

## **Developing a successful business plan: Berry beverage bicycle vending cart**

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| <b>Degree Programme in Experience and Wellness Management</b>  |   |
| <b>Report/thesis title</b><br>Developing a successful business plan: Berry beverage bicycle vending cart   | <b>Number of pages and appendix pages</b><br>19 + 5 |
| <p>This is a product-based thesis for the Haaga-Helia Bachelor's Degree Programme in Experience and Wellness Management. The main objective is to create a successful business plan for a berry beverage bicycle vending cart business operating in Helsinki, Finland.</p> <p>The theoretical section of this thesis is focused on previous literature about the business planning process and defining key aspects related to the subject. It strives to find answers to the following questions: What is a business plan? What purpose does it serve? What components must it contain to be beneficial for an entrepreneur?</p> <p>The previous literature is then used to formulate a business plan framework based on the assumption that the business plan will function as a roadmap for success for the entrepreneur. Consequently, the created framework is an outline for creating the final product, the business plan for the berry beverage bicycle vending cart.</p> <p>The previous literature on business planning is vast, to say the least. This presents a challenge because not all theory on business planning is relevant for this case. It is extremely important to define the audience and purpose of the business plan as early as possible. This helps in creating a more coherent and beneficial final product for the entrepreneur.</p> <p>As a result of time constraints, the final business plan for the berry beverage bicycle vending cart is still missing some aspects, but the overall product is beneficial for the entrepreneur. In addition to this, it is not possible to start the operations of the berry beverage bicycle vending cart in 2017 because of the potential entrepreneur's other employment duties. However, the process has begun and perhaps a year of contemplating about this business will inspire the potential entrepreneur to begin making customers happy with his berry beverage in the summer of 2018.</p> |   |
| <b>Keywords</b><br>Business plan, business planning, entrepreneur, small business  |   |

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## 1. Introduction

This is a product-oriented thesis for the Haaga-Helia University of Applied Sciences Degree Programme in Experience and Wellness Management. The objective of this thesis is to create a successful business plan for a berry beverage bicycle vending cart to begin operating in the summer of 2017 in Helsinki, Finland. This business idea came to me after living in Helsinki for a few years. I realized there is a lot of potential for small-scale food and beverage businesses, especially during the warmer months from May to September. Not only are the city streets, parks, and other public spaces filled with residents of Helsinki, but there is also a significant influx of tourists during this time of the year. A host of open-air events also bring the city population to locations that are ideal for a vending cart business. This is what inspired me to find a business idea that I wanted to implement in my home city. Chapter 5 of this thesis discusses the process of building my business plan for the berry beverage bicycle vending cart in more detail.

For clarity's sake, this thesis consists of two major parts; the theoretical part and the product itself. The theoretical section (chapters 2 and 3) begins with looking at the concept of business planning and business plans in general. Most, if not all, of the theory on business planning in this thesis is in the context of a small, dare I say micro, business. It is focused on answering questions such as: What is a business plan? Why is it necessary? What purpose do they serve? It then goes on to discussing the existing business planning theory in Chapter 4. In Chapter 5, the previous literature on the topic is then used to create a business plan for the berry beverage bicycle vending cart. The resulting business plan can be found in the Appendix section of the thesis.

## 2. Business plan basics

So, you want to start a business of your own. What is the first thing that you do? You ambitiously start coming up with a name for your enterprise and hastily prepare what is necessary to begin your business operations. Wrong. Every business needs a plan on how to succeed. After all, what is the use in putting your time and effort into a business venture that will eventually fail? So, what is a business plan? Why is it important to have one? What purpose does it fulfil? What information should it contain? What information should it not contain? What mistakes should one try to avoid when creating a business plan? The following section will provide some answers to these questions and insight into how to create a successful business plan.



Figure 1: Brainstorming about business plans

### 2.1 What is a business plan?

A business plan is a document that reveals a business's goals, why those goals can be achieved, and how they will be achieved (Khedair & Anderson 2009,8). It can be a cluster of thoughts, a few bullet points jotted down on a napkin, or even a very detailed multiple page document. But in its essence, “it is a roadmap to guide the business, its owner(s), and its employees on the journey to success (Balanko-Dickson 2007,7).” The focus of this text is to find out what is the recipe to a successful business plan in the context of creating the berry beverage bicycle vending cart business. Now let's move forward and look at a few more definitions of a business plan.

According to Balanko-Dickson, a business plan is “a formal document written to capture and communicate the planned direction and manoeuvres required for the business to accomplish its most important goal—profitability (Balanko-Dickson 2007,7).” This definition adds the aspect of profitability to the equation. Obviously if a business is not profitable, it will not survive for long. This definition also brings light to the purpose of a business plan. The words “to capture and communicate” refer to the business plan being an important resource not only for the owner and management, but also to an outsider, for example a potential investor. It provides critical information on the various aspects of the business in question.

McKeever (2011) states that "a business plan is a written statement that describes and analyses your business and gives detailed projections about its future (McKeever 2011,6)." This definition further demonstrates the important role a business plan plays in looking to the future of the business. For example, it should answer questions such as: What lies ahead in three years, five years, even ten years? What can we do now to prepare ourselves for that new eventuality? The business plan will "help define goals and achieve them (Young Entrepreneurs Forum)," which is a major part of preparing yourself for future success. It gives "a clear course towards the future and makes your decision making easier (McKeever 2011,8)."

