

DETAILED EXAMPLES AND STEP-BY-STEP INSTRUCTIONS FROM SELF-MADE MILLIONAIRES

# \$1,000,000 MILLIONAIRE Blueprints

August 2005

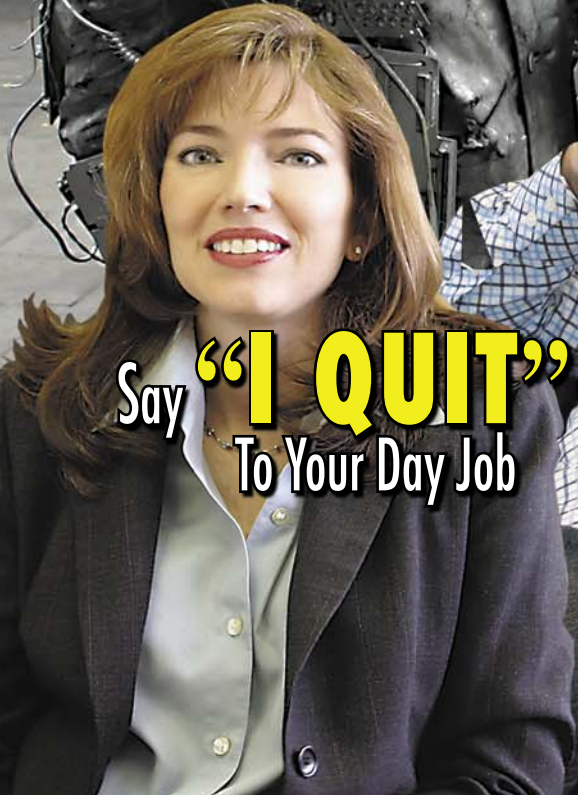


**\$5 MILLION**  
ONE VODKA AT A TIME

**\$20 MILLION**  
MUFFINS TO

**ENTREPRENEURS**  
ON THE STREETS OF NEW ORLEANS

**ONLINE**  
**MILLIONS**



Say **"I QUIT"**  
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**\$60 MILLION**  
WEB HOSTING TO THE TUNE OF

NADJA PIATKA

# MUFFINS *to* MILLIONS



How a struggling single mom found a market for her special cooking talent — and parlayed it into millions in the international food service industry.

By Melinda Kaitcer

**T**he defining moment for Nadja Piatka came as she sat with her young daughter, crouched under their dining room table beneath the window so that the bill collector pounding on the door couldn't see that they were in there. Not paying her bills was a situation Piatka wasn't accustomed to. She had been married to a successful dentist — one she had helped to put through school. She came from a family background steeped in a strong European ethic of hard work and responsibility. But after her 20-year marriage ended suddenly, Piatka found herself a single mother who was, as she puts it, “unemployed and unemployable.” She had been a stay-at-home mom and out of the work force too long — and she had no marketable skills.

But as someone who had always had an interest in cooking — and eating — great-tasting food, there was one thing Piatka had learned to do to keep her weight under control. She called it “recipe makeovers,” and to her that meant taking a regular, high-fat recipe and finding a delicious alternative using lower-fat ingredients. Piatka's special knack for these makeovers had won the acclaim of all her friends and family members — and they especially raved about her revamped muffin recipes.

So after that moment of supreme humiliation under the dining room table with her daughter, Piatka made a list of goals on a piece of cardboard that came from a pantyhose package. Then, for lack of a better idea, Piatka baked several batches of her low-fat muffins, put them in her car and drove to all of the local privately owned coffee shops in Edmonton, Alberta, where she lived.



She made a deal with the shop owners: “Put my muffins on your shelves, offer people free samples, and if you sell them, pay me 10 cents a muffin. And here’s my name and phone number — let me know if you want me to bring you more tomorrow.” The muffins flew off the shelves, word spread, and little by little, Nadja Piatka climbed out of debt and humiliation and into the limelight as a successful — and now international — entrepreneur with more than \$20 million in sales of her now-famous low-fat desserts.

