

# **Business plan of a canteen in Russia**

**A canteen for TehMet18 factory**

## Abstract

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Abstract <p>Research was conducted to determine the contents of a good business plan for a canteen in Russia, as well as to discover the marketing tools available to a canteen, with the end goal being creation of a business plan for a factory canteen. The reason for the research to take place is the problematic situation in terms of food availability for the TehMet18 workers, which caused organizational problems for TehMet18 factory.</p> <p>The research was done through professional literature analysis, internet-article analysis, as well as qualitative research done by creating a questionnaire for the TehMet18 workers to reflect personal opinions on organizational matters of a canteen and personal preferences for food.</p> <p>The key findings are that a good business plan must include the organizational plans regarding marketing, financing, and staffing, as well as thorough descriptions of a company, its products or services, target market description, SWOT analysis, competition analysis, as well as descriptions of a problem and solution. The marketing tools for a canteen should be determined depending on the circumstances the canteen exists in, as well as the responding marketing channels.</p> <p>The end result of the research is a business plan for TehMet18 factory canteen that will provide nutritious food to the workers of the factory and the pass-byers.</p>		
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Appendix 1. Questionnaire for TehMet18 employees.

# 1 Introduction

## 1.1 Background

A business plan is important for each person who is about to start a business. It is crucial to have foresight on how the business should operate from different points of view: what marketing tools are going to be used, how the vital information is going to be gathered, what revenue will the business produce, what products are going to be used etc.

The information will be gathered through developing a business concept, usually in a form of a few A4 sheets with divided areas to describe each of the business-related fields, like marketing field, or maintenance, or SWOT analysis of a business. There are templates of these documents all over the internet and it is a good starting point to build a business on.

The descriptions of a business plan should not be too long, and the words should only deliver the most important ideas which the areas of business are going to be based on. For example, you should not delve too much into description of a working process since every employee has their own way of dealing with problematic situations at work and those should be discussed individually.

For the client company specifically a business plan of a canteen is important for various reasons. First, it is imperative that the workers should get enough nutrition in between working hours since the work that they do inside the factory is heavy and it consumes much energy. Secondly, it would be easier to control the amount of break time workers get, because when a worker must go to a restaurant outside the working facilities to eat it may take a long time, especially if the factory is located far away from any dineries. Thirdly, this way the company can preserve some amount of money spent on workers since the company is able to set a price for the produced food. For example, if a worker spends around 200 roubles daily on lunch in a factory canteen, in a month the amount of money grows to 6,000 roubles, and with workers' salary being around 40,000 roubles per month the company is saving a large amount of money. Likewise, the company can provide the food free of charge to the workers of the facility or have a discount for it in order to raise the motivation to work, the decision depends on the company's future vision. The raw materials for simple dishes such as pelmeni or borsch have a low cost when bought in large amounts for storage, and thus the workers can spend just enough money so that the company reaches a break-even point in sales.

## 1.2 Objectives and delimitations

The objective of the business plan is to deliver a description of business operations and the sources of its resources, as well as to analyse and describe the environment in which a business is going to operate. The description of a business includes a description of all business-related fields, such as logistics, financing, problems that a business solves, financial forecast, competition that will be faced, the target market of a business, company's products, and company overview.

The descriptions will include details such as:

- The company overview - the field the company is going to be based in, field trends, the influences of the environment the company will be in, such as governmental support or other influencing factors.
- Products – the description of a product or service the company provides to the target audience, its benefits and how it will catch attention of people.
- Target Market – it will describe the people that will consume or use the products or services of a business in question.
- Competition – this part will describe what kind of competitors are going to make it harder for the business to grow and expand, what are their strengths and weaknesses and ways of possible collaboration or overcoming of these competitors.
- Financial forecast – one of the most important fields since it will plan the economical resources' spending and an approximate amount of money that will be directed for the needs of the business.
- The problem and the solution – this describes the problem that the business will solve and the ways of solving the problem.
- Managerial and organizational plan – another important field, which describes the way work will proceed within the company. It will define roles and their responsibilities, as well as managerial practices on the canteen facilities.

Each of these fields is important in a business plan, but the financially related topics are most important because without any major investments the business cannot be started. Thus, a starting capital, its amount, or a way to collect it must be described.

Another aim of the research is to answer the research question. The answer must have some new information that the business partner can use to create the canteen and support it in the future.

There are some delimitations to the research. The main problem is that there are certain business secrets related to other companies' business plans, such as descriptions of their marketing operations, economical structure etc. and thus the information must be gathered from a different source of information other than the pre-existing business plans.

Another delimitation is that the information about customer preferences must be gathered through a questionnaire sent to a company, since the other methods of gathering information are ineffective because of the location of the company, which is far away from the city of residence of the thesis author.

The other problem is that the number of people able to complete the required questionnaire is low. The reason is that number of workers is small. Therefore, the information about the workers' preferences must be gathered from as many staff members as possible to build a correct picture of customer needs.

The last complication of the research is that the business plan is made for a Russian company mainly using sources from other countries. This is done in order to create a modern factory canteen that responds to the current standards. Under the term "current standards" the researcher means that the canteen is supplied with modern equipment and implements managerial and operational practices that are currently trending to improve productivity.

### 1.3 Research questions

There are two research questions that are going to be answered when the research is conducted. The questions are:

- a) How to create a good business plan for a factory canteen in Russia?

The question might seem slightly too general, which is why it is important to explain what a good business plan is. A good business plan can give a full picture of a firm that is going to be established, it depicts the crucial fields of a business in a short and easily understandable way preventing confusion, as well as gives an explanation on the ways a business is going to be organized. (Linda Pinson 2008, p.2)

Moreover, a good business plan must describe the opponents in the business field, their strengths, and weaknesses and how to oppose those competitors. In case of the company in question, the number of competitors is going to be low since there are not many restaurants located within company's reach, and the business will focus on specifically workers of

the factory and partially on the people who do not have a position in a company that will organize the canteen, thus creating an environment where the developments of other businesses are not affecting the advancement of a business in question.

- b) How to create/strengthen the marketing tools of a cafeteria operating as a factory canteen?

The marketing in Russia is hard to do because of the abundance of competitors, many businesses remain unnoticed by the majority, and small establishments like cafeterias struggle to create demand for their products. However, since the canteen that is discussed in business plan is targeted on workers of the company, the problem with creating a demand does not affect the business majorly. On the other hand, since the canteen will be also targeting people outside factory facilities, it will need recognition, which is why the question must be answered during the research process.

#### 1.4 Theoretical framework

The theoretical framework of this research is presented by the main concepts of a business plan, such as the descriptions of working practices in the canteen, the mission and vision of the business, a summary of managerial and operational plans, characterization of competitors, target market and products and the company overview.

There are also some key concepts that will be used in thesis, such as “Business plan”, “Marketing tools” and “Customer”. The “Business plan” concept includes all the important parts that define business operations, aims, difficulties and solutions. The “Marketing” concept introduces means by which the business is going to be noticed by the public and the way of gaining attention. The “Customer” component of theoretical framework is crucial since the consumers need to be characterized in order to select the appropriate services and products for them.

The theoretical framework itself could be used as a business plan. This is because of the content that it covers, which exactly, when collected into a single paper, represents all the parts of a typical sample business plan sheet that are often found in sources like Google Images when a person searches for “Business plan template”. Additionally, the theoretical framework can be used to help one write a business plan, since it describes the topics that need to be included.

## 1.5 Research methods

There are two research methods that analyse different forms of information- qualitative and quantitative. The Qualitative data analysis investigates data in text format, and it is harder to analyse such information because the data is hidden in numerous sentences of an information source and to build a correct picture of the topic discussed in the source one must read the whole paper. As for Quantitative data analysis, it focuses on numerical data, such as statistics, percentages and so on. With help of modern software solutions, it is much easier to conduct such research, because the program will showcase the data in a much easier form for perception. (Tuuli Mirola 2021, p.65)

Even though a business plan involves not only text-format data, but also numerical, the main research method will be qualitative. This decision was made because qualitative research method is used when there is a larger number of respondents from whom the information is retrieved, and in case of the current research, the number of respondents is relatively low.

There are several ways the empirical data can be collected for the research. The first is questionnaire, which will be delivered to the workers of a factory to determine their personal preferences and in the future, build the canteen according to their preferences. The second method that will be used for data collection is interviewing the company's representatives in order to design a business plan that will be applicable to the business partner's circumstances. The third method that will be used to retrieve data is literature analysis, because the answers for the research questions should be developed based on actual information from trusted sources.