Friend & Zehle (2004,8) present some further discussion on the topic in his book *Guide to Business Planning*. He states that business plans should explain how the business objectives will be achieved, all the while telling a story that is consistently focused on the needs of the customer. Khedair & Anderson(2009,12) expand on this story-telling concept by placing emphasis on the flow of the document, especially from section to section. She mentions that each segment of the plan should somehow reflect and relate to the other parts and not simply be a collection of isolated statements.

From these definitions, we can conclude that a business plan is a written document that, in its most important sense, helps to define business goals and how to achieve them. The emphasis or focus of the document will depend on the audience the plan is intended for, a topic which will be discussed in more detail in section 2.3.

In general, the business plan answers the following questions about a business: Who is/are the individual/s responsible for the business and why would they be qualified to run the business? What is being sold and why? What is the target market and why? What are some of the potential competitors, if any? What is the sustainable competitive advantage of the business? And finally, how much investment is needed to start the business? The following section will bring forth ideas of why it is important to have a business plan.

## **2.2 Why is it important to have a business plan?**

There are several reasons why you should put the time and effort into creating a comprehensive business plan. According to McKeever (2010,6-8), writing a business plan will help you get money from investors. All potential investors will want to see that as an entrepreneur you have taken the necessary steps to plan for your success. It will help you analyse your business idea to an extent that you can make an informed decision on if you should proceed or stop. Often a business idea might seem great and make you wonder why no one has yet to start such a venture. Going through the process of building a business plan will help to bring out the other aspects that must be taken into consideration. You might conclude that it is a genius idea and it should be carried out. However, the process of

creating the business plan can also help reveal the reasons why such a venture should not be carried out.

In addition, a business plan will give you a clear course toward the future as well as make your decision making easier. The business decision making process can be drastically simplified when there is a well-thought-out document that supports or contradicts the issue at hand. Take for example a situation where a transport company that prides itself in its' ecological and sustainable services is adding a new vehicle to their fleet. They can refer to their business plan to guide them in purchasing the correct vehicle that supports their vision of providing eco-friendly transport services.

In the long run, having a business plan will also improve the effectiveness of your operations so that you can avoid wasting precious time and resources. When a business has a clear plan for success, it drastically improves the effectiveness of the team behind the company. Way too often, entrepreneurs find themselves trying to "fight fires" and ending up using large portions of time and effort on issues, which do not necessarily help them achieve the business's goals. A business plan helps the whole team be more proactive in their efforts, focusing on tasks that help move the company forward (Balanko-Dickson 2007,7).

As an entrepreneur, it is extremely important to take all the measures necessary to guide your business on the right path. In the long run, it will pay dividends and make sure your venture is still up and running after three or five years. The simple reason is, as Neil Patel wrote in one of his articles for Forbes.com, that nine out of ten start-ups fail. That is a devastatingly low percentage of success. There are multitudes of reasons why new businesses fail, but the main reason is the lack of planning (Patel). To succeed, a business must have a plan which takes into consideration the factors that lead to success and the factors that lead to failure. Without a well-developed plan, the chances that a business will succeed are significantly lower.

### **2.3 What is the main purpose of a business plan?**

The following section will shortly discuss the various purposes that a business plan can fulfil. When creating a business plan, it is extremely important to take into consideration the underlying reason why it is being created. This underlying reason will guide the process of creating the business plan. To give an example, a business plan for a local start-up that is looking for investors will differ drastically from a business plan that a senior group of employees are creating to expand their company's operations. Therefore, every part of the plan should be built taking into consideration the purpose of the document. In this way, one can have a coherent end-product. The following are some examples of situations that business plans are useful for:

*A business plan as an internal communication tool* – This is probably the most important (and most clandestine) role that a well-crafted business plan plays. Fairbrothers & Winter (2011,90) state that, "you are the most important audience for your plan." This is especially true when it comes to start-ups. The process of building a business plan will help the up-and-coming entrepreneur(s) to clarify the vision and to take into consideration different outcomes and risks related to the business idea. In addition, it provides stability to the development of the business in the long-term. It helps the entrepreneur to establish short and long-term benchmarks (business goals) and provides a platform for following up on results by comparing them to initial projections. Also, as in most cases when there is more than one individual responsible for the business, it upholds an organized form of communication between members of the team. A business plan helps to direct the focus of the team towards the most crucial goals and/or tasks (Fairbrothers & Winter 2011,90). As an internal communication tool, the business plan plays quite a broad range of roles, but in its' essence, it maintains an organized approach to business operations and development.

*A business plan for finding investment* – A new business idea is being developed into actuality and to begin its' first phases of operation some funding is needed. The plan will also have a different focus depending on if the potential investment is coming as a loan from the bank or from a venture capital investor or business angel. For example, the bank will want to know more about when the debt will be repaid and how the business will be able to pay the interest of the loan. A business angel on the other hand, will be looking for explosive growth, especially in the case of small and medium-sized enterprises. In general, a business plan with the purpose of finding investment generally places emphasis on financial projections, the potential for growth, and other strategic considerations related to how and why the business can achieve its goals (Friend & Zehle 2004,9).

