

Saimaa University of Applied Sciences
Faculty of Tourism and Hospitality, Imatra
Degree Programme in Tourism and Hospitality Management

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Business Plan for a Crêpe Bistro in Finland

Thesis 2018

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The purpose of the thesis report was to carry out a desk research on how to write a business plan and to apply the acquired knowledge by preparing a business plan for a small crêperie in Finland. A business plan summarizes the entrepreneur's goals along with the methods how s/he intends to get there. It also serves as a supporting document when it comes to raising capital for a new enterprise.

The information to build the theoretical framework of the report was collected from books published in the subject of entrepreneurship, small business management, and food operation management as well as from a handful of reliable websites from the Internet.

The result of the study shows the amount of capital needed in order to safely start a small crêperie in Finland as well as presents – among other financial projections and calculations – a pro-forma profit and loss statement for different location scenarios.

Keywords: business plan, crêpes, comfort food, financial analysis

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1 Introduction

Two thousand years ago the stoic philosopher Seneca wrote, *'If one does not know to which port one is sailing, no wind is favourable'* (Seneca n.d). This ever-green wisdom is also true when it comes to establishing a new business. There is nothing more important than knowing where a company is heading, and to present that, a business plan must be written. It should include the vision and mission statements, the goals of the entrepreneur as well as technical, financial and legislation-related information along with calculations to support his or her plans and ideas.

Additionally, such plan is also crucial for banks, outside investors and venture capitalists to have a comprehensive understanding before they would loan capital or invest in the business. A well-structured business plan should present how and when the company plans to be profitable, and therefore how it will be able to pay its liabilities.

1.1 Justification for choosing the topic

The reason the author chose this topic is that he believes there is a lack of diversity when it comes to affordable comfort food on the Finnish market. Budget restaurants offering something to eat are mostly serving pizza, kebab, falafel, sushi or sausages, rather often multiple of them under just one roof. Coffeeshops - be it part of a chain or independent - offers the same kind of cakes and pastries lacking creativity and diversity. This can be observed everywhere in the country except the three big towns – Helsinki, Turku and Tampere– where the greater population and the more diverse ethnic background of locals result in better and wider selection of cafés, bistros and restaurants.

The author had not seen any crêpe-serving establishment during the two years he spent in the country although he believes that in a right location there would be a demand for it. On the other hand, during his visits in Greece, Estonia, Germany, Poland and Hungary he observed similar businesses and collected information, know-how and inspiration to plan and execute a similar business in Finland.

Another reason the author chose to create a business plan-style thesis focusing on the financial aspects of the entrepreneurship is that during his studies he enjoyed accounting courses the most and accomplished excellent grades on them. During his professional placement he also spent a month shadowing and working alongside the controlling accountant of the hotel he worked in. In this thesis he would like to present his knowledge acquired during his studies and during his work experience.

Last but not least the thesis would enhance the author's skills to write a business plan and would help to reveal crucial elements of running a new company profitably. The report paper would serve future entrepreneurs, too, who are at the very beginning of the planning process, to provide a basis for their planning, refine their ideas or simply to inspire.

1.2 Aims of the research

The main aim of the thesis is to present a business plan for a bistro-like small-scale restaurant located in Finland. The report paper focuses on the financial aspects of opening such enterprise, as the author believes it is the most important part of any business plan. The thesis' main goals are to present the required assets needed for such an endeavour, to break down the planned costs along with the gross-profit ratio for the products served, and to present the cash-flow analysis for the upcoming years. The calculations will also define the break-even-point for the business in subject under different conditions.

Furthermore, through this report the author's goal is to summarize and present all his knowledge and experience regarding writing a business plan, management accounting, accounting and budgeting; to conclude his bachelor studies.

1.3 Delimitation of the thesis

Due to the limited length of a bachelor's thesis the report will emphasize the financial aspects of opening a small restaurant and just briefly describe the other aspects of the establishing process. The theoretical starting point of the thesis research is that the author found a market-research-proved and recognized need for his product along with a handful of affordable and suitable locations.

The geographic position is the most important variable for opening any kind of restaurant business, and itself alone can modify many aspects of a future business. For instance, a pizzeria in the suburbs most likely have a distinctive target audience, different interior and service style compared to one located in the downtown area. This matter will be broadly discussed by analysing real-life restaurants, their location and their audience and style in the thesis.

The author will not carry out a feasibility study, as there is no exact location of the business in subject. On the other hand, the report will feature multiple theoretical locations to show how rent prices can change for instance the break-even-point. The report will not discuss in detail the product development process, marketing strategies, brand management and how to target segments, due to the length limitations of a bachelor's thesis.