The methodological literature that will be used during the research to correct and set up the empirical data collection was created by Tuuli Mirola, and it is called "Marketing Research Lecture material". The lecture material is a source that can be regarded as a methodological literature, as well as a reliable source of information, because of the implementation of the material during the lectures of Marketing Research course in LAB University of Applied Sciences, which the student attended.

## 1.6 Presentation of case company

The company that the researcher is working with is called TehMet18, a company in Russia that produces and distributes mechanical parts of various types of vehicles. The company

is based in Russia, Moscow. It provides mechanical parts according to the governmental orders, or the orders from private enterprises.

The main problem of the company and the reason for this research is that the workers are either using the products and services of restaurants which are located away from the company's premises or bring their own food to the working place. In order to organize the timeframe of lunch breaks, supply company workers with quality nutrients and generate additional revenue, the company is planning to officially open a canteen for the workers of the factory, as well as open it to the public. The canteen will be located close to the factory so that the employees are able to spend almost no time on travelling from working place to another restaurant for a lunchbreak. It will potentially strengthen the team spirit of the company, which will in turn improve productivity and eventually will fasten the project completion time and quality.

Since company is supported by the government, it will also be able to get additional funding for the project. Otherwise, the main economical resource that will be used during the creation, opening and future maintenance of the canteen consists of the company's revenue.

## 2 Business plan and business idea concept

### 2.1 Business idea

Every long road begins with the first step, and in case of Business Planning, a business idea can be addressed as such a step. According to Wikipedia's definition, a business idea is a concept of offering products or services in exchange for financial gain. The concept is the core for any business ever created.

The positive side is that any person on planet can develop a business idea, and a business does not always require an abundance of paperwork. It is a commonly known trend for American children to gain first experience of entrepreneurship by selling lemonade on a stand. However, in this specific case, lemonade-selling business entities are allowed to operate without a need for any licenses only in certain states of Amerika, joined by New York only in 2019. (Ok Whatever 2020)

The negative side, however, is that a business idea must fit the needs of the customers to generate profit. Moreover, it is imperative that a business idea introduces a new concept, service, or product for the public to notice it.

A good business idea is:

- innovative
- suitable
- profitable
- unique.

### 2.2 Definition of a business plan

In Investopedia, a business plan is described as a document that contains information about the goals of a start-up company and the ways to achieve these goals. The plan should consist of several sections that represent different fields of business operations. The fields typically described in a business plan are:

- executive summary
- company overview
- problems that a business is trying to solve and the solutions

- target market
- competition
- products and services
- SWOT analysis
- competition
- marketing plan
- financial planning

These sections allow an entrepreneur to fully describe the operating environment of a business. If needed, other sections can be included, such as logistic operations, financial targets, vision, and mission of a company etc.

It is important to stress that one is able to start a business without specifically writing a business plan, but at the same time business planning helps an entrepreneur to start a business. A business plan document helps one to collect the business strategies for different sectors in one place, to set certain goals for a business and finally, to introduce a company to a probable investor or a business partner. Plus, a business plan also helps one to assess an ability of a business to work with foreign markets. (Linda Pinson 2008, 2)

As in a daily life, it is important to plan a course of actions. As Benjamin Franklin once said: "Organizations that fail to plan are planning to fail". Since it is said by one of the Founding Fathers of the United States, it would be unwise for one to neglect such advice.

### 2.3 Types of business plans

Different business plans are used for different purposes. While a unified business plan that includes all the operational details of a business is useful for an entrepreneur to determine the procedures, the business companions might not need to see certain details. Different types of plans vary in terms of length, content, and focus (Entrepreneur Media Inc, 2015). The varieties also come from the differences between the fields where the business plans are implemented.

For instance, a retailer company business plan needs more detail on description of inventory management and logistic operations. Moreover, the economic planning, such as costs and investments, should also focus on details such as fuel costs, car maintenance and other

specific figures. At the same time, a canteen business plan does not focus on delivery practices since it is possible to conclude an agreement, according to which material delivery is conducted by a retailer or producer.

The following types of business plans are recognized by Entrepreneur Media Inc (2015):

- Miniplan – a shorter version of a business that includes highlights of a longer version of a business plan. This business plan is suitable for the occasions when a business plan is presented to investors in order to save their time and capture their attention. A miniplan includes a short description of a business, market analysis, description of products and services a company provides, marketing plan, and financial projections (AllBusiness).
- The Presentation plan – a Power-Point presentation version of a business plan. The advantages of such a plan is that an entrepreneur is able to interest the potential investors with storytelling, while also representing the information given by a document version of a business plan in a more interesting graphical way. Entrepreneur Media Inc. also introduces a 10-20-30 rule of creating a business plan presentation, where 10 represents a maximum of 10 slides per presentation, 20 represents a maximum of 20 minutes of presentation, and 30 represents the font size used in a presentation.
- The working plan – a business plan created specifically for use inside a company. The working plan omits specific details of a business plan and leaves the end reader with a detailed information on the important topics. The excluded details could be the salaries of company's employees, including the CEO's salary since entrepreneurs tend to be sensitive about such information (Entrepreneur Media Inc.).
- What-if plans – a type of plan that describes a course of actions in case of a certain event, such as lack of funding. These plans can be intended for use both inside and outside the company. Among the internal users of such a plan can be managers and CEOs of a company. The external users are represented by banking entities and investors. (Entrepreneur Media Inc.)

## 2.4 Possible readers of a business plan

The readers of a business plan can be divided into two groups: internal and external. The internal group includes people in position of managers and board of directors, while the outside readers of a company consist of investors and lenders (Brian et al. 2007, p.21).

Lenders and investors both provide monetary support for a business and examine business plan to find specific details.

## 2.5 Lenders and investors

According to Linda Pinson (2008, p.3-5), while examining a business plan, lenders and investors look for the following details:

- credit history of a company
- amount of collateral invested
- existence of demand on the offered product or service
- managerial team's proficiency
- projections' reliability
- marketing plan's ability to attract attention.

These factors affect the final decision of the financial supporters for a business plan. However, both investors and lenders are also interested in ability of a business to meet the financial goals (Linda Pinson 2008, p. 3-4). The lenders will look for an ability to repay the loans, while investors will examine the vision of a company and an exit strategy in case of unsuccessfulness of a plan (Linda Pinson 2008, p.4).

The core business idea is another important factor in decision making. If a described idea sounds profitable, the decision might shift towards a positive outcome. To describe a business idea to the investors it is a good idea to include a value proposition. The proposition describes the reasons for consumers to buy or use the products or services of the company (John Wiley & Sons Inc 2013, p.3)

## 2.6 Conclusion to business plan concept explanation

As it can be seen from the retrieved information, for a business plan to be successful it should bring new products or services that the customers need. A business plan describes a company from the bottom to the top, covering the financial, organizational, and advertising planning.

Depending on the use of a business plan, it can be written using different forms. The contents also depend on the end reader and the situation of an entrepreneur, which will be described in the following chapter.

### 3 Business plan contents explained

#### 3.1 Executive summary

An executive summary is a short version of a business plan containing vital information that will be read by the investors and the bank entities to determine company's trustworthiness. In order to simplify the reading process, an executive summary will be divided into four topics. The topics included are:

- description of a business, the problem that a business will solve and the solution.
- marketing plan, target market, demographic description of customers, competitor, and advantages of a business over the competitors
- description of the managers and executives' experience in the field
- financial requirements, projections on income and profit of a company.

An attracting executive summary is comprised of two pages of text that include both visual and text figures (Hal Shelton). The visual elements typically include financial information of a business, such as revenue or customer growth projections. However, it is not possible to include all the information that can be represented by charts and graphs, while also describing the company fully. Thus, Hal Shelton suggests including more text and less imagery into an executive summary. It is also important to note that an executive summary must be written after completion of a business plan, since it summarizes the information described in the initial document.

To simplify an executive summary writing, Linda Pinson suggests using the so-called "Key Word Approach", which consists of answers to the following questions: who, what, where, when, why, how. The answers to the questions contain the facts about the planned enterprise and summarize the enterprises' core features.

#### 3.2 Company overview

This section of a business plan describes background information about a company to the end reader. The information included in this section repeats some of the information presented in the final business plan, such as products and services description, but at the same time the depiction is simplified. The topics included in this section describe the company's

name, location, type of ownership, company history, mission and vision of a company, managerial structure, products or services of a company, target market, competitive advantages, and goals of a company.

Company's history is the topic where the people who started the company are listed, when the company was founded. As with most of the topics in a business plan, company's history details vary depending on the end reader, purpose of writing this section, as well as the stage the business is in currently. For example, start-ups do not have a background history, since the company is only being started, but the details on what led to the idea of company creation can be included instead.

