager, the Production Manager, and one or two senior sales associates, that can come help as needed by clocking out downtown and then clocking in at the airport to maintain payroll integrity. Both stores will have emergency contact lists available for contacting the assistance needed at any time of the day.

At present we have two fully trained Store Managers: George Keim, Vlad Gwiazda; and one Assistant Manager: Nikkie Manlapaz. Our experienced managers – George, 10 years as manager and 15 years with the business, and Vlad, 5 years as manager - both with retail experience prior to joining the Rocky Mountain Chocolate Factory store in Seattle, will both be badged to provide oversight and management assistance. It is currently anticipated that Vlad will be designated the Onsite Store Manager for the SeaTac store. He will be supported by an assistant manager. Currently our assistant manager is Nikkie with 6 years of experience. Assistant Managers will be hired and trained for the SeaTac location.

We plan to train most of the staff that works at the airport in the downtown store. Commuting to this training will be facilitated by the new train station at the airport that stops at Westlake in downtown which is only 4 blocks away from our store. We will have a full time On Site store Manager, experienced Assistant Managers on duty when the Manager is not in the store, and trained staff supporting the managers. The General Manager has 25 years of experience at staffing and has opened and staffed a number of Rocky Mountain seasonal kiosks, and mall stores (including Bellevue Square Mall, Northgate).

We clean and restock the store every night after closing. Some restocking and spot cleaning will be done during the day as needed. We will at least match the hours of the Central Terminal restaurants of 6 am to 10 pm, but we also plan to make sure that we leave no possible customer un-invited into our store so will want to examine departure and arrival times for our Concourse. We understand the need to be open in the morning when we say we will be open. With many departures set for morning, we are hoping that business volume will be sufficient to have two people open the store, providing some insurance for the opener being late, by having the other opener arrive.

Our company recognizes that we are a small business and as such our employees are like part of our family. We work very hard to be responsible and caring owners. We have a choice in how to treat our staff and we work to behave in a way that says we respect their contribution. We acknowledge that we cannot have the business succeed without them. In the last year we have given a dozen or more advances on wages for staff that needed to make a rent payment on an apartment. We have an assistant manager out on maternity leave now that was able to accumulate enough paid time off to almost bridge the 90 day leave she asked for. We do annual bonuses for the managers and Christmas Gift Cards for the staff. We offer vacation time (starting at 2 weeks per year for the staff, and rising a day per year of service to a maximum of 5 weeks). We offer an IRA Savings Plan in which we match the employee contribution up to 3%. We strive to be a little over the minimum wage that everybody else is paying to eliminate our contributing to churning of the employees between us and others (this has gotten more difficult in the last couple years as the minimum wage is rising). Between all these monetary factors, we encourage the staff to enjoy their work. We buy pizza on particularly busy days – like Valentines, or big Saturdays. This is why our two Store Managers have been with us for 10 and 5 years as managers (with 1 to 2 years of being clerks before that).

2. Standards for Day to Day Operations

We expect staff to "clean as they go" about their day. We expect the next staff person to come upon a dropped spoon to pick it up. But we will also have daily, weekly, monthly and annual checklists for the staff for cleaning and maintenance. We have used both paper and laminated erasable checklists in the past and we are currently moving to digital cloud based checklists that we will be able to monitor from anywhere and inspect for compliance. Checklists will be monitored for adherence to the cleaning schedules.

In addition, although we will not have a great deal of equipment in the store, some of it requires periodic cleaning – e.g. the back room refrigerator needs to have its coil vacuumed off every 2 to 3 months depending on the location of the compressor and the dust load. Consequently there will also be checklists for maintenance activities.

We do not anticipate hiring an outside contractor for cleaning or maintenance except as might be required by the Airport for community property such as air conditioning systems.

We do not like "deferred maintenance", but rather the philosophy of fixing it if it needs fixing, now. We especially do not like failed equipment and will quickly replace any item that is not performing its duty. We do not like to have any single point failure modes in the store – in which a single item can disable or weaken a sales day. We have the experience to know that this requires a back counter credit card reader that goes out on a phone line for those times when the internet is down. We have at least one back up cash register if the first one fails. We have small stock boxes to use for a cash box and extra change at all times and have empowered the staff to sell product as if they were at a farmers market in case of power failure – cash works with a paper log, our credit card reader might work if the backup phone line works. We have done this several times at malls and find that we get very busy during power failures as everybody else closes. It will be light in the store during the day with the large windows. We know the cooking stove has a few failure modes that require the installation of spare parts that we will have available close by. Spare parts won't be in the store but a stove failure doesn't lead to an immediate problem. There is usually a day or two to fix it. We also have a backup cooking station in the downtown store and have had to move store made product (caramel apples, fudge, etc.) before and know how to do this as well.