The business plan will use financial data and legislation peculiarities only applicable in Finland, therefore it can only be considered accurate if it is executed in Finland.

The raw material and other occurring costs, financial figures regarding rent prices and the employee wages will reflect the last quarter of 2018.

1.4 Research method

The thesis report will only utilize desk research. The books listed in the preliminary bibliography chapter will support the author to present the practical aspects of writing a business plan, the peculiarities of the restaurant industry and to introduce the theoretical background of the financial calculations. The author found it important to choose some recently- updated books -especially in regards to food and beverage management- as trends in this industry are continuously changing in a rapid manner.

The reason the author will not carry out a quantitative or qualitative research is due to the sensitivity of data to be collected. There was an early idea to interview small business owners from the food service industry in the Lappeenranta region but after consulting with the thesis's supervisor this action was aborted. The information the author would have requested from the business owners were

mostly regarding their costs, and due to its sensitivity, it is very unlikely to be shared by an 'outsider', not even for academic purposes. On the other hand, the needed information about occurring costs and wages can be obtained from national statistics from mara.fi for instance and from recently published theses.

2 Introduction of crêpes

2.1 History of crêpes

The term crêpe originates from the Latin word 'crispus' which stands for curled. Although the first crêpes were made in the 12th century when buckwheat arrived in Brittany, a northwest area of France, there are evidences that circle-shaped breads made without yeast were prepared much earlier. For instance, the ancient Greek word 'tiganos' found in Galen's notes – who was a physician 1800 years ago– proves this. The word itself means a circle-shaped frying pan, which was used to make basic bread-products. (World of Crêpes n.d.; Galen 2003, p. 165.)

All crêpes were made with buckwheat flour and savoury fillings such as meat, cheese and vegetables until the 19th century, due to the fact that sugar was a highly luxurious product. This slowly changed in the 15th century when Columbus discovered the Americas and sugar became a major currency between European countries and the Americas. As a result of a trade war in the 19th century, sugar beets were planted in France on Napoleon's order. Soon, Marggraf, a German chemistry scientist discovered how to extract the sweetening part of the beets. This made sugar more easily available, and therefore cheaper. Soon sweet fillings for crêpes were affordable and used. (Alimentarium n.d.)

Crêpes were introduced to the American continent in the 1930s by Henri Charpentier, who was a French chef. By time crêpes were picked up by many countries' cuisine, slightly or largely modified for local taste by the availability of ingredients (World of Crêpes n.d.). Regardless of the wide spreadness of crêpes around the world, it is still mostly popular and eaten in France and Belgium, where crêpe serving stalls and cafés are still very common.

Although there is an English translation for the French word crêpe, which is pancake, it is mostly identified with the American-style, puffier version which contains baking powder and sugar. In order to prevent misclassification, the author will solely use the French word crêpe throughout the thesis report.

2.2 Types of crêpe and main ingredients

There are two major kind of crêpes: sweet and savoury, the latter often folded into square-shape and called galette. As discussed above, the savoury version usually uses non-wheat buckwheat flour while sweet crêpes are made with all-purpose white flour. Common sweet fillings are Nutella, marmalade, preserves, sugar such as powder, brown cane or cassonade, fruits or whipped cream. The American pancake is traditionally served with maple syrup. Savoury fillings can be the mixture of cheese, meat products, eggs, vegetables or mushrooms. (King 2015)

The main ingredients of the batter -the liquid which is poured onto the frying surface after a few hours of rest time- consist of flour -wheat or non-wheat, milk, eggs, salt, sugar and butter or vegetable oil. According to the Larousse Gastronomique -which is a world famous, reliable encyclopaedia of the culinary arts published regularly since the 1930s- additional ingredients among others can be cream, orange zest, vanilla pods, cherries or different flavoured liquors such as Cointreau (Gastronomic Committee 2004).

Due to different food-allergies such as gluten or lactose intolerance these ingredients can be exchanged. For instance, for those following a gluten-free diet, flour can be swapped with buckwheat or all-purpose gluten-free flour; regular milk can be exchanged for lactose-free or other non-dairy milk for those with lactose-intolerance; and vegan egg replacements can be used instead of real eggs. Although these ingredient swaps slightly change the taste and structure of the outcome product, at the same time, it makes it available for a much wider audience.



Figure 1. Crêpes from Warsaw, Poland.

2.3 Crêperies

A food service establishment offering crêpes on their menu is called a crêperie. They can be found throughout France featuring different size and service style. The size of a crêperie can range from a small booth with one employee to a full-service elegant café, bistro or restaurant with multiple staff and managers.