### 3.3 Problems and solutions

This section of a business plan explains what is a problem that an entrepreneur is trying to solve, and the solution. A typical problem is lack of a product or service on the market, or from dissatisfaction with a product or service that already exists.

A solution can be understood as a business plan itself. The operations of a company, its managerial team, marketing plan and offered products/services are helping an entrepreneur to solve the problem.

### 3.4 Target market

This section of a business plan explains in detail who are the customers of a business. The target market is chosen by a business depending on the nature of the problem and the potential customers that have such a problem.

Customers have common characteristics and needs that a business will satisfy (Linda Pinson & Jerry Jinnett, 2006). From the characteristics of the potential customers, a profile of a typical customer is created. Characterization of customers involves determining their specific traits, in demographic and psychographic terms (Linda Pinson & Jerry Jinnett 2006).

### 3.4.1 Demographics

The demographic characterisation of customers represents a collection of certain statistics of the target customers (Linda Pinson & Jerry Jannett 2006, p.20). The statistical information includes such details as:

- sex
- age
- family status (Linda Pinson & Jerry Jannett 2006, p.20)
- location
- income
- occupation
- race (Adam Hayes).

### 3.4.2 Psychographics

A psychographic characterisation determines the psychological reason for buying a certain product (Will Kenton). The psychographic segments include:

- Activities
- Interests
- Opinions

These segments help to determine a psychological profile of the end customer.

## 3.5 Competition

This section of a Business plan describes the business entities that are competing with the business. According to a definition from Commerce Commission of New Zealand, a competitor is another business that offers the same goods and services as a similar business to the same customers.

There are also terms such as Direct and Indirect competition. The difference is that direct competitors use the same sales channels as a competing business to provide their services

and products, while an indirect competitor offers the same products and services via other channels. (Linda Pinson & Jerry Jinnett 2006, p.33)

A sales channel is a certain entity or platform that allows a business to distribute products and services to the customers. (MBA Skool 2021). A sales channel can also be direct or indirect, depending on the way the customers receive a product or a service of a business.

### 3.5.1 Direct sales channels

According to MBA Skool website, examples of direct channels include:

- Retail store
- Kiosks
- Showrooms
- Sales team

With the above examples it is possible to conclude that a direct channel is a place or entity belonging to a business completely. A good example of direct sales that is familiar to anybody could be any restaurant that sells their production on the premises, inside a restaurant.

### 3.5.2 Indirect sales channels

According to Investopedia, an indirect sales channel is a third party that distributes the products and services on behalf of a business. The examples of indirect channels include:

- Resellers
- Online marketplaces, not owned by a business
- Partners

An everyday example of indirect sales channel may include Wolt, Foodora, Amazon and similar businesses than offer the products of multiple companies on their applications or websites.

### 3.6 Products and services

This section of a Business plan describes a product or a service that a company provides to the customers. A product or a service must have a demand to generate profit. Depending on whether a business offers products or services, different aspects must be described in the final business plan. For example, if a business is an entity that creates end products using raw materials, then the description must include the distributors and manufacturers of the raw materials. (Linda Pinson 2008, 35).

#### 3.6.1 Description of products

A product description must include a type of sold product, the reason for this product to be sold, the retailers that provide the raw materials for production and the reason for choosing these specific retailers (Linda Pinson, 2008, p.35-36). A production plan must also be included in the product description to showcase how the raw materials will become a specific product.

#### 3.6.2 Description of services

In the description of service, one must describe the service itself, the ways to provide a service, who exactly is responsible for providing a service and where exactly a service will be provided (Linda Pinson, 2008, p.36). It is also recommendable to describe the equipment and materials needed to provide a service.

### 3.7 SWOT analysis

A SWOT analysis is a strategic planning technique used to determine certain characteristics of a business, as well as opportunities and threats to business development. (Wikipedia, 2021). This approach allows to analyze a business and its environment at any stage of business development.

### 3.7.1 Topics described using the SWOT approach

The environment and the business are analyzed by describing four different topics related to a business or an environment. The four topics of SWOT analysis

- Strength is an attribute that gives a business an advantage over competing businesses.
- Weakness is an attribute that puts a business in a disadvantage in comparison to the competing businesses.
- Opportunities is an environmental attribute that describes the possibilities for development of a business.
- Threats is an environmental attribute that describes the probable scenarios or things that will endanger or slow a business's development. (British Library)

### 3.7.2 Example of SWOT analysis

Below is a depicted example of what a SWOT analysis table looks like. The graph is divided into four topics that describe the selling points and the disadvantages of a business or an environment. The topics are then divided into four groups, according to their source of origin and helpfulness.

The Strengths and Weaknesses are related to the internal origin because they describe the attributes of a business. The Opportunities and Threats are put under the "External origin" topic since they describe the attributes of an environment a business is situated within.

# SWOT ANALYSIS

	Helpful to achieving the objective	Harmful to achieving the objective
Internal origin (attributes of the organization)	Strengths <b>S</b>	Weaknesses <b>W</b>
External origin (attributes of the environment)	Opportunities <b>O</b>	Threats <b>T</b>

Figure 1, SWOT analysis table (Wikipedia, 2007)

## 3.8 Marketing plan

This section of a business plan deals with marketing-related activities, tools, and planning. It is one of the most important topics since it describes the strategy of attracting target market's attention. While describing the marketing plan, it is imperative to specify the amount of financing needed for marketing plan conduction, as well as the tools that will be used for marketing (i.e., social media marketing, poster advertising). (Linda Pinson & Jerry Jannett 2008, p.50)

Investopedia defines marketing as following:

*“Marketing refers to activities a company undertakes to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses.”*

Depending on the size of a business and the size of a target market, marketing is represented differently in each company. For example, if a company is large, there are usually teams of people that specifically develop marketing strategies using all the available tools and practices. At the same time, a small business does not have the required funds or staff

to develop and implement a marketing campaign, and thus the options of marketing tools are limited.

The general purpose of marketing is to attract attention of potential customers and to establish beneficial relationships between a business and a customer (Gary Armstrong, 2019, p.30). For that, a marketing team has to identify the price of a product or service as well as its properties, the area the marketing is targeted at, and the promotion activities that will be used.

Business's size and financial ability determine the contents described in the marketing plan. However, as Linda Pinson and Jerry Jannett suggest, there are five core components that must be outlined in the marketing plan:

- Market analysis
- Sales strategy
- Advertisement channels
- PR development
- Customer service

The above components can be identified using the marketing mix model.

### 3.8.1 Marketing mix

In order to help in development of a marketing strategy, Philip Kotler and Jerome McCarthy have developed a model referred to as 4Ps, or a marketing mix. The model helps to ascertain the four marketing planning-related topics, which are: Product, Place, Promotion, Price. It is defined by Wikipedia as “a set of marketing tools that the firm uses to pursue its marketing objectives in the target market.”

Product section describes the offering of a business to the customers for monetary exchange. The offerings can be tangible (a touchable product), or intangible (a service). Place section describes a location of sales channels, advantages, and disadvantages of the locations and how it affects the business plan development. Promotion section describes the actions that can be taken to advertise a product or a service to target market. The actions can be sales promotion or advertising through public relations. Price section describes the monetary value of a product or service and how it can be tweaked to match the customer-perceived value.



Figure 2 Marketing Mix (On Demand CMO 2017)

The above model is to be used when identifying a product. The services, however, use an extended version of the marketing mix, referred to as 7Ps, which supplies the model with such terms as “process”, “people”, and “physical evidence”. Different models are used for products and services because a service is by nature different from a product- a service is a combination of actions leading to solving a problem of a customer, while a product is a tangible item.

### 3.8.2 Marketing research

As American Marketing Association stated, marketing research is defined as following:

*“Marketing research is the function that links the consumer, customer, and public to the marketer through information—information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.”*

In other words, through marketing research a business collects information on target market, that helps to adjust the marketing strategy.

According to Tuuli Mirola, marketing research is divided into six separate fields that retrieve the appropriate information:

- customer market research
- promotion research
- marketing environment research
- product research
- sales research
- distribution research.