We have a Policy book that covers quite a few of the everyday things that come up. This book talks about the background of the store, payroll dates, smoking, time off – questions that get asked enough to write down an answer for new employees. But we also have philosophies that come out of our owner backgrounds that get communicated verbally and implemented as best they can. These include trying not to waste any food grade inputs – for example, we inspect the apples we dip into caramel with a pretty high bar as we don't want a customer to bite into a mushy bruise. We generally save all these apples and get them to a food bank or the mission. We have a bucket of too soft peanut butter that is waiting for a location also. Another example is the store dress code – we have a dress code and supply shirts, hats, and cooking chef jackets, but we also have a professional appearance in mind and sometimes it takes both and a conversation. We also use beard covers, hair

nets and ask for tied up or tied back hair – customers do not like hair in their food. We very much do not like empty trays in the candy case or on the shelves. We want every customer to think we just reset the store for them. Empty trays make it look like somebody forgot to order something or we didn't allow enough time to restock, or didn't do a good job of restocking last night. This is a philosophy, not a rule, as things happen. We just don't want them to happen very much.

We, as owners, have cleanliness standards that are beyond calling for "mopping every night" that we get involved in every time we are in the store. We have only had a few managers who managed to meet or exceed our standards, so this is always a work in progress. We use digital format cameras in the stores that have helped with recovery of a number of thefts by outsiders, but that also allow us to look at the store live and streaming (with the proper user id and pass word). We use this to monitor the traffic for the day and look for details that need correction. Our last instance of use last week was for a new employee, still learning when and how to do the job, that started sweeping out in the front room with the customers. We watched for a while – if this was a spill to clean up it would have been ok, but the employee was systematically moving through the store, disturbing guests sitting with their dessert items in the evening. We called the lead person in charge and asked them to talk to the new person and have them wait until we are closed – today and in the future. This might need to be in the policy book.

We have a page of the "Five Commandments of Chocolate" that we tape to the backroom refrigerator:

a. The customer always comes first and is offered a sample (no matter what you are doing)
b. Continuous cooking and presentation are absolute essentials for driving sales
c. The store must be clean and well organized (sales floor, backroom, bathroom ...everywhere.
d. The store must be well stocked
e. The store must display a positive attitude and morale (with the customers and amongst the store team)

Our policy book and our offer letter expand on "e" above by asking the employees to have fun and enjoy the day. It is our philosophy that if one isn't enjoying the work, then one is probably not getting all they can from life. We also council staff to realize that it is "show time" when they come to work, and when they are on stage, they must at least do their best to "act" like they are having a good day. It is a balance – we all have good and bad days.

One last philosophy is to support as many worthy causes as possible. We donate gift baskets to dozens of organizations that do auctions. We give several hundred pounds of fudge (wrapped in 1/2 # pieces) to the USO at the Airport for the last 5 years. We participate in a Chocolate Fest in support of Puget Sound restoration every year with probably a $3000 donation of product and employee attendance. We donated to PBS 400 chocolate items with "DA" printed by hand on each piece – they did a fund raiser based on Downton Abby.

3. Environmental Philosophies

The owners recognize their obligation and duty to help preserve the environment we were given as youngsters. The planet is not ours to use up. To that end we have consistently pushed for use of reusable and at least recyclable shipping containers for incoming product. We must admit that our efforts are not usually met with a great deal of accommodation. But we also believe that slow but steady pressure usually yields results. Our store downtown uses and the store at the airport will be using all reusable, recyclable, or compostable take home bags and boxes. Some customers want plastic handle bags and we provide heavy duty bags that we know from our own use, can be used a great number of times to move product, take home cash register receipts, etc. We also have heavy weight paper bags and cloth bags that can be recycled (and reused many times), and we have many sizes of chocolate boxed product whose packaging is recyclable. In addition, we use as many compostable items as we can find suppliers for – for example, our ice cream spoons are wood (back to the past) and can be composted. We will separate all garbage generated by the store into compostable, recyclable, and garbage and have done this for several years at the downtown locations. We will provide the same option for the customers, but we have found that customers still need a few more years of training to understand the differences.

Our garbage stream typically consists of mixed packing with metal and cardboard, or plastic and cardboard integrated in such a way that we cannot recycle it without hazard to the staff. We also have a fair amount of containers with food waste on them (such as ice cream tubs with milk, cardboard, and metal rims) that cannot be cleaned. We clean all the milk containers for recycle. We recycle all plastic; all metal; all cardboard. We try not to buy glass. In most instances we are beyond what our landlords can support and we take those items directly to the recycle stations ourselves – batteries, florescent lights, and computer monitors for example.

As mentioned above in the previous part of this section, we also support environmentally active organizations. The Pike Chocofest on January 31 benefits the organization "Puget Soundkeeper", which protects and preserves Puget Sound. Puget Soundkeeper patrols waterways, removes marine debris and looks for pollutants. They've never lost a legal action against Clean Water Act violators, and they've filed 160.