*A business plan to aid in selling the business* – At some point in time, an entrepreneur might want to go ahead and decide to sell their business. In this case, the business plan will serve as a tool to demonstrate the company's great potential. The focus will be on making a convincing argument to potential buyers that purchasing the company is a wonderful opportunity. Often it will entail bringing out the comprehensive reasons why the company is being sold. This type of business plan should be passionate and able to convey the vision of the company to the potential buyer, to inspire and motivate them to continue the company's legacy (Khedair & Anderson 2009,21-22).

As mentioned earlier, it is imperative to define the purpose of one's business plan preferably in the early stages of development. Considering this, the business plan to be developed in this thesis will, for the most part, be used as an internal communication tool. After all, I am the most important audience for my plan. It will function as a roadmap and a sort of check-list for me, the manager. However, depending on the situation, the original business plan to be developed in this thesis can be modified



to be more attractive to another audience. The product will be a document that will guide me, the entrepreneur, on my way to reaching my business goals and to maintain focus on what is important to be successful. The following section will touch on several characteristics that successful business plans share.

## **2.4 Common characteristics of successful business plans**

No business is exactly alike and in the same way all business plans differ from one another, but there are some common characteristics that successful business plans share. According to Friend & Zehle (2004,8), a good business plan "tells a coherent, consistent, and cohesive customer focused story." It clearly defines the target market, the potential customers, suppliers, and competitors. It contains business projections that are based on comprehensive research and analysis of market facts. It has taken into consideration the risks related to starting the business and precisely describes how the business will be able to compete in the market. Also, it incorporates a detailed explanation of the individuals who are part of the managing team (Friend & Zehle 2004,8). When putting together all this information, it is extremely important to focus on being clear and concise. There is nothing more frustrating than reading a long business plan that never really gets to the point.

There are several leading entrepreneurs and business gurus that suggest the old-fashioned 100-page business plan has thoroughly become outdated. The successful business plan of today is a "dramatically distilled version of those from five or ten years ago" (Layton Turner 2012,108). Using only a few paragraphs, it addresses the market opportunities and how the business will grasp these opportunities. Even potential investors such as venture capitalists, angel investors, or bankers say that they simply don't have enough time to read 100-page business plans. The information they are looking for to make their investment decisions can be presented in a few pages (Layton Turner 2012). The most important parts to focus on are the executive summary, the information about you as an entrepreneur, and the financial forecasts (Garrett 2014).

### **3. Elements of a successful business plan**

A successful business plan has various key components, which all come together to help the entrepreneur in achieving his/her goal. As was discussed in chapter 2.3, the level of emphasis on each section of the business plan will vary depending on the audience. In the context of my business, the focus of the plan will be on creating a cohesive roadmap to success and not necessarily focus too much on how to receive initial investment. The following chapters will discuss the necessary sections that should be included in a business plan and for the sake of clarity, will be presented in chronological order.

#### **3.1 Executive summary**

“A good executive summary is a concise and clear description of the problem you solve, how you solve it, your business model, and the underlying magic of your product or service.” (Kawasaki 2004,69) – Guy Kawasaki, author of The Art of the Start.

The very first thing the reader of a business plan should find is the executive summary. However, funnily enough, the executive summary should be completed as the last task when writing a business plan. In most cases, it is the most important section because it has the responsibility of summarizing the main points of the whole business plan. According to Berry (2017), the executive summary is your elevator pitch. It is what sells your business plan to the reader. It should always captivate them and really grab their attention. It should inspire the reader to want to find out more about the business in question. Since my business plan will function as a roadmap, the executive summary might seem like an extra and unnecessary element, but even my business plan should include it. The process of summarizing the entirety of the business plan will be extremely helpful for the entrepreneur in the long run. As Cynde Margritz, CEO of Peak Neurofitness, puts it, “the biggest benefit is the planning process itself (Layton Turner 2012,109).” Also, you never know when you might need to present and pitch your business plan to an audience of potential investors. At that point, having a good executive summary will come in handy (Friend & Zehle 2004,17-18).

The content of the executive summary is based on your business plan; it should include information about you, the entrepreneur, your business, and your product and/or service. The executive summary should include your business’s main objectives, mission statement, and what makes your business stand out from the multitudes of other businesses in your field of expertise. A good executive summary also has a clear presentation of the sales, gross margin, and profits of your business. This is best done by using visual representations such as charts and graphs. Once all the above factors are taken into consideration, the reader should want to delve deeper into your business plan (Berry 2017).

### **3.2 Company overview**

The next section of the business plan contains the basic information about your company. It should be short and sweet, answering the who, what, when, where, and how. It should include information about your company's history; when it was founded, where it is located, what industry or niche of the market does it operate in? The company summary section should also mention details about the company's legal structure and ownership. Who owns your company? What percentage do they own? This is also a good place to put information about yourself, the entrepreneur. Bring out your strengths and focus on the inspiration and motivational factors that made you choose to begin your own business venture. Show the reader why you can take this business to new heights. End the company summary with an intriguing mission statement that imprints into the reader's mind (O'Rourke 2017).

### **3.3 Market validation**

The following section of your business plan includes information about the market you are entering with your business venture. This section can be considered a type of feasibility study for your business idea. You are looking for validation for the sale of your product and/or service. First, you must define your target market. Find out how big it is in terms of currency. Put together some simple demographics of your target market. Does your target market have potential to grow?