Customer market research describes the characteristics of the consumers. Promotion research introduces advertising methods that are appropriate to a business. Marketing environment research describes the appropriacy of marketing actions in predefined areas. Product research describes the possible developments of new products, as well as customer's view on the current products. Sales research defines the efficiency of applied sales strategies. Distribution research defines the most appropriate product delivery ways and channels. (Tuuli Mirola 2020, p.8-13)

### 3.9 Financial planning

This section of a business plan deals with the financial requirements, projections, as well as finances already in possession. Here, the documents about past, projected incomes and current financial situation are used. (Linda Pinson 2008, p.77)

In case of a thorough business plan that captures every aspect of a business, a certain list of documents is included. The included documents vary because of several factors. Firstly, if there is no need for requesting additional funding, there is obviously no need to specify the amount of needed financing and allocation of the resources. Secondly, there is no need for performance history description if a business is a startup. Nonetheless, even if a business is not applying for financial support, the historical performance may help build the financial projections, but this depends on the situation an entrepreneur is in. (Linda Pinson 2008, p.79).

There are several documents, however, that are included in the financial planning part regardless of anything. Such documents will be described below.

### **Cash flow statement**

This financial paper describes the inflow and outflow of cash and its equivalents in the business. It is a projection paper that shows the sources and amounts of income, as well as the costs covered by these funds. It is also important to add Net Change in Cash figure since it shows what will be left after a certain period, and it is represented by a difference in incoming and outgoing cash. It is also wise to include the personal financial statement in order to guarantee the loans to the investors. (Entrepreneur Media Inc 2015, p.221-222).

### **Income projections**

Often referred to as Profit and Loss statement, the income projection paper describes the potential income of a company minus the expenses. The income, in this case, is a projected figure since a business plan is only being presented. However, the costs are a realistic figure based on the interests, taxes, production costs and other figures that deduct the cash from the income.

### **Break-Even point analysis**

This section of financial planning describes a point in financial operations when the income and costs are equal. A break-even analysis helps a business to set certain sales objectives. Depending on the desired end figure, analysis may focus on break-even point in terms of cash, or product units. For a service-providing business a cash figure is more applicable, while for restaurant-type businesses both units and cash break-even points are important to know.

There are several break-even point formulas created by many accountants, but there is one commonly used and taught in LAB University of Applied Sciences.

$$\text{Break even point} = \text{Fixed costs} \div \text{Gross Margin} \quad (1)$$

Equation 1 Break Even Point (Investopedia 2021)

A gross margin is calculated by subtracting Cost of Goods Sold (often abbreviated as COGS) from total Revenue. It is a figure that represents the profit left after deducting the costs of production.

### 3.10 Exit strategy

There is never a bulletproof plan for any occasion since the world is constantly changing. The government may elevate taxes, or the competition on a market might become severe. Another option is that an entrepreneur will want to retire from CEO's position, while retaining the financial benefits. This, it is critical to develop an exit strategy (Linda Pinson 2008, p.7).

An exit strategy is referred to as a "finish line" by Linda Pinson. Investopedia defines business exit strategy as a plan of retirement from ownership of a company in case of meeting the goals set in the beginning, or in case of an unsuccessful event.

Linda Pinson suggests that there are several forms of an exit that include selling a business completely, offering the leading position to a family member, liquidation of a business (i.e., selling all assets and paying liabilities), or taking a company public (i.e., offering shares of a company on a public market). Depending on the form of exit one chooses, the strategy is then developed.

## 4 Findings of the customer research

### 4.1 Questionnaire

The chosen research method for the customer analysis of the workers of TehMet18 was questionnaire. On October 10, the questionnaire was sent to one of the company's representatives in order to distribute it among 25 workers of the company. The questionnaire's results were then sent back on October 15 and analysed during week 42. The data retrieved from the questionnaire was mostly in qualitative form, which complicates the analysis process. Moreover, the questionnaire had to be translated to Russian language, which also presents the translation difficulties. The appended questionnaire will be in English language for simplicity of analysis.

The questionnaire held questions that were made to retrieve valuable information for future organization of the financial planning, food sector and marketing planning. With help of the answers, the business plan will both respond to the client company's needs and the requirements of the working staff. The questionnaire focuses purely on the opinions of the TehMet18 company workers and does not concern the target market of the future factories that are currently being built.

### 4.2 Questionnaire responses

All 25 workers of the company were able to deliver the responses to the questionnaire. The responses contain information about the preferences of the workers in terms of food, marketing information retrieval, pricing, and allergies. The information is vital for specification of the offered food items, as well as marketing practices implemented during the canteen's establishment. The pricing is also a vital selling point of the factory since the average income of Russian factory worker is 527 USD per month (Skolko Poluchaet) and average rent price in Moscow is 562.52 USD for a single-room apartment (Naydi Dom 2021).

### 4.3 Research findings

Since the research questions addressed different topics, the questions were generalized and divided into different subsections. The subsections refer to specific questions, the reference to which will be marked in text when a question is referred to. Also, to simplify the reading process, the number of workers that voted for a specific option were transformed to a percentage format.

### **Fast-food or Homemade food**

According to the responses, 92% of workers (22 people) prefer Homemade food over the fast-food. This amount suggests that homemade dishes must be the type of food offered in the canteen with possible future additions of healthy version of fast-food to satisfy the remaining 8% (3 people) of the respondents. Another opportunity is to include sandwiches in the menu as an additional item for a separate price.

### **Specific food preferences and form of offering**

Some answers for this question are repetitive, and thus will be showcased as a top-5 list of foods preferred by the workers of TehMet18. The list starts with the most-selected dish and ends with the least selected, but mentioned dish:

1. Borsch (100% of respondents)
2. Pelmeni (92% of the respondents)
3. Potato mash with meat patties (80% of the respondents)
4. Pilaf (64% of the respondents)
5. Hodgepodge (56% of the respondents)

The dishes selected here come from different cuisines, but nevertheless are popular in Russia in general. The other dishes not included in the top-five list were: naval pasta, jacket potatoes, meatballs, cabbage soup, okroshka, blini, aspic, boiled pork, and sausage in dough.

In general, the selection of foods suggests that workers of TehMet18 prefer traditional foods of the CIS regions, e.g., Ukrainian borsch. This narrows down the selection of foods that will have to be available to workers, and the top-5 list of favorite dishes should be considered when organizing the menu in the first months of operation.

There was also a question about presence of healthy and nutritious food in the daily consumption, and 100% of respondents supported its importance, which also narrows the focus of the food selection.

Question 18 covered specific cuisine preferences. The answers suggest that employees prefer Russian cuisine (92%) and Caucasian cuisine (80%), while only two of the respondents selected American cuisine and one employee selected Asian food as a favorite cuisine.

Question 3 also asked the employees whether it is preferred to receive a packaged lunch or be able to select the items themselves. Generally, 14 respondents picked the package option and remaining 11 picked the ability to choose items in the menu. In the beginning of the canteen's operations, it will be more cost and time-efficient to create certain packages for all the working days, but in the future the addition of ability to select the food will be positively met by the employees.

### **Pricing**

In terms of financial preferences, there were several questions related to the topic. 60% of the respondents are ready to pay more for a better food quality, while 20% are not and other 20% are not sure. Controversially, 80% of workers stated that the price of the food should be as low as possible, while 12% disagree and 8% are not sure. This suggests that a balance between quality and price of dishes should be reached.

There were also suggestions about pricing of a lunch, with 68% (17 people) voting for a price-range of 150-200 rubles per single lunch package. The result should be considered when setting the prices of dishes, meaning that the costs must be minimized, and quality of products must be maximized.

### **Marketing preferences**

There were three questions in the questionnaire that defined three possible sources of internal marketing: word of mouth, newsletters (i.e., brochures) and SMS. 72% of respondents answered positive about collecting new information from the colleagues, 28% of respondents were ready to receive marketing information on personal phones and, significantly, 100% of workers were against the newsletters. The results showcase that the marketing method, accepted by the majority of TehMet18 workers, is word of mouth and the method can be used in internal marketing activities.

### **Allergies and medical conditions**

In the questionnaire there were also questions related to the medical conditions of the employees. In question 16 the workers were asked about having an intolerance to lactose, gluten, and other types of foods. 20 respondents did not have an answer, which is assumed as absence of any intolerances, while two of the workers answered about the lactose intolerance, one worker suggested about having a gluten intolerance, one possesses a seafood

intolerance and the last one answered about having a citrus intolerance. Respectively, the answers for question 15 suggest that 16 people do not have any intolerance, four employees are not sure about possessing any food allergy and five workers do have a medical condition, prohibiting certain food consumption.

The results suggest that the food picked by the organizers must be neutral in terms of intolerable products, or there must be other luncheon options for the intolerant workers.