Following her company’s success in Canada — that amounted to \$2.6 million in sales, including selling her products to McDonald’s restaurants throughout Canada and eventually licensing her muffin recipes to Quaker — Nadja Piatka and her company, Nadja Foods, entered the U.S. food market in 2002. Today, just two-and-a-half years later, in addition to online sales ([www.nadjafoods.com](http://www.nadjafoods.com)), Nadja Foods provides low-fat, low-calorie treats to food service distributors, including Sodexho ([www.sodexhousa.com](http://www.sodexhousa.com)), throughout the United States, Canada and Mexico. You can find her legendary brownies in most Subway restaurants, as well as an increasing number of schools and health care facilities.

Whether or not you are hiding under a table, literally or figuratively, the lessons and insights of Nadja Piatka’s story can offer help to people who are looking for a way out of debt and into a successful business venture. Piatka says she gladly shares her story with \$1,000,000aire Blueprints readers to encourage them to find what they are good at and passionate about, and use it as a springboard to reaching their own list of life goals.

#### **How did you know you were “unemployed and unemployable”?**

I sent out 30 résumés and got one interview. When I didn’t pass the interview, I realized that the only person who would hire me was me. I didn’t have a blueprint — didn’t know where to start. I just knew it was my only option.



Piatka and her daughter, Veronica, once hid under a dining room table to avoid bill collectors.

#### **Tell us about those goals you wrote on the cardboard from your pantyhose package.**

I wrote those goals down that day and then hid the list. In a year, everything but one came true. They were: I will own a national company, I will be a best-selling author, I will have my own newspaper column, I will be a public speaker, I will have my own television show and I will bring value to people’s lives.

I still have that piece of cardboard today — it’s dog-eared from being hidden, but every time I brought it out and looked at it, it brought clarity to me. I don’t know exactly where this list came from — I just sat down and decided to make a list, as it occurred to me, of what I wanted accomplished.

#### **What is your daughter’s recollection of your beginnings — and what does she say now?**

The happy ending to that story came several years ago when she was

When Piatka realized that the only person who would hire her was herself, she grabbed the nearest piece of paper, which was the cardboard from a pantyhose package, and wrote down these goals for herself.

in college and I was honored as a woman of vision by a television station, and I was asked to give a speech. My daughter was coming home for this big event. And that memory is still a big part of her experience, too. Prior to this event, I was in a meeting with the CEO of McDonald’s in Canada, and I expressed my worries to him about telling that story in my upcoming speech. He said, “You have to tell that story —

My Goals!!!

- \*I will own an international company
- \*I will be a best selling author
- \*I will have my own newspaper column
- \*I will be the best public Speaker.
- \*I will have my own TV Show
- \*I will bring value to peoples lives.



Piatka landed a spot on a local television show by offering to do healthy cooking demonstrations for free.

that is your purpose; that is the reason you got to where you are.” So I ended my speech by looking directly at my daughter and saying, “Veronica, we’re sitting at the table now — instead of under it.” People in the audience were crying — that just shows the generosity of people. It was the first time I ever told that story in public. Sometimes when things are tough, you think you’re the only person in the world going through a really hard time. But the truth is that other people have things like that happening to them, too, and surviving it just makes us stronger.

***Where did you get your money to start this venture?***

No money was available to me. Remember, I was in the midst of an extreme financial crash — creditors were literally at the door every day, so I was not in a position to borrow. There were a lot of barriers. I just put my head down and started. If I had realized the obstacles I faced, I would have been overwhelmed. But I had two children to support and no money coming in at all. So I just decided to bake and sell my muffins and see what happened — I dreamed big, but I started small.

***Where did you get your recipes — or how did you develop them?***

I started experimenting in my kitchen. My first commercial product was muffins, so I would experiment with different flavors and ingredients for the basic muffin recipe I had always used. I’d call the kids to the kitchen to test each product and when my daughter gave me a thumbs-up, I knew I had a winner. Then I took them to local coffee shops.

***Once you had a few coffee shops interested, what happened then?***

I was still baking in my kitchen.

By encouraging shop owners to offer samples, I got lots of people to try them. People were surprised, I think, that although my recipes were low-fat, they also tasted pretty good — and they became very successful.