We will completely only use LED lighting in the store which will reduce the carbon footprint for operations to a somewhat lower amount. We expect most of the staff will be using the light rail to come to work. At present, not one staff person in the downtown store owns a car.

We do have compostable service ware – both plastic and wood – and are working towards being able to call for all customer generated waste to be compostable or recyclable. We find that our customers have a difficult time working through the logic of: Step 1 – is this recyclable?, Step 2 is it compostable? Step 3 – if no on both those questions, then it is garbage. The addition of the compostable category has been the most problematic. People are getting to understand recyclable

– aluminum, plastic bottles, glass bottles, cardboard, paper. It is going to take some more time to come to terms with "compostable".

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Attachments:

Resumes:

Sandi Fein, General Manager

Carolyn Fein, Assistant Manager

Carolyn Fein

5410 Huasna Townsite Road Arroyo Grande, CA 93420 carolyn@houseonfire.com

BUSINESS OWNER AND OPERATOR

Professional in all aspects of business, from day-to-day work in a retail setting managing employees and serving customers, to behind the scene management and long term planning for the success of the business over months and years. Created and run multiple profitable businesses in a variety of fields. Excellent at working with clients and employees. Adapts skills to the specific and changing needs of small businesses to create pleasant and successful environment.

PROFESSIONAL EXPERIENCE

Chocolate Enterprises Northwest (1999-current)

- Partner/Owner of two Rocky Mountain Chocolate Factory locations in downtown Seattle, WA
- Responsible for site location, store buildout and staffing
- Managed cooking and store-made products from Pike Place store
- Continuous involvement in sustaining annual increases in sales and profits
- Provide business support through analysis of business trends and long term planning
- Review of all bidding efforts (Airport)
- Oversight of marketing and sales
- Obligates business debt (CIT Consolidation Loan for the company - $350K)

Edible Life, Personal Chef Business (1999-2006)

- Business owner providing personal chef services to individuals, in private homes in Seattle, WA
- Created and adapted the business to serve a unique and growing market, with annual increases in revenue, income and clients served
- Making payroll for staff
- Interviewing, hiring, firing all staff
- Office management – billing customers, paying vendors, all tax and reporting requirements
- Development and follow through of multi-year marketing plan
- Leased support facilities
- Purchased equipment and supplies
- Established all policy for the company

EDUCATION

The Evergreen State College, Olympia WA
Bachelor of Arts, 1998

The School of Natural Cookery, Boulder CO
Personal Chef Certification, 1998

Sandra Fein

1241 Nelson Road Granger, Washington 98932 sandi@cenw-ci.com

BUSINESS OWNER AND OPERATOR

Professional business owner, operator, and manager. Experience base as owner and operator of a small direct marketing berry farm with direct day to day contact with the customers and the picking crew; to owner and manager of a small Comfort Inn motel with a full time front desk assignment as well as staff management, accounting, inventory, and payroll; to owner and operator of a Rocky Mountain Chocolate Factory retail chocolate and confectionary store managing employees, serving customers, and as above, tracking accounting, inventory, and payroll. Excellent customer service skills as well as acute ability to analyze business data to optimize productivity.

PROFESSIONAL EXPERIENCE

Granger Berry Patch (1977-2003)

- Owner operator of small berry (raspberry, blackberry) farm, 100 acres owned and leased in the Yakima Valley
- Direct marketing to retail customers as well as wholesale accounts, including largest Fall Festival in the Yakima Valley .
- Sold berries and licensed farm-made products in the Pike Place Farmers Market from 1980 to 1995
- Sold this business to focus on the Rocky Mountain Chocolate Factory and Comfort Inn

Comfort Inn, Zillah, Washington (1996-2014)

- Builder, owner, operator and general manager of this 40 room Comfort Inn
- Increased sales over our ownership. Developed a very loyal following of customers.
- Developed staff training programs which allowed staff development opportunities.
- Sold this business to focus on the Rocky Mountain business. Sale to a new owner that is currently adding 30 rooms, and conference facilities.

Chocolate Enterprises Northwest dba Rocky Mountain Chocolate Factory (1992-current)

- Majority owner of two Rocky Mountain Chocolate Factory locations in Seattle, WA
- Responsible for staff management, purchasing oversight, office management, profit investment, signs all business checks.
- Developed staff training which has enabled key personnel to grow and stay with the company for 10+ years.
- Store sales in the Pike Place location (which we built out in 1992) have increased from $300,000 to $1,200,000 per year.
- This store is currently the largest ft sq store in the Rocky Mountain system, and is in 2nd place to this date in 2015 for sales – which all 4 owners have contributed to achieving.

EDUCATION

Whitman College, Walla Walla, Wa
Bachelor of Arts, Major in Mathematics, 1969

University of Washington, Seattle, Wa
Masters in Math Education, 1974