Another great way to find out more about your target market and potential customers is to look at your competitor's customers. They already have a lot of information on your potential customer's purchasing habits, needs, and interests, which can be put to good use (Fairbrothers & Winter 2011,40).

In addition to defining your target market, you should create a detailed customer profile and pinpoint its vital characteristics. The focus should be on customer needs and interests. Here you should include specific information such as: age, occupation, education, income, hobbies, etc. (McKeever 2011,143) Based on this customer profile, you can come up with an educated estimate for the amount of people that might buy your product (Khedair & Anderson 2009).

For an entrepreneur, it is very important to take into consideration the risk factors in starting up your own business venture. The analysis of various risks should be part of your market validation section, as it deals with the issue of feasibility. Also, in most cases where you are looking for investment, the potential investor will want to see that you have taken the time to find out what might possibly go wrong and how you will deal with that situation. Showing a proactive approach to risk management is a sign of a competent manager (McKeever 2011,148).

After completing the market validation section, you should have answers to the following questions: What problem am I solving? What need am I fulfilling? Who are my customers? What makes you confident that your customers will buy your product and/or service? What risks am I facing when starting this business?

### **3.4 Products and services**

This section of the business plan is to give a clear description of what your product and/or service will do to provide the solution to the need or problem that exists in your potential market. What is it that makes your product and/or service unique? Why is it special? In most cases, the product and/or service has become quite clear at this point in your business plan. However, mapping out and analysing it more carefully can be of great assistance in the future, for example if you plan to conduct some product development projects.

### **3.5 Business operations**

This section is dedicated to finding out “what you are going to do to get all the necessary work done, in what order, and on what timeline” (Fairbrothers & Winter 2011,95). The focus here will be on giving a strong description of the processes that need to be carried out for your business to make money on a day-to-day basis. This includes information about your supply chain, daily operations (i.e. sales, production methods, maintenance), licenses and permits, sales locations, staff, and inventory (Haden). The more careful you are in planning your day-to-day tasks, the more efficient you will be as a business-owner. You will maintain your focus on the most important tasks at hand.

### **3.6 Marketing**

The marketing part of your business plan should address the issue of how to reach your potential customers so that they know your product and/or service exists. A good way to begin finding out what channels of communication you should use is by looking at your target market and customer profile (refer to chapter 3.3 on market validation). The goal is to make a list of three potential channels that “will give you the most exposure for the least cost in money or time (McKeever 2011,143-144).” After compiling this list, you should put together an estimation of the costs for using each channel. At this point you will have to make the decision on which channels to use based on your financial possibilities.

It is worth mentioning that one of the most effective marketing methods, especially for start-ups, is word of mouth. A happy customer is likely to spread a good word about your business, so keeping your customers happy is essential (McKeever 2011,144). This is something that should be taken into consideration in the business operations section of your business plan.

### **3.7 Competitor analysis**

In this section of the business plan, you will investigate your market for existing companies that are competing with you for profits. The two main types of competitors a company can have are direct competitors and indirect competitors. A direct competitor is a company that is selling the same products and/or services as your company. An indirect competitor is a company that is competing with you in the same market, but not necessarily selling the same products and/or services. To start, it is advisable to create a profile for each direct competitor. A great way to find out who your main competitors are is by looking at it from the perspective of your customer's needs. Ask yourself the question: what are the most likely ways that your customer will fulfil their needs? This will narrow down your list of competitors to the most dangerous. Now, what strengths do they have? How about weaknesses? How could you potentially take advantage of those weaknesses? What type of marketing do they use? These are all questions that should be answered in the competitor analysis section of the business plan (Haden 2015). In addition to profiling your competitors, you should take into consideration the concept of barriers to entry. A barrier to entry, as defined by Fairbrothers (2011,166), is "someone or something that stands between you and your customers." One great way to add value to your own business plan is to come up with barriers to entry for your competitors and take advantage of these. As a start-up, one of the best ways to do this is the "first mover advantage," which is to beat your competitors to becoming the leader in your industry/business.

### **3.8 Financial forecasts**

"Ultimately, we want to fund entrepreneurs who want to change the world, and to initiate those discussions, a half-page of five-year financial projections coupled with a thoughtful discussion of the key drivers should suffice." (Kawasaki 2004,72) – Steve Jurvetson, American venture capitalist.

The financial section of your business plan will include important information about your projected costs, sales, profits, and losses. Back in the days, the financial forecast section would have one-year, three-year, ten-year projections, which were based on informed guesses (i.e. assumptions). Pages and pages of numerous expenses were taken into consideration, often details that are not critical. These were rarely meaningful because as the business climate became more and more unpredictable, so did the financial projections. However, nowadays it is still a valuable exercise for entrepreneurs to come up with well-thought-out financial forecasts even though the numbers in themselves aren't meaningful (Gumpert 2002,79-80).

The most important financial exercise for your financial forecast that you should do as a starting entrepreneur is the profit and loss forecast. A profit and loss forecast will tell you how much cash you will receive and how much cash you will spend for a certain period. The business's profits will depend on

three figures: sales revenue, cost of sales, and fixed expenses (McKeever 2011,102-14). Sales revenue is the total amount of money that you receive into your business. The cost of sales is the direct cost of making your product or service. The fixed expenses are the costs that rarely change from month to month. These can include for example insurances or rent. Your profit or loss will be calculated by subtracting your fixed expenses and cost of sales from your sales revenue.