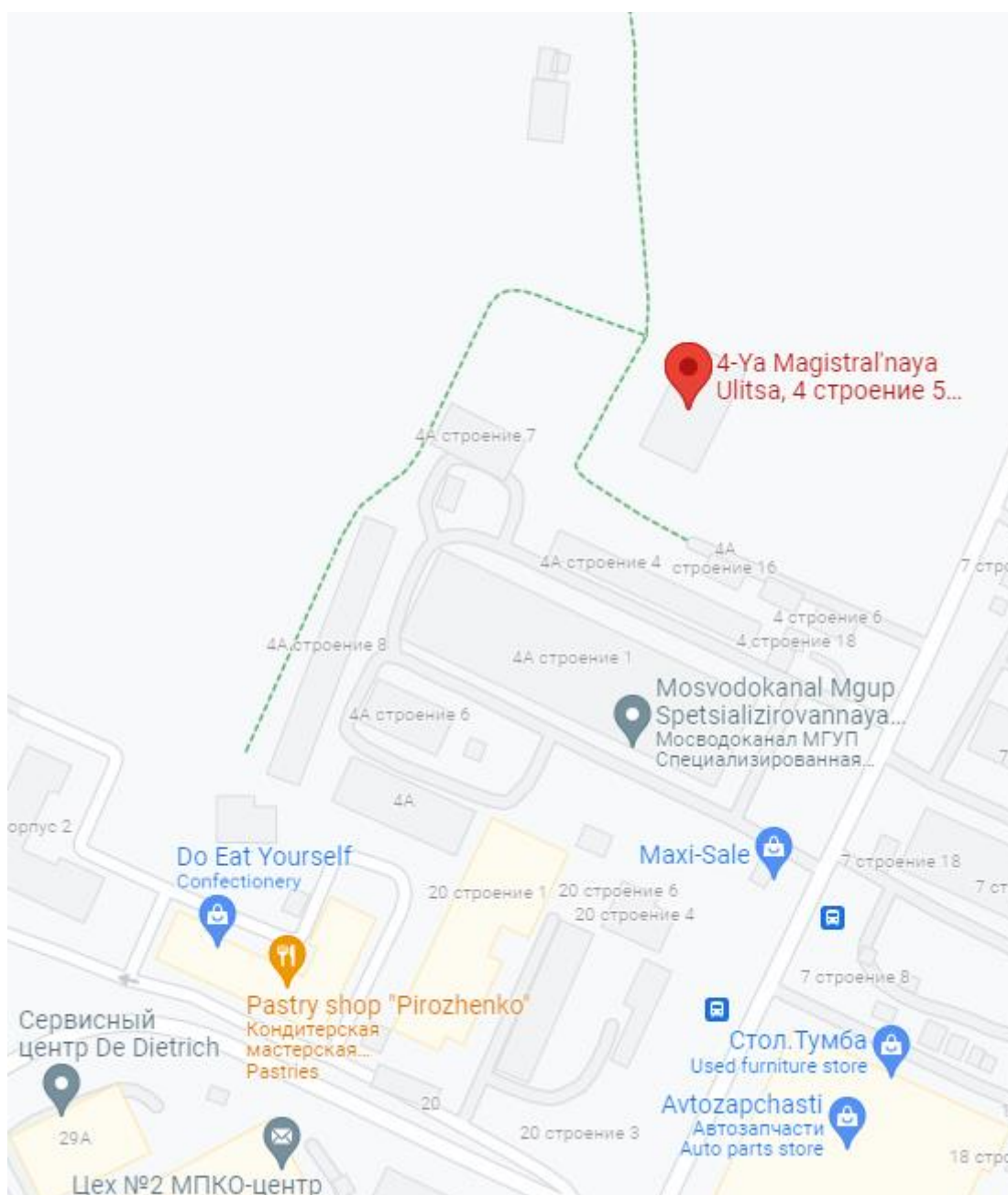


Figure 3 The map of nearby facilities (Google 2021)

## 5 External environment of the future canteen

### 5.1 Geographically

There are certain benefits to the location of the canteen. Firstly, it is situated amidst the currently developing factories, which will allow the business to reach more customers than just the workers of the parent company, which will result in a higher profit. Secondly, the future canteen's location does not have any nearby competing restaurants. Because of that, the location of the canteen will be able to give the businessmen a certain niche where the canteen will operate, which dramatically boosts the market coverage for the future canteen.

The canteen will be situated in one of the Moscow regions of Russia, specifically Podolsk, because the factory the canteen is meant for is situated there as well. The location itself can be regarded as a niche because of the abovementioned benefits. The representative of the company, Vladilen Bichinev, informed that the future factories' holders do not plan to establish any dining facility at the moment. This fact opens an opportunity for the chairmen of TehMet18 to work together with the companies that will inhabit the area in the future in order to share the costs and benefits of the canteen. However, as it will be discussed in the Financial Planning chapter, the costs of canteen creation and maintenance will not be significantly high, relative to the income of the parent company, which means that TehMet18 also has an option to cover the costs fully by itself, as well as accumulate the profits. The two strategies will be described in the strategic planning.

The canteen will likely be situated within the TehMet18's facility, and the dining area will be created by reusing the already existing rooms in the factory. This allows for minimizing costs of the canteen's establishment and direct the left-out financial resources towards further development of the future dining facility. Another benefit of reusing the facility's space is the proximity of the future canteen because it will be situated basically in the factory.

### 5.2 Marketwise

The market conditions for the upcoming canteen are perfect. Currently there are no competing cafeterias in the area, which opens a chance for the working cafeteria to be the first one. The possible effects of cafeteria being the only dining place in the area can both stimulate appearance of heavy competition (e.g., McDonalds or KFC fast-food restaurant opening), or prosperity in the future. Further research is required to determine the exact effects on market.

## **6 The business plan of a canteen**

### **6.1 Executive summary**

The company presented in this business plan is a TehMet18's facility canteen. The canteen is situated within the TehMet18's factory facility, but it is opened for every possible customer that passes by. It is planned to start the organizational procedures during the next year, and by the end of 2022, the company should already be established.

The canteen will be created mainly to solve the problem of TehMet18 employees. The problem is lack of good nutritious food, and this problem causes several other disturbances even in the working order – the workers order the food from other restaurants and the deliverers cannot be let through the checkpoint, the employees bring the food from home, which makes the food taste worse and in case the workers go out to another restaurant, the lunch break can last for a long time. The solution to the problem is opening a canteen in the facility, so that the company is able to stabilize the lunchbreak time while also supplying the workers with home-like dishes and saving the salary costs in form of revenue from the canteens' operations.

The promotion for the canteen is going to be in form of the “word of mouth” concept, as well as the B2B. The word of mouth will mainly be used for the employees of TehMet18, while B2B marketing allows the canteen to attract the customers from the nearby facilities, expanding the market reach. The customers are mainly considered to be factory workers due to the nature of the parent business, as well as nearby estates.

### **6.2 Company Overview**

The company that is canteen itself is created by a parent company TehMet18 and the name will be decided by the creators. Thus, currently, the name of the company is similar to the parent company.

The address of the canteen is Russia, Moscow, Magistralnaya street 4, building 5. The actual location of the canteen is going to be inside the TehMet18 facilities due to the company's decision to repurpose some parts of the factory's building and exclude the structure building costs completely. The location of the company holds key components, beneficial for the company's growth. Firstly, in the area of future canteen there are no competing restaurants or grocery stores within the walking distance of 1.5 kilometres, which creates a

personal market space for the canteen. Secondly, several new factories are currently being built in the area, which expands the current market size for the canteen in the future.

The company's legal structure is Limited Liability Company, similar to the parent company's legal structure, because the canteen will be owned by TehMet18, legally being a part of the company. The canteen will be owned by the CEOs of TehMet18. Decisions on the future development of the company will be made by the board of directors and the CEOs collectively.

TehMet18 is a company started in 2018. Since then, the company has been providing the machinery parts creation and assembling according to the governmental requests. The parts are created for both civil and military vehicles and machinery. The machinery parts production is the main and only source of income for the company.

The mission of the canteen is to provide the workers of TehMet18 facility, as well as workers of the nearby companies with nutritious food options in a restaurant-less environment. The vision of the company is to fully serve the workers of TehMet18, as well as the workers of the nearby facilities that are being built at the moment. The vision is planned to be fully fulfilled as soon as the factories that are currently under construction will become operational, inhabiting employees on the site.

Managerial structure of the company consists of the CEO, Tulkin Maxim Vladimirovich, one executive manager, Vladilen Sergeevich Bichinev, and one head manager responsible for all the operations on the site. The logistics, financial planning, marketing planning, strategic planning and other core procedures will be handled by the appropriate managerial staff of TehMet18.