### **When did you first know you had a successful product?**

My shop owners would say, “Can you deliver every morning?” Those muffins were selling out the door — and as they were flying out of those little coffee shops, I realized I had a product

that was sellable. So many people have special recipes. I always advise them that family and friends are not a good focus group, because they love you and they will always tell you it is good. The question

is, are people willing to pay for it? And if they do, will they buy more? That is the test.

### **So what was your life like when you were baking and delivering to your local coffee shops every day?**

I kept approaching other places, so my delivery route got bigger and bigger. I was waking up at 4:00 a.m. — baking, loading and getting the muffins to all the coffee shops by 8:00 a.m. At some point I realized my ability to keep growing was limited by time. And what if the car doesn't start? What if one morning I'm not feeling well? I knew I could only bake so many muffins.

### **So how did you solve this dilemma?**

I decided to outsource. I approached a little local bakery to see if I could get them to make the muffins and deliver them for me. And since they were already delivering to my customers, I wouldn't have to get up and do it. So then I could expand my customer base. It was my first step to real growth.

### **Whom did you approach to help you and what kind of deal did you make with them?**

I went to a bakeshop whose ovens were not running all day. I said, “I have customers and recipes for muffins and brownies.” I had them sign a confidentiality agreement that I just came up with on my own. I used to be an aerobics instructor and I adapted an aerobics waiver we used to fit this new use. I basically said, “This is my recipe and I'm letting you use it.” After I got bigger, I had a lawyer write up an agreement. Once people sign something, they are acknowledging their agreement — in this case, that the recipe was mine. It doesn't matter so much what the agreement says as that we both knew they signed it.

### **How did you market your product once you began outsourcing? What were some of your most successful strategies?**

The first step was to get my name out there — “Nadja Approved Desserts.” I knew I needed to build some branding. So the next thing I did was approach the newspaper. I offered to do a column of “recipe makeovers” — from not healthy to healthy. They said, “Great idea — but you are not a nutritionist. Why should we give it to you? And besides, we have no budget — sorry.”

### **So then what did you do?**

I offered to write it for free. I told them, “If people like it, then you can pay me. If not, you don't have to.” What I knew was that to get my face and name out there was worth much more to me than money.

### **What was the response?**

Writing the weekly recipe makeovers was fun for me — and I had long ago developed the ability to do that. And when people told me they liked it, I told them to call the paper and tell them. After a while the response was so favorable, the newspaper started paying me. I did that column for a couple of

years, and it really did create and reinforce some good branding for me.

### **Tell me the deal you made with bakers — how did you know how to set your prices and percentages?**

I had them price it for me. Their pricing was better. Because of their volume, they could price it better, including labor. I took a percentage spread — if it cost 30 cents to make, I would charge 40 cents, and so I would still make 10 cents per muffin. I had been working hard, but not smart, and this way I ended up with much higher margins. With a broader customer base — more than one truck delivering my products — I realized that then I also could have better customers.

### **Would your start-up strategy work today?**

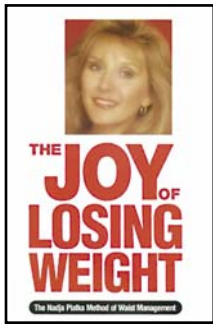
No one today is going to buy something made in someone's kitchen. You'd have to start with a proper facility — and that would be much better for your product, anyway. Outsourcing gives you a lot more time to get customers. Once I did that, I had time to write my first book. (Piatka has written two best-selling cookbooks — *The Joy of Losing Weight* and *Outrageously Delicious Fat Wise Cookbook*. She donated all of the profits from her second book to the McDonald's Children's Charities.)

### **Tell us how you made your television show dream come true.**

I started with a local TV show. I got on the show by calling the station and setting up a meeting with their program director, and I offered to do some healthy cooking spots for them for free — anything that gets you in front of the camera to sell your wares!