The financial forecast should also include a capital spending plan and a cash-flow forecast. The capital spending plan is the estimate of money needed to begin your operations. It is the money that will be used on equipment, inventory, and/or licenses. Creating the cash-flow forecast is another useful exercise for a start-up entrepreneur. This is the estimate of money needed to make it out of the first few months of business. Money comes in and goes out of your business at different times and that is what must be focused on when compiling the cash-flow forecast. The reality is that start-ups fail because they run out of cash. Planning by creating a cash-flow forecast will reduce that unfortunate possibility. You don't want to run out of cash at a critical point, for example when your new load of raw materials should be purchased to continue business operations (McKeever 2011,125).

#### **4. Discussion and conclusions from business plan theory**

The existing literature about business plans and the business planning process is vast to say the least. One simple Google search will bring thousands, if not millions of hits. The sources are endless, from business magazines, publications, video tutorials, guidebooks, and templates; there is a lot to take in. More often than not the entrepreneur has to take a good look at his/her business idea to figure out what type of approach for the planning stage is adequate. That might just be the most important thing of all, to consider your options and construct your business plan with the audience in mind. However, it is equally as important to remain flexible and be ready and able to review and revise the content of the original plan to fit the new circumstances.

The approach that I took when looking for previous literature was to constantly keep in mind the context of my business, the berry beverage bicycle vending cart. Having that at the back of my mind really helped my research process. In the beginning, I came across numerous documents and publications that were tailored for much larger businesses and enterprises. The content of those publications simply wasn't relevant to my business idea. It was evident I had to narrow down the sources that I used in constructing the theoretical part of business planning.

All the previous literature on business planning put a great importance on the executive summary of the business plan. It became clear to me that not only is the process of writing and building an executive summary very beneficial for an entrepreneur, content-wise it is also a great tool to communicate the essentials of a business. Thus, for a business owner, it simultaneously functions as an internal communication tool and an incentive for other readers (i.e. investors, partners, media personnel) to become inspired about a business. This is the part of a business plan that requires more revision and fine-tuning than all the others.

The company overview section of a business plan is very straight-forward. All the previous literature mention it as an integral part of introducing the reader to the business in question as well as the personnel behind it. It is not the most important section of my business plan, taking into consideration the fact that I will not be trying to convince investors of my expertise. However, it plays a significant role in the future as a reminder for how the business began.

The market validation portion of the business plan is essential in that it builds confidence for a small business owner. My business plan will function as an internal communication tool; thus, the market validation plays a weighty role in justifying my business idea. All the previous literature spoke of the market validation section as the most critical in trying to convince an investor to be interested in the business in question. Great business ideas are built up from a need of the customers or the necessity

to solve a problem, that is why market validation is of great importance. An invention can be considered genius, but if it doesn't fulfil any real purpose then the customer base for such a product or service will most likely be too small for the business to succeed. The key concept here is to remember that you build your business (i.e. products or services) around the needs and interests of the target market.

The products and services segment of the business plan is a necessity for every business plan. It is a sort of no-brainer in that it provides a clear description of what you are selling. For me as a berry beverage vending cart entrepreneur, it is important to focus on creating a beverage that brings out the pure, natural, unique, Finnish experience. Not only is my beverage a refreshment, it is also a piece of Finland that one of my target markets, tourists, will take with them when they return home.

From the viewpoint of the business plan functioning as an internal communication tool, the business operations component is extremely vital. This is the so-called meat of the matter. It is the part of the planning process that will keep my day-to-day dealings proactive instead of reactive. Especially in the beginning, as a one-man business, it is imperative to manage your time wisely and not lose focus on what is at the top of your list. Your time and effort is the only resource that will keep the business moving forward and if used ineffectively, it will affect your probability of succeeding.

The main role that the marketing section of your business plan plays is to keep your target market in-the-know about your product/service and inspire them to keep purchasing it. In the case of the berry beverage bicycle vending cart, the aspect of mobility and the flexibility that it brings makes traditional promotional marketing less important. One of the core aspects of a vending cart business is to move where your target market is to maximize sales. There is no need to use extensive marketing techniques to lure the customers to you, even though that would also provide a boost in sales efficiency. In the long run, word-of-mouth marketing will play an especially big role in customer retention and repeat sales.

In the context of the berry beverage vending cart, I see the competitor analysis section of the business plan especially useful for processes such as pricing and product development. It is important to not scare away your potential customers because of incorrect pricing, so finding out what the prices of your competitors are is essential. Each vending cart entrepreneur is striving to provide a little bit of his/her culture and history through their business. I find that to be a collaborative strength for all vending cart business owners. The reality is that vending cart businesses offer a lot of variety because of the personal touch it has. This eradicates the competitor mentality in its traditional sense and brings a more collaborative aspect to it.



The financial forecast portion is equally important for a business plan striving to receive investment and one that is simply used as an internal communication tool. Investors are looking for a high return on their investment and they want to see that you as an entrepreneur have made realistic and educated assumptions on the sales potential and growth of your business. As an internal communication tool, the financial forecasts will serve more as checkpoints and as a form of self-evaluation. If those financial checkpoints have not been achieved then you know that something must be done to correct the situation. The vending cart business in Helsinki, Finland is mainly a seasonal phenomenon, meaning that the window of opportunity for sales is shorter. This means that reviewing and evaluating your financial performance must be done in short intervals to make sure that each season you maximize your profits.