The main product of the company is food served to the customers using the packaged lunch menus with several variations for people with allergies. The service of the company is production and provision of food by the kitchen staff of the canteen to the end consumers.

The target market of the canteen consists of TehMet18 employees, being target market's core, and also of workers of the factories that are currently under construction. As estimated, the company's target market size in customers is around 100-150 people. This amount of consumers guarantees a turnover sufficient for supporting the canteen's operations, as well as supporting the operations of TehMet18. The amount of turnover is also sufficient to cover the possible liabilities taken in process of canteen creation.

The competitive advantage of the company is the location and current market state of the area where the canteen will be established. Currently, the employees of TehMet18 are recommended to bring food from home or order food from the restaurants via Yandex.Food

service. While own food is certainly cost-efficient, the food is not fresh already during the lunch break and the time needed to deliver the food to the site is around 1 hour. The canteen will get rid of the aforementioned problems by offering freshly cooked food right on the factory site. Since positive opinion about opening a canteen is confirmed by recent research, the company is guaranteed to have customers from the first day of opening.

The market state of the company is that currently there are no competing restaurants in the area, and the target market size will be greatly expanded approximately in 3-4 years due to creation of new factories in the area. The market analysis by TehMet18 from the summer of 2021 suggests that no restaurants are planned to be built in the area of the canteen in the foreseeable future. This guarantees at least partial involvement of the customers outside the TehMet18 company, which will result in additional enlargement of turnover.

The end goal of the company is to be able to support the workers of TehMet18 as well as workers of nearby facilities with nutritious food in 5-6 years from opening. The goal will be reached by focusing on reaching as many potential customers as possible through B2B advertisement, as well as internal marketing in TehMet18, as well as application of funds available to TehMet18.

### 6.3 Target market of TehMet18

The target market consists of the employees of TehMet18 and the workers of the future facilities in the area. Currently, TehMet18 employs 25 people, but during the project completion the company tends to hire short-term contract workers, number of which varies between 3-5 on average. The number of employees of the future factories in the area is currently unknown but is estimated by TehMet18 to be around 100-150 people.

The one common characteristic of the target audience is having a position in a company in the planned canteen area, or in a company close to the canteen. Possession of occupation in the area is the key feature because of the similar problem – need for quality lunch during the long working hours and inability to do so because of the lack of restaurants in the area.

Demographically, the target market consists mostly of men aged from 20 to 65 due to popularity of the related occupations in the group. However, the target market is not limited by sex, nor by age of the potential customers. The location the target market covers is 2km range from the future canteen's location, TehMet18 factory. The family status, race or other personal characteristics do not affect the choice of target market.

Psychographically, the target market consists of people who work in the factories during the day and prefer the cuisines from CIS countries. The interest of the potential customers lies in supplying themselves with nutritious food to have enough energy to continue working and stay healthy.

To conclude, the current target market of the canteen consists of the employees of the factories in the vicinity of the canteen.

#### 6.4 Problem and solution

The main problem of the company is the workers that currently take care of food by themselves, thus being less efficient during the working hours due to lack of freshness in food, the food being fast-food, or lack of food whatsoever available to the employees. Nutritious food supplement is a critical factor in efficiency of work, as well as health of workers (Total Wellness 2017).

The solution to the abovementioned problem is creation of a dining facility on the site of the factory, offering the food to the company's workers. The solution also creates a positive cash flow in the company, since the workers will spend the money earned during working hours in the factory. As for the workers of the nearby facilities, this part of target market will bring additional revenue to the company, thus enabling improvements in terms of food variation, quality of service, development, marketing etc.

The problem is also considered to be similar for the workers of the factories in construction. The reason for that is common unavailability of the dining services in the area.

#### 6.5 Competition

The competitive situation on the market of the future canteen is promising. The reason for that is lack of the restaurants available in the area, as well as plans to create one. Thus, currently there is no direct competition for the canteen, but the situation might change in future. The possible future competitors will find difficulties in sustainment of the restaurants because the canteen will already build a trusting relationship with the workers of TehMet18 and nearby factories by offering homemade food for affordable prices.

There are also direct competitors which exist outside the canteen's coverage area, which are restaurants, cafeterias, and other dining facilities, as well as grocery stores and gas

stations. The competition uses the same sales channels that the future factory cafeteria will use. However, the target markets are different, and thus there is little to no direct competition to the canteen.

Also, there is indirect competition for the company. Currently, there are several food-delivery services that deliver the dishes to the checkpoint of the company, but the pricing is high because of the company's location. This puts the competitors at a disadvantage in terms of pricing. Another disadvantage the food delivery companies will have with an opening canteen is the time of food delivery. To shorten the waiting time for the customers, the food in the canteen will be prepared prior to the official lunchbreak, and when the customers visit the canteen, the food will be ready.

To conclude, the competitive environment for the canteen is clear of any major competitors that could negatively affect growth of the company. The situation might change in the future, which will be considered when there is evidence of possible change in the market environment.

## 6.6 Products and services of the company

The products that the company offers to its customers is food. The food presented in the cafeteria is chosen based on the conducted customer research and will, in the first months, consist of typical Russian, Caucasian and also Ukrainian cuisines, represented by, for example, borsch, pelmeni and shashlik.

The service of the company consists of preparation of dishes and serving them to the company's employees. The catering service will be conducted in form of a packaged meal, including one main dish, one drink (with two options), and two slices of bread (the type of which can be chosen by the customer). In the future it is planned to include items into menu that can be upsold, such as desserts. The size of one portion will be determined by generally advised size of a single lunch portion, which is 500-700 calories. (Global News CA 2017).

The special feature of the products offered by canteen is the focus on creating a home-like food for a large amount of people. The home-made food is admired by many for being healthy and nutritious, which will be the exact treats of the food offered by the company's cafeteria. The image of being home-made is going to be achieved through exact timing of food preparations, meaning that the dishes must be ready half an hour before the lunch break is on.

The other factor making the food be home-like is the materials used in the preparation process. The raw materials must be fresh and thus, the orders must come one day before the actual serving. The preparation of materials into actual dishes must happen on the day of serving the end product, but the preparation of ingredients can begin beforehand. In order to minimize the costs for logistic operations, the materials that can be stored for longer times will be ordered in larger quantities than the fast-spoiling ones.

In the end, the products and services offer the home-like food to the customers. The food supplies the workers with enough nutrition to stay healthy while performing heavy physical or mental work. Active participation in company's life is a key to success, and the canteen will supply the workers with enough energy to do so.

### 6.7 Example of a menu in cafeteria

The menu planning is currently done by the student along with the company's representative. In the future, the decisions on menu creation will be a part of chef's responsibility.

Currently, the canteen plans to offer the top-5 dishes chosen by the employees in the questionnaire as a first-week dish menu. The menu is specified for the first five days of the canteen's opening.

<b>Day of the week</b>	<b>Main dish</b>	<b>Types of bread available</b>	<b>Drinks offered</b>
<b>Monday</b>	Borsch	White bread, oat bread	Water, black tea, coffee, kvass
<b>Tuesday</b>	Pelmeni	White bread, oat bread	Water, black tea, coffee, stewed fruit juice
<b>Wednesday</b>	Potato mash with beef patties	White bread, oat bread	Water, black tea, coffee, kissel
<b>Thursday</b>	Pilaf	White bread, oat bread	Water, black tea, coffee, cacao

<b>Friday</b>	Hodgepodge	White bread, oat bread	Water, black tea, coffee
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Figure 4 Example of a five-day menu

The food offered here comes from different regions of CIS, and thus it fulfills the requirements of staff, determined by the research. Satisfying the customer is a good way of post-marketing because of the positive impression left by the cafeteria. The food is also made from gluten-free and lactose-free ingredients, which minimizes the hazard of food poisoning of the people with allergies.

The variety of drinks is also a positive factor. Among the drinks available all the time there is one drink that will make the menu special. The drinks are typically served in the school canteens in Russia, and thus it will also catch the attention of customers by bringing a nostalgia. There is also a possibility to replicate the preparation processes of the drinks in the schools, which will in turn increase the likability by the customers because of the distinct tastes of the drinks.

The bread variety will be basic for the first operational period of three months. The options are planned to be expanded if sufficient funds are raised from the cafeteria's revenue. The bread will also be available in gluten-free form.