### **What doors did the TV show open for you?**

I was doing the TV show — working in the recipe kitchen of a morning talk show whose hostess was a former Miss Canada. She liked the products and she also endorsed my products





Piatka's brownies, great-tasting and only three grams of fat, fit nicely into the Subway "complete meal under 10 grams of fat" program.

on her show. One day she asked me, "Would you be interested in someone working with you?" She was looking to leave the TV show, tired of being a "lone ranger." We went that day to a local bank to see about a loan. The bank manager said she knew the product. My credit rating was still bad — and I was still a single parent. So the banker said, "I like your product; however, I can't loan you the money. But can I join your company?"

So we called our new company "Three Blondes and a Brownie." The banker was, of course, in charge of finance, and the former Miss Canada was in charge of marketing. We did very well, but in eight years the company plateaued, and we had a difference of opinion on expanding into the U.S. market, so we went our separate ways. I wanted to grow into the U.S. market, and they wanted to stay in Canada. I took my interest — I still owned the recipes — and I changed the name to Nadja Foods.

**Tell us about the experience of being on the Oprah show and how it affected your business.**

Once we knew we were going on

the *Oprah* show, we decided to put our products online. After they confirmed our appearance a few months before, we set up online sales. There is such a bubble effect when people see you on a TV show — and you do a lot of sales after — and then sales fall off.

**Tell us how you got into McDonald's.**

The first step was that we approached McDonald's locally, in Edmonton. As they say, timing is everything — they were just coming on with a breakfast program. They were looking for a great-tasting muffin product, but not really looking for new suppliers.

We started putting the deal together when their muffin supplier gave them several attempts, but couldn't come up with one their focus groups liked better than ours. Then they tested our muffins in their markets and we ended up getting their muffin business and being made the primary muffin supplier for McDonald's Canada.

**How did that change your operation? Were you still using the same agreement?**

To handle this increase, we moved to an even larger facility. And we ac-

tually had an official confidentiality agreement done by a lawyer.

**How did you do once McDonald's started selling your muffins?**

Our muffins even outsold their higher-fat muffins. When Three Blondes and a Brownie separated, I sold the license to use the recipe to Quaker. Under our agreement, they were able to use the recipe — and also I could still use it. It is important for people to understand that you don't sell a recipe; you sell the business of selling what the recipe creates. The recipe itself is not worth anything if you don't have product sales.

**Are you selling to U.S. McDonald's now?**

Not yet. I live in the United States now, and I still sell muffins, but not to McDonald's — yet.

**What do people want to know when you approach them with a recipe you'd like for them to license from you?**

They want to know the facts and figures of how much money it has made. It's very important that you keep up with the monthly and annual sales it generates — that is the key to its value. So before you try to sell it, you have to generate some sales and show that it is something people want to buy.

**How did you get into Subway?**

Subway approached our local development agent in Calgary, Alberta. They tested it in his market, and everyone loved it. At the time, Subway was involved in their low-fat campaign — and our low-fat brownie, at three grams of fat, fit nicely in their "complete meal under 10 grams of fat" program. And they cross-marketed it to their Weight Watchers® customers — the brownie is three points on Weight Watchers.

**So what's next for Nadja foods?**

In September 2004, I signed a contract with Sodexho ([www.sodexhousa.com](http://www.sodexhousa.com)), one of the largest food suppliers in the world, using different distribution centers. Health-related fa-

After being single for 10 years, Piatka married Doug Smith on Valentine's Day, February 14, 2002.

They met on a government Trade Mission in Buffalo, New York at a reception in the Albright Knox Art Gallery. Smith's company was hosting the event and when he introduced himself, it was love at first sight. After a two-year long-distance courtship, they married and Piatka moved to Buffalo.

Smith sold his freight forwarding business and now works with Piatka at Nadja Foods, directing sales, marketing and distribution.

Both have children from previous marriages. This wonderful blended family is delighted to say that all the children are great friends.



cilities and hospitals comprise many of our new customers. This will amount to about 10 times the Subway account in gross sales. Even so, we keep looking at controlled growth.

***So you've accomplished so many of the goals on that original list. Tell us more about how you've met that last one — "to bring value to people's lives."***

If I can inspire people to eat healthier and be healthier, that is great. If I can inspire other women to do something with the possibilities they possess right there, right then, and teach them by example, then so much the better.