Overall, through my research I believe I have found a coherent and useful combination of business plan elements that will guide me in preparing a successful business plan and thus succeeding as a beverage vending cart business owner.

## **5. Building the berry beverage bicycle vending cart business plan**

The initial inspiration for the berry beverage bicycle vending cart came from my personal motivation to create a small business. I felt like I wanted to work for myself and be more independent. I wanted to create something that I could call my own. As time went on I considered different options from super-food carts to occupational massage services. Eventually I came to the conclusion that I wanted to do something outdoors during the beautiful months of May, June, July, August, and September. I had a vision of working independently and intensively during those months and make enough of a living to be able to travel during the cold, not-so-beautiful, winter months.

Afterward, by observing the cityscape during the warmer months, I noticed that there are a lot of potential customers wandering the streets, parks, and other public places of Helsinki. Not only does the local population become more active, but also lots of tourists from all around the world come to enjoy the Finnish summer. This realisation got me thinking about what type of product would these people be willing to buy. Juices, smoothies, and brownies, to list a few examples, came to my mind. Eventually I came to realise I wanted to make something authentically Finnish and natural; something that is healthy and would uplift the mood of the customer. In addition to those characteristics, I thought about what would be easy to make that didn't require especially sophisticated production methods. Finally, in the summer of 2015 while picking blueberries from the forests behind my parent's house in Kirkkonummi, it hit me. Our nature is full of berries that are packed with antioxidants and flavonoids that are super healthy for us humans. What makes them even more special here in Finland is the long summer days with plenty of sunshine. The long summer days allow the berries to produce even higher concentrations of nutrients, which makes it a truly authentic Finnish superfood. From there onwards I brainstormed and spoke with friends and family about my ideas and decided a berry beverage made from a juice base and frozen berries would be the ideal refreshment for my customers, local and tourist.

The following chapter will discuss and evaluate the overall process of creating the business plan for the BerryBoy beverage bicycle vending cart. The final product of this thesis, the business plan, can be found in Appendix A.

## **6. Discussion and evaluation**

The following chapter includes some discussion and evaluation on the entirety of this Bachelor's thesis. Firstly, it sheds some light on the viability of the final product, the BerryBoy beverage business plan. Furthermore, it includes a personal evaluation of the thesis process and brings forth some suggestions for future research.

### **6.1 Feasibility of the final product**

As the first final version of a business plan for BerryBoy, I believe it is an adequate starting point considering the small-scale business it is. There is still a lot to do to start serving customers, but the path has most definitely become more clear and understandable. If business operations were to begin tomorrow, I would feel confident that I can succeed. However, it is crucial to remember that for a business plan with a purpose of providing the entrepreneur with a roadmap to success, it needs to be updated and revised on a continuous basis. As someone once said, failing to plan is planning to fail, but the real knowledge of business success is cultivated in practice.

### **6.2 Evaluation of the thesis process**

I must say that along this journey of completing this Bachelor's thesis there have been great moments of inspiration (i.e. coming up with the BerryBoy business idea) and reciprocally, moments of disappointment as well. What these moments have taught me is that it is important to manage them with grit and try to pull through them with a positive outlook. As in the words of Nietzsche, "that which does not kill us, makes us stronger." An especially befitting quote for entrepreneurs trying to make it on their own. I truly believe through the process of completing this thesis that I have gained a deeper understanding of what it means to start your own business. That has been made possible not only through the process of researching multitudes of sources on business planning, but also applying that knowledge into a business plan product. Having a final product that I have created has given the whole learning and development process an aspect of concreteness. This I am especially satisfied with.

Some of the challenges I faced were a result of the tremendously short period of time that I had allocated for completing the entirety of this thesis. That will be something that should be taken into consideration in the future when embarking on a similar project. The time constraint also forced me to take some shortcuts and to leave out key information from the business plan. Those must be dealt with before beginning the operations of the berry beverage bicycle vending cart. A few examples of some key information that have been left out is the cash flow forecast and a clearer approach for marketing the BerryBoy company. One key element left out of the marketing section is the BerryBoy website which will have a special feature that must be designed to be able to implement an innovative method of raising interest among potential customers.

### **6.3 Suggestions for future research**

In the context of the BerryBoy beverage business, I would say it would be beneficial to carry out market research and validation processes for other major cities (i.e. Turku, Tampere, Lahti) in Finland. This could result in the expansion of the BerryBoy business model to other markets. In addition, to increase sales, investigative surveys could be carried out to see if companies with offices in central Helsinki would be interested in providing their employees with a BerryBoy beverage on work-days to promote wellbeing at work. Also, through implementing the BerryBoy beverage business in Helsinki, I can gain useful knowledge to back the possibility of commercialising the product and selling it to health food retailers during the low-season months from September to May. This would depend on the successfulness of BerryBoy beverages penetrating the market with the original plan in place. Further research would have to be carried out on how to implement such a development.