## 6.8 Marketing plan for the canteen

The marketing plan is simple enough considering the employees of TehMet18, since there has already been a questionnaire asking an opinion about creating a canteen. The decision was met warmly by the workers, and as the research suggests, the most acceptable way of providing employees with information is through word of mouth. The word of mouth is going to be the main marketing tool when advertising an opening of the cafeteria, since all the employees will be informed by the managers of TehMet18 about opening a cafeteria for workers, thus completing the internal marketing objectives

As for the external marketing for the factories that are still being built, the marketing is most easily done through B2B cooperation with the factories' owners. The CEOs will be informed of a canteen opening in the area by the executive manager of TehMet18. After informing, TehMet18 will ask for cooperation in terms of providing customers to the cafeteria, while giving one packaged lunch per day for free to the CEOs in turn.

The additional external marketing tools will include brochures and a whiteboard hanging on the door of the canteen. The whiteboard will give basic information about the menu for the day, as well as invite the workers to come in. The internet marketing will be insufficiently weak in effect because of a low level of computer literacy among the middle-aged men in Russia (NAFI 2020). Thus, the chosen target market's features make the social-media advertising inefficient.

The information about opening of a canteen is planned to be distributed by the managers one week prior to the start of facility preparations. The information will be delivered to the person in charge of the employees in certain areas of the company, and after that the information will flow from a manager to the workers. The employees that were not present on the announcement shift will be informed by the other workers that have received the information.

The marketing for the future factories is planned to start a few months before a factory opens. The executive manager will be responsible for handling negotiations about B2B marketing among the factories in the area. The success is expected in B2B marketing because of the mutual goals of the companies – to make their employees energetic through supplement of nutritious food.

## 6.9 SWOT analysis

The swot analysis for the cafeteria will showcase the internal and external factors, which affect the company positively or negatively. The analysis includes both internal and external factors. Seemingly, there are mostly positive factors for the company, but there are also certain risks that have to be addressed.

### **Strengths**

One of the main strengths of the company is the chosen area for operation. The area does not have any sufficient competitors, making canteen the only dining place in the vicinity. The other strength comes from the combination of chosen target market and pricing policy. The target market mainly consists of factory workers, who on average have low incomes, and the pricing strategy focuses on minimizing the end cost to the customer, while retaining quality and nutritiousness.

### **Weaknesses**

The possible weaknesses of the company are the lack of managerial resources available, because, according to the organizational plan, the executive manager of TehMet18 will also be responsible for the operations of the canteen. The other weakness of the company is inability to do social media marketing because of the chosen target market, which limits reachability of the company's message.

### **Opportunities**

The potential for the canteen's growth is currently unlimited because of lack of competition in the area. This fact enables the canteen to attract the nearby workers by close location of the dinery and the low prices of nutritious foods. The canteen is also able to be supported by local businesses in terms of advertising the canteen to the workers of the company, or by partnering with the canteen in terms of food provision to the workers for a lower price.

### **Threats**

The possible threats, posed by the environment, is the possibility of some other company creating a café in the area of target market. In case the company will be one of the chain restaurants like McDonalds, the competition is going to be tough since the McDonalds is able to attract more attention than an unknown canteen.

In the end, the SWOT analysis emphasizes that canteen is going to be strong on the market and depending on the possible appearance of competitors in early stages of the development.

## **6.10 Pricing strategy**

As it was suggested by the workers of the cafeteria, the pricing levels will be as low as possible, while retaining the quality of the meals. According to Gazeta SPB, the average price of a borsch bowl is roughly 1.5€, and the end pricing aims to be that way.

The price of daily meal package for the TehMet18 worker will be 250 rubles, which will result in operational profit of 175,000 rubles in the first month if a canteen operates every day. The price for the pass-byers will be 300 rubles for each meal. The meal package holds one main dish, two slices of bread and a drink chosen by the customer. The price estimates are

based on average costs of similar products that are sold in Russian canteens and cafeterias.

The reduction of price for the customers is going to be in a form of a 50 rubles discount using an employee coupon. The coupons will be given to each employee who is working in TehMet18 when the company launches.

### 6.11 Financial planning

The financial resources that will cover the canteen's costs are coming purely from TehMet18, and thus requesting the funds is unnecessary. Additionally, the historical information is irrelevant because of no current need in investors. However, the projections, the break-even point analysis and cash-flow statements will be described below. To simplify the analysis process for TehMet18 company, the calculations will be done using rubles. The current exchange rate of a ruble to a euro is: 1 EUR = 83 RUB.

The planned investment made by TehMet18 into the canteen's creation and first month of operation is 1,5 million RUB. This amount of money allows for covering the immediate starting costs, as well as the variable costs during the first months of operations.

#### The allocation of budget

TYPE OF EXPENSE	Price in RUB
Uniforms	20,000
Legal expenses	21,500
Tableware	50,000
Food	40,000
Drinks	20,000
Cash counter machinery	40,000
Furniture	100,000
Cleaning services	8,000

Kitchen machinery	300,000
Decorations	15,000
Salaries	70,000
<b>TOTAL</b>	<b>684,500</b>

Table 1 The starting expenses

According to this table, the company TehMet18 must invest roughly 700,000 roubles to start the company. Fortunately, the company is able to allocate 1,5 million RUB to creation of the canteen. The environment of the canteen should be inviting to the customers, as well as the kitchen equipment should be modern for a better quality and time management. This is the reason for high allocations for the furniture and machinery.

### Sales projections

Type of a Customer	Price (RUB)	Number of people daily	Total profit/day (RUB)
TehMet18 Workers	<b>250</b>	<b>25</b>	<b>6,250</b>
Pass-byers	<b>300</b>	<b>25</b>	<b>7,500</b>
<b>TOTAL PROFIT/DAY (RUB)</b>	<b>13,750</b>		
<b>TOTAL PROFIT/MONTH (RUB)</b>	<b>412,500</b>		

Table 2 Sales Projections

The above table represents the pure revenue from sales before taxation and any costs. The total amount of money received over a month allows the canteen to support itself and pay for the costs. The estimation of the number of pass-byers is based on the fact that the factories in the area will be built with help of the construction workers, and the constructors

will also need to fuel themselves with tasty and nutritious food. The number may fluctuate depending on the amount of employees working at the construction site at the given time.

### Fixed costs

Type of an expense	Amount of money in RUB
Salaries	100,000
Food	95,320
Taxes	20,000
<b>TOTAL FIXED COSTS</b>	215,320

Table 3 Fixed costs

The above table showcases the fixed costs for the canteen company. Some of the possible fixed costs, such as rent and utility. The reason for that is that TehMet18 provides the facility for the canteen via own rooms' usage, and therefore there is no rent fee for the canteen specifically, and the utility bills are also directly under TehMet18 coverage.

The wages are calculated for three people working in the kitchen, with 40,000 rubles dedicated to chef-cook, and two 30,000 rubles transactions dedicated to two normal cooks.

### Break-even point analysis

Since a break-even point calculation includes many variables, the section will be divided into two parts: variable calculations and breakeven point calculations. The price calculation for a portion is based on average prices of ingredients for a meal in 2021 and can vary depending on the end supplier's pricing.

To simplify the analysis, the variable costs are calculated based on the Monday type of meal package, which includes bread, a drink, and a borsch bowl. The calculations for labor costs were done in the following order: salary of a worker is divided by number of days to determine the daily salary. Then the daily salary is divided by the number of operating hours to determine hourly salary. After that, the hourly rate is divided by minutes to determine one

minute cost of labor. Finally, the minute cost of labor is multiplied by the average preparation time of a borsch bowl, in this case – 6.6 minutes.

### 1. Variable calculations

Total units per month: 1500 (50 units per day multiplied by number of days, in this case 22 days)

Cost of Goods Sold: Kvass – 23,7 RUB (price calculated for two 200ml glasses of kvass), Borsch – 26 RUB. Total GOGS – 49,7 RUB

Average preparation time of a borsch portion (300 grams): 1,5 hours for a pot, 6.6 minutes per bowl (1,5h divided by number of portions).

Direct labor costs per 1 portion:

- Chef – 28 RUB
- Normal cook – 22,4 RUB

Total costs per portion – 99,4 RUB.

### 2. Breakeven point calculations

Contribution margin per unit:  $250 - 99,4 = 150,6$  RUB (Contribution margin in RUB for worker's meal).

$300 - 99,4 = 200,6$  RUB (Contribution margin in RUB for pass-byers)

Breakeven point =  $215,320 \div 150,6$

Breakeven point (units of workers' meals sold) = 1430 units.

Breakeven point =  $215,320 \div 200,6$

Breakeven point (units of pass-byers meals sold) = 1073 units.