***Your whole message is so upbeat and positive — any words of caution?***

People reading this have to understand the dose of reality that is mixed in with this success — people always talk about the happy ingredients, but I also want people to know about the other part. Everything is not always good; there is a lot of hard work involved in "trying and trying again." But if it was too easy, we probably wouldn't appreciate it.

***What are your thoughts about hiring a lawyer?***

You can't patent a recipe, so spend your money on protecting your name. If you see someone else using your recipe, hire a lawyer. If you are forming partnerships, use a lawyer. But I wrote my own confidentiality agreement. Lots of people have access to my recipes.

***How did you choose your ingredients for your recipe makeovers — and ultimately, your low-fat muffins and brownies?***

I did a lot of research and found nonpreservative and nonadditive products, like natural rice bran extract

that blocks moisture molecules. When you're working with a facility, they have access to vendors, bakers, magazines, and there are a lot of resources for food industry specialty items. We also contacted the government to find research entities that were starting up business labs and research facilities for people with food ideas.

***Tell me about your first big-time product crisis and how you resolved it.***

The first big crisis — and I was still making muffins at home — came just after we had landed the McDonald's deal. This was to be our first big shipment to McDonald's. They wanted frozen batter so they could scoop it and bake the muffins fresh. So I used the regular ingredients, including baking powder. I had frozen the batter a month ahead of time to make sure it held up, and then I got up Christmas morning and scooped the thawed batter into the tins to bake, and they didn't rise. At all. They were hockey pucks. I thought, with more than a little hysteria, OK, that's it — I'm out of business. You couldn't even eat them.

The next day I got on the phone with an agriculture researcher. (To find one of these, call your state's agricultural extension service or log onto the state Web site and look for its agricultural extension link). He told me that I just needed to use heat-activated baking powder. I didn't even know that there was such a thing. It stays dormant until heated, he explained. So I ordered some from my bakery supply company and the problem was solved.

***If I have a recipe and I want to outsource the preparation of it, what do I need to have in place? Is it hard to get these arrangements going?***

One thing to know is that if you go to an outsource facility, no facility will take your recipe on if you don't have customers already. They have equipment overhead and labor — so if you walk in with just a recipe, they're going to first ask, "Who is your customer?" Most outsource facilities also say that they need to know quantities relative to size of facility. Go in small steps, and add slowly as your customer base grows.

*After her appearance on the Oprah show, Piatka says she got hundreds of calls with people saying, "I have a recipe — what do I do now?" So here's her advice: "Start from a small first step and a dream. That first step is thinking you have something special and being excited about it. You have to have passion about your idea — that whatever it is you're planning to do is the best thing since sliced bread."*

*Taking that first step, Piatka says, launches you into a fascinating journey of reality and growth that, although very exciting, can be a bumpy ride. "There will be disappointments — and all kinds of things will happen, both good and bad," she says. "If you have that passion, you can handle the journey. But be prepared to work long hours at first," she adds, "and this beginning mindset will serve you well, even after you become successful. When you start a business working 12 hours a day, it is amazing what all you can do."*

*Piatka says she believes that we can all draw inspiration from her favorite quote, attributed to Thomas Edison: "If you did all the things in life that you were truly capable of, you would literally astound yourself." And when it comes to her success in the food business, Piatka says she believes, as her company motto states, that "Supplying food is a privilege and a responsibility" — a recipe for success that lists adversity and passion as its two main ingredients. MB*

***"Everything is not always good; there is a lot of hard work involved in 'trying and trying again.' But if it was too easy, we probably wouldn't appreciate it."***

# BAKED PRODUCTS RESOURCE PAGE

By Gail Bennison

Don't even have a recipe, just a great idea for a bakery item? Want to learn the ins and outs of starting a baked goods business? Check out some of the resources that \$1,000,000aire Blueprints has found for you.

*Baking Management Magazine*

**www.bakingmanagement.bakery-net.com** gives information on everything from how to automate bite-sized cookie packaging to how to maximize the lifespan of baking pans.

**www.bakingbusiness.com** is a grain-based foods information Web site with important industry links, wholesale products and buyers guides.