## **7. Conclusion**

The main objective of this thesis was to create a successful business plan for the BerryBoy beverage bicycle vending cart business that will start its operations in the summer of 2017 in Helsinki, Finland. The intermediate goals were to investigate previous literature on the business planning process to come up with a suitable business plan structure for the berry beverage vending cart business. The business plan is now in place and the only thing left to do is carry it out. However, I must mention that because of my current employment status, the BerryBoy beverage vending cart business will not begin its operations in 2017. Nevertheless, I believe I have taken a giant step forward in making this business idea a reality. Perhaps another year of mulling over the fruits of this thesis process will inspire me to put the business plan into practice in the summer of 2018.

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## **Appendices**

### **A. BerryBoy Business Plan**

#### **Executive summary**

BerryBoy is a one-man berry beverage bicycle vending cart company operating in Helsinki, Finland since the summer of 2017. It provides residents and visitors of Helsinki with an authentic and healthy Finnish berry beverage refreshment during the summer months of June to August. The purpose of this business plan is to support the owner of BerryBoy to manage the business successfully.

The target market of BerryBoy consists of foreign tourists and Helsinki city locals that spend their leisure time in public places such as parks, beaches, market places and enjoy attending summer festivals and events. The uniqueness of BerryBoy comes from its authentic Finnish raw ingredients and its ability to deliver the product directly to the customer.

The daily sales goal is to sell 100 berry beverages resulting in an average daily sales revenue of €240. The cost of those daily sales is 44.8%, which results in an average daily gross profit of €136. The total sales revenue for a full 60-day operating season is €14400 and the total cost of those sales amounts to €6270. The gross profit for one 60-day operating season is €8130.

With its 100% Finnish raw ingredients the BerryBoy beverage bicycle vending cart strives to bring the taste of pure Finnish nature directly to its customers in the urban landscape of Helsinki, Finland. In its first full operating season from June to August 2017, it will sell 6000 berry beverages to its customers all the while obtaining valuable experience to fine-tune the business's operations for the following operating season.

#### **Company overview**

BerryBoy is a one-man berry beverage bicycle vending cart business operating in Helsinki, Finland since the summer of 2017. BerryBoy provides Helsinki residents and visitors in public places with a healthy and authentic Finnish berry beverage refreshment. The company has its' own registered trade name and is owned and founded by nature and berry-loving budding entrepreneur Heikki Laakkonen.

#### **Market validation**

The problem that BerryBoy's target customers face is that they don't have a refreshing beverage easily available to them in the street or public place they are situated in. Tourists, on the other hand, are looking for authentic Finnish products and these are hard to find in local shops. The BerryBoy vending cart solves these problems by having 100% Finnish raw ingredients and being able to move where its' customers are located at any given time.

The BerryBoy customer is a well-educated adult between the ages of 20 and 60 who enjoys a healthy lifestyle. He/she practices some sports during their free-time and likes to spend time outdoors with their friends and family. During the summer months, they regularly attend various outdoor festivals and events being organized in Helsinki. He/she is employed and has an income between €2000 and €5000 per month.

The primary target market for BerryBoy will be the Helsinki local population that participate in summer events and festivals. Within this target group we can also include locals of all ages that spend leisure time in various parks around the city. The secondary target market for BerryBoy will be foreign tourists visiting Helsinki.

The BerryBoy vending cart will operate in Helsinki, Finland on a seasonal basis from June to August. The underlying reason for this decision is because the number of foreign nights spent in Helsinki are significantly higher during that period. According to VisitFinland tourism statistics, during the high summer months from June to August 2016 there were 701,787 foreign nights spent in Helsinki. During the high winter months from December 2016 to February 2017 there were only 396,265 foreign nights spent in Helsinki. In addition, it is the time of year when Helsinki's local population is more actively present in outdoor public places and events.

BerryBoy has already agreed a deal to provide the employees of the small fundraising company Suomen Varainhankintatoimisto with one berry beverage per employee during their lunch break.

### **Products and services**

The BerryBoy beverage is simple and consists of three components: a selection of three juice bases, a selection of five different frozen berries, and a selection of two additional special ingredients. The three juice bases are made from 100% Finnish fruit juice and the selection includes apple, blackcurrant, and cranberry. The five Finnish frozen berries include blueberry, raspberry, strawberry, lingonberry, and sea buckthorn. The two additional special ingredients are lime and ginger extracts. The chosen ingredients will be blended together with a mechanical blender. Each beverage serving consists of 200mL juice and approximately 25 grams of frozen berries.

### **Business operations**

The specific equipment needed for BerryBoy to begin operations include:

- Bicycle: Pashley Classic No. 33 (<http://classicbike.fi/pashley-fi/pashley-classic-no-33>)
- Freezer/cooler: Elcold Mobilux (<http://classicbike.fi/muuta-tarpeelista/kylmakaappi-ja-pakastinpyoraan-elcold-mobilux>)
- Adjustable table



- Mechanical hand-crank blender (GSI Outdoors Vortex Blender 116€)
- iZettle credit card reader for card payments
- 5 x 5L jars for berries
- 3 x 10L juice containers
- Staples biodegradable cups (250mL)
- Various utensils for serving ingredients

The licenses for the production and sale of the BerryBoy beverage will be obtained from the Finnish Food Safety Authority Evira. ([www.evira.fi](http://www.evira.fi)). The frozen berry supplier for BerryBoy will be Marjami Oy ([www.marjami.fi](http://www.marjami.fi)). The juices will be supplied by Hyvämäen Mehustamo ([www.hyvamaenmehustamo.fi](http://www.hyvamaenmehustamo.fi)). The principal sales locations for BerryBoy will include: Sinebrychoff park, Sibelius park, Kaisaniemi park, the Helsinki marketplace, and various street festivals and events organized during the summer in Helsinki.