As analysis shows, the company needs to sell 1430 units of workers' meals, or 1073 units of pass-byers meals sold to cover the expenses fully. Since the total units per month is 1500 for the canteen, it is clear that the canteen will be able to get over the break-even point easily. Moreover, the total sales revenue covers the

## 6.12 Organizational plan

Managerial responsibilities of a canteen manager are:

- preparation of the canteen for opening and closing
- distribution of duties between employees, personnel training
- control of personnel, labor discipline and conflict resolution
- selection of personnel or its approval
- control over the organization of dining
- compliance with fire safety measures, work with regulatory authorities
- logistics management
- marketing management
- report preparation and submission.

As it can be seen, the managerial responsibilities include operations from different fields of business management. In order to decrease the salary costs and due to the tasks' simplicity, TehMet18 had decided to divide the responsibilities between the responding role figures in the company. Thus, there will be no need for hiring another manager for canteen maintenance. However, the chefs also have separate responsibilities, which include:

- scheduling production load during the working day
- control of the availability of raw materials and finished products
- transmission of information on the availability of raw materials and semi-finished products to the general director
- organization of the production process, production of dishes, control of compliance with the recipe
- conduction of a daily warehousing of raw materials, semi-finished products, and residues of finished products at the end of the working day
- drawing up a menu for a certain period of work (week, month)
- coordination of the menu for events
- preparation of technological maps for the production of dishes

- development of a calculation sheet for calculating the cost of selling prices
- employee training
- shift management

The cooks' responsibilities include:

- participation in the preparation of the menu for every day and week.
- cooking food in accordance with the rules and regulations for food preparation.
- serving food to the clients
- food preparation according to the hygiene and company guidelines
- ensuring the proper condition of the catering unit, dishes, kitchen utensils and equipment
- ensuring the correct storage of food

To hire a cook or a chef, certain requirements have been set by TehMet18 in order to control the hiring process and to attract the people with required qualities. Requirements for hiring a chef or a cook include secondary/higher education, knowledge of 1C programs (warehousing, accounting) and MS Office, work experience for a cook from 1 year, for a chef from 3 years.

In the end, due to the decision of dividing the managerial responsibilities between the managers of TehMet18 reduces the labor costs for the canteen, and also ensures the quality of managerial services. At the same time, the requirements for a chef or a cook are lower than average which allows for a faster hiring process than usual. Since a canteen is not a five-star restaurant, the requirements for chefs and cooks have been lowered.

## 7 Summary and discussion

### 7.1 TehMet18 case and Business planning in general

To conclude, a business plan can be seen as a starting point for organizing any company. The reason is that a business plan holds descriptions of the strategies, tasks, products and services and financial requirements. All the information is important to know for an entrepreneur when starting a business to set specific goals for a business to accomplish.

A business plan can be used for various reasons by many people, but generally the usage types can be summarized into fund requesting or managerial operations. The information included in the business plan differs depending on the end reader – the investors will want to know the financial situation of a company at the moment or in a few years, and managers will want to know the CEO's original plan for prosperity. But there are constants that have to be described in spite of the examiner so that a business plan actually describes a business.

In TehMet18's case, there is no outsourced investment needed for the canteen to emerge, and thus only minimal information is described in the business plan. The case can even be regarded as "lucky" because of the number of positively affecting factors- the rent is covered by the parent company, the customers are right next to the facility, the competitors are scarce, and the company is able to fund the canteen fully.

The other bonus for the canteen organization is conduction of the questionnaire itself because it is important for a customer to be cared about by the employer. The opinions of the workers will be implemented in the reality, and as it can be seen from the calculations, the corrections are possible to make with a concern for the workers' opinions.

The main risk is appearance of a competitor, but then again, it is hard to find a home-like food in the area, and there are many workers in the area, which guarantees some amount of audience, 50 people per day being the minimum. With all the factors considered, a canteen is sure to prosper with the right management, the workers are sure to be well fed, and the problem of the lack of quality food may be solved.

### 7.2 Research conclusions

In the beginning of the thesis there were two research questions, both of which were related to the contents of a business plan. Generally speaking, the questions were answered by the whole theoretical part describing the contents of a business plan. The first question,

which asked: “How to create a good business plan for a factory canteen in Russia”, was answered with all the descriptions of business plan contents, since the depictions were based on the professional business planning literature, if it may be regarded as such.

The other question about the marketing tools for a canteen was answered in the actual business plan for TehMet18’s canteen: there are not many tools available to approach the chosen target market, and thus the remaining available tools must be used, which ended up being the B2B marketing, internal company marketing and word of mouth, as well as the outside tangible marketing equipment. The general strategy, in case of TehMet18 canteen, is to use the available options while neglecting the Social Media marketing in the beginning, since the target audience has a lower level of computer literacy. In the future, when the factories near the canteen are built, it is possible to start a Social Media page, but to find the right way of organizing a Social Media presence for a canteen further research is required. The reason for further research is the specific situation of TehMet18 canteen – the main target market consists of workers of nearby facilities, and thus there is less need in the SMM, but if the company will decide to expand the market reach to the other mediums, the SMM will be needed to boost the marketing performance.

To conclude, a good business plan for a canteen holds all the information described in the Business plan contents description chapter, and to create or strengthen the marketing tools for a canteen an entrepreneur must find the most appropriate options for a specific situation, which.

The result of the whole research is creation of canteen’s business plan. The questionnaire was used to adjust the strategic planning, and the information retrieved during the theoretical part description was used to structure the business plan and determine the contents. Thus, it can be said that the research questions, the theoretical framework development, and the whole research itself was made to create a good business plan for a canteen in Russia.

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10.10.2021

Dear workers of TechMet18 factory,

My name is Anatoly Bichinev, and I am a student at LAB University of Applied Sciences, in field of Tourism and Hospitality Management. At the moment I am conducting research about creation of a canteen at the premises of the TechMet18 factory. Thus, I would like to ask your opinion on certain topics, described in this questionnaire.

The survey contains 18 questions, with questions where you are asked to scale your opinion from 1 to 5, Yes or No questions, open-ended questions, and questions with several options. All of your answers are valuable for the research, so Please, answer as many as you can.

The survey is anonymous and I, on behalf of LAB University of Applied Sciences, guarantee you that your personal data will not be shared. The questionnaire below only concerns the people that work on TechMet18 facilities and should only be answered by those.

If you have any questions or comments about the questionnaire below, feel free to send a message to my email, I will personally look into your matter:

[anatoly.bichinev@gmail.com](mailto:anatoly.bichinev@gmail.com)

Thank you kindly for your participation!

Best regards,

Anatoly Bichinev, 3-rd year student at LAB University of Applied Sciences.

## Questionnaire

**Name:**

**Age:**

1. How much do you like fast-food on a scale 1-5? Write down the number.

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2. How much do you like homemade food on a scale 1-5? Write down the number.

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3. Do you prefer creating you lunch from available options in a canteen, or do you like packaged lunches? Write down the appropriate answer.

---

4. What kinds of dishes do you like to eat? Please, name Top-5 on your list.

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5. I am ready to pay more for a better food. Mark the correct answer.

Yes

No

I am not sure.

6. It is important for me to pay as little as possible for a lunch. Mark the correct answer.

Yes

No

I am not sure.

7. How much are you ready to pay for a canteen lunch? Name the range.

---

8. Is it important for you to have a dining place near your work? Write a number from 1 to 5 with 1 meaning "Not important at all", and 5 meaning "It is very important".

---

9. How important it is for you to have the information about new dishes available at your favorite dining place on a scale from 1 to 5?

---

10. I prefer gathering information from newsletters. Mark the correct answer.

Yes

No

I am not sure.

11. I prefer gathering news from people that I know. Mark the correct answer.

Yes

No

I am not sure.

12. I do not mind receiving news about new dishes available on my phone. Mark the correct answer.

Yes

No

I am not sure.

13. It is important for me that the staff is polite towards me in a dining place. Mark the correct answer.

Yes

No

I am not sure.

14. How important it is for you to see the nutritious contents of the food you eat on a scale from 1 to 5? Write down the appropriate number.

---

15. I cannot consume certain products because of my medical condition. Mark the correct answer.

Yes

No

I am not sure.

16. I am intolerant to lactose / gluten / other, please specify:

---

Yes

No

I am not sure.

17. It is important to me that I eat healthy and nutritious food. Mark the correct answer.

Yes

No

I am not sure.

18. Which cuisines do you prefer?

- Russian home-made (Pelmenit, patties)
- Caucasian (Shashlik, khachapuri)
- Asian (Wok, Sushi, Ramen)
- American (Hamburger, Hot-Dog, BBQ Ribs)

*That is the end of the questionnaire. Thank you for your time!*