**www.bakery-net.com** is specifically designed for owners, company officers, management and purchasing professionals in the retail and wholesale baking industries. You will find an informative online magazine, information about computer systems and service, baking equipment, paper products and packaging supplies, ingredients, show-cases, services and management needs, and trade shows.

The American Institute of Baking, **www.aibonline.com**, is a not-for-profit corporation, founded by the North American wholesale and retail baking industries in 1919 as a technology transfer center for bakers and food processors. The original mission of the organization was to "put science to work for the baker," and that basic theme is still central to all of the programs, products and services provided by AIB to baking and general food production industries worldwide.

Although AIB's history has been traditionally linked with North American wholesale and retail baking, the Institute currently serves many segments of the food processing, distribution, foodservice and retail industries worldwide.

On this site, you will find sources for education and research, bakery management, equipment, ingredients, cereal science, nutrition, food safety and hygiene, occupational safety and maintenance engineering.

American Society of Baking Engineers  
**www.asbe.org**  
**866.920.9885**

RBA — The Retailer's Bakery Association, **www.rbanet.com**, is a trade organization that creates industry-specific training programs, develops profit tools and connects retailers with suppliers and experts to help build profitable bakeries.

## COMPUTER SOFTWARE

Bakery Machinery & Fabrication, Inc.  
**www.bakerymachine.com**  
**815.224.1306**

Stewart Systems, Inc.  
**www.stewartsystems.com**  
**972.509.8740**

Visit **www.foodsoftware.com**, where you'll find menu design software, food software, restaurant pagers and more.

## BOOKS

*\$1,000,000aire Blueprints* researchers also discovered many informative books on this subject at **www.amazon.com**, including:

- *From Kitchen to Market, 3E* by Stephen F. Hall, from \$19.11.

This book defines industry terms, examines the primary sales territories and segments of the market, and describes transition products — those that make the transition from gourmet to grocery.

- *Gourmet to Go: A Guide to Opening and Operating a Specialty Food Store* by Robert Wemischner and Karen Karp, from \$23.99.

Communicates how competitive and serious the business of specialty food retailing is today. Provides a comprehensive overview of the industry, the market today, tools to enable you to make a commitment to go ahead, a thorough outline for your business plan, checklists for the most important planning stages, anecdotes and recommendations from the top players in the industry, and tips and insights into the intangibles of what makes good businesses good.

- *The Baker's Trade: A Recipe for Creating the Successful Small Bakery* by Zachary Y. Schat, from \$15.

Baking and business skills, start-up costs, sources of financing, legal and tax matters, local planning and health regulations, retail and kitchen layout and design, adding a café or deli, getting supplies at the best prices, the product list, pricing and costs, marketing and public relations, maintenance and clean-up, employees, expansion and diversification, common business problems and the business plan.

Checklists, profiles of successful bakeries, plus an appendix of further reading, baking/culinary schools, professional associations, a model personnel manual and a list of software supplement the text.

- *How Baking Works: Exploring the Fundamentals of Baking Science* by Paula I. Figoni, from \$31.80.

In a clear, easy-to-understand format, *How Baking Works* explains how sweeteners, fats, leavening agents and other ingredients work, as well as how to apply scientific knowledge to answer such questions as: By doubling the sugar in a pound cake, how does that affect the appearance, flavor and texture of the end product? Each chapter concludes with helpful review exercises and lab experiments, making this book an engaging learning tool. Complete with dozens of informative illustrations. A versatile instructional book for students in culinary and baking programs and professional bakers and pastry chefs.

- *On Baking: A Textbook of Baking and Pastry Fundamentals* by Sarah R. Labensky, from \$69.99, includes a CD-ROM of Master Chef and all of the recipes in the book.

- *How to Get Your Products Into Supermarkets* by David A. Weiss and Bruce N. Corson, \$29.95.

## ONLINE PROMOTIONAL OPPORTUNITIES

BigBakingBook

American Society of Baking's new public service directory  
**www.bigbakingbook.com**

Virtual Showcase

Quick access to industry Web sites  
**www.asbe.org/exhibitors.html**