The typical BerryBoy day begins with getting all the required equipment and inventory (cups, raw ingredients, utensils) ready. In addition, every day before heading out, the bicycle and freezer must be checked for any problems and if needed, fixed immediately. Once at the sales location, the sales setup must be prepared. The serving table equipped with the blender will be placed next to the bicycle and freezer containing the frozen berries and cold juices. All utensils and serving cups will be neatly arranged on the serving table.

## **Marketing**

Marketing BerryBoy will be low-cost, simple, and effective. The main social media channels (Facebook, Instagram, Twitter) will be used to create hype because of their cost-effective nature. In June 2017 there will be posters and fliers posted around the city with a QR code and the following message: Where is Berry Boy? The QR code will link to the BerryBoy website, which will have more information on the launch of the business. Furthermore, for a low-budget business such as BerryBoy, the importance will be on delivering an easily approachable pure and natural beverage. An additional personal touch will be implemented with getting the customer to participate in the blending of their own beverage. Through this personal touch in making the beverage, word-of-mouth marketing will play an important role in spreading the word about the product.

## **Competitor analysis**

The main competitor of BerryBoy berry beverages is Mustikkamaitopyörä. They offer a traditional Finnish blueberry milk beverage from a bicycle vending cart. They have been in operation for about 3 years now and have received significant media attention, which can be seen in the number of Facebook likes and followers that they have acquired (964 as of 29.5.2017). They take orders through Twitter and deliver them to their customers wherever they are. One strength that Berry Boy has over

Mustikkamaitopyörä is that the beverage does not contain any milk products. Milk products are notoriously known to expire quickly, especially out in the warm sun, which poses a problem for Mustikkamaitopyörä. Also, because of the large amount of lactose intolerant people living in Finland, the BerryBoy beverage suits everyone except those that might have special allergies. Another strength that BerryBoy has over Mustikkamaitopyörä is the personal touch delivered with the self-service hand-crank blender. Other competitors to BerryBoy include local grocery stores and cafés that sell smoothies and other similar health beverages, but these are not considered threatening due to their stationary nature and the target market of BerryBoy.

### Financial forecasts

This financial forecast section includes the financial projections for the first season (June – August 2017) of business for BerryBoy. The financial projections assume that each month has 20 business days and 100 beverages will be sold during one business day. Table 1 shows the capital spending summary to begin business operations. Table 2 shows the profit and loss forecast for the first operating season.

Table 1: Capital spending summary

| Item                              | Quantity | Unit price (€)   | Total price (€) |
|-----------------------------------|----------|------------------|-----------------|
| Pashley Classic No.33             | 1        | 2080             | 2080            |
| Elcold Mobilux                    | 1        | 1480             | 1480            |
| Vortex Hand-crank Blender         | 1        | 116              | 116             |
| iZettle credit card reader        | 1        | 59               | 59              |
| Ernst 5L glass jar                | 5        | 20               | 100             |
| Plastex 10L container with faucet | 3        | 15               | 45              |
| Evira license/permit              | 1        | 120              | 120             |
| Trade name registration           | 1        | 75               | 75              |
| Miscellaneous utensils            | -        | -                | 200             |
|                                   |          | <b>TOTAL (€)</b> | <b>4275</b>     |

Table 2: Profit and loss forecast for the first operating season (60 business days)

| Beverage      | Price (€) | Sales revenue (€) | Cost per sale (%) | *Total cost of sales (€) |
|---------------|-----------|-------------------|-------------------|--------------------------|
| Blueberry     | 2         | 2400              | 51                | 1224                     |
| Raspberry     | 3         | 3600              | 40                | 1434                     |
| Strawberry    | 2         | 2400              | 50                | 1194                     |
| Lingonberry   | 2         | 2400              | 47                | 1134                     |
| Sea buckthorn | 3         | 3600              | 36                | 1284                     |
| <b>TOTAL</b>  |           | <b>14400</b>      |                   | <b>6270</b>              |

\* Using average cost of the base juice = 0.82€ per beverage

Average cost per sale = 44.8%

Average gross profit per season (60 days) = €8130

Average sales revenue per day = €240

Average gross profit per day = €136

## B. BerryBoy Financials

Table 3: Raw ingredients for one operating month

| Item                               | Quantity | Unit price (€)   | Total price (€) |
|------------------------------------|----------|------------------|-----------------|
| Blueberries (5kg)                  | 2        | 40               | 80              |
| Raspberries (5kg)                  | 2        | 75               | 150             |
| Strawberries (5kg)                 | 2        | 35               | 70              |
| Lingonberry (5kg)                  | 2        | 25               | 50              |
| Sea buckthorn (1kg)                | 10       | 10               | 100             |
| Apple juice (1l)                   | 130      | 6,20             | 806             |
| Blackcurrant juice (2,5l)          | 60       | 6,80             | 408             |
| Cranberry juice (2,5l)             | 60       | 8,50             | 510             |
| Staples biodegradable cups (80pcs) | 25       | 4,80             | 120             |
|                                    |          | <b>TOTAL (€)</b> | 2294            |