Below the author will present three different crêpe-serving establishment from three different countries. The aim of this comparison is to present how three crêperies serving very similar or even identical dishes can have different style, operating methods and target audience. This is the reason the author did not choose an exact, real-life location for his business plan: the target audience and the products on the menu strongly depend on the location itself. For instance, an elegant café serving crêpes might work in the outskirts of the city, but it is more

likely to succeed in the downtown or midtown area with heavy foot traffic and easy connection to public transport. A pub-style crêperie is most likely located in a quiet street hidden so it can keep its prices and cost low, too.

2.3.1 Crepe Café Warsaw in Warsaw, Poland

The Crepe Café was established in 2014 close to the city centre of Warsaw and within the walking distance of the popular Kopernikus Science Museum. It occupies less than 30 patrons at one time in the bright, elegantly designed small location which features a loft above the service and food operation areas. Their menu consists of 15-20 sweet and savoury crêpe items along with a few choices of waffles. They serve good -but not specialty- teas and coffees and they operate with a counter-service table delivery method. They do not serve alcoholic beverages and do not deliver. Their customers mostly consist of young Polish adults and tourist -due to the excellent ratings on TripAdvisor-, but the retired generation and young mothers with their children can also be found sometimes here. It is an excellent location for meeting with friends or even for business as well as to catch a snack during the day. Their prices are mid-ranged compared to other comfort-food serving businesses. (Crepe Café n.d.)

2.3.2 Kompressor Pub in Tallinn, Estonia

Kompressor Pub is a hidden gem in Tallinn located in a quiet street of the Old town district. The bar has around 60-70 seats and features a spacious, warm atmosphere with wooden furniture. They serve 29 different sweet and savoury pancakes along with some basic snacks, soups and salads. Their audience mostly consists of local students -who often use it to hold meetings, to study together or play board games - and some tourists who research the place in advance as the place is rather hidden from the foot traffic. As they also serve alcoholic beverages, the average time and the Average Spending Power is significantly higher than in a usual crêperie. Based on the author's experience their prices are considered low-mid compared to similar establishments. (Kompressor Bar n.d.)

2.3.3 Boiler Crepe, Corfu town, Corfu, Greece

Boiler Crepe is located on the outskirts of Corfu town. There is a high amount of foot traffic for 6-9 months during the holiday season as the local and regional bus stops are just next to the building. The island's airport terminal is just 20 minutes on foot and as many people choose to walk from there to take the bus they often decide to have something to eat or drink. Because the city centre is only 10 minutes on foot and Boiler is open 24/7 it is popular among almost all locals under 60. During the day it serves very different kinds of crowds. For instance, it is a main destination for after-party night snacks as well for taxi and delivery drivers in the early evening hours. In the late morning hours, it is a choice for a simple coffee and in the afternoon, customers are brought in by happy-hour lunch campaigns. They serve all kinds of alcoholic beverages and they offer delivery within the border of Corfu Town.

Their menu is extensive featuring more than 30 crêpe items along with salads. Their kitchen operates in the customer-service and sitting area and one can see the whole process of preparing the crêpes. As customers often hang around the counter to observe how crêpes are filled and folded, Boiler took an excellent advantage on this and made it possible for customers to decide on the fillings on their own. As ingredients are presented behind a glass counter, patrons often just point out the things they want in their crêpe. This drives up the average spend per customer, as they often overestimate their hunger. Their prices are considered mid-ranged compared to other crêperies in the island of Corfu. (Boiler Crepe Corfu 2018.)

3 The business planning process

3.1 Business idea assessment

Every new business starts with an idea. An idea to create something new, or to modify something already in existence making it better by adding functionality, improving usability, making it more affordable, etc. But not all ideas are worthy enough to be the foundation of a new business. Therefore, an idea assessment

must be carried out to efficiently evaluate all the upcoming ideas before one continues to work with them. This process can save time and financial resources as well. (Scarborough & Cornwall 2016, p. 148.)

The idea sketch pad method for idea assessment introduced in Scarborough's books requires the entrepreneur to ask fundamental questions regarding five parameters of the future business: customers, offering, value proposition, core competencies and people. Such questions for example are:

- Who is the customer and who is the user?
- What is the product or service offer? What are the main features?
- Why will the product be chosen by the customer?
- How does the product or service differentiate itself from competitors? What is the competitive advantage?
- Who will help the entrepreneur on the business journey with suitable know-how and skills?

(Scarborough & Cornwall 2016, p. 149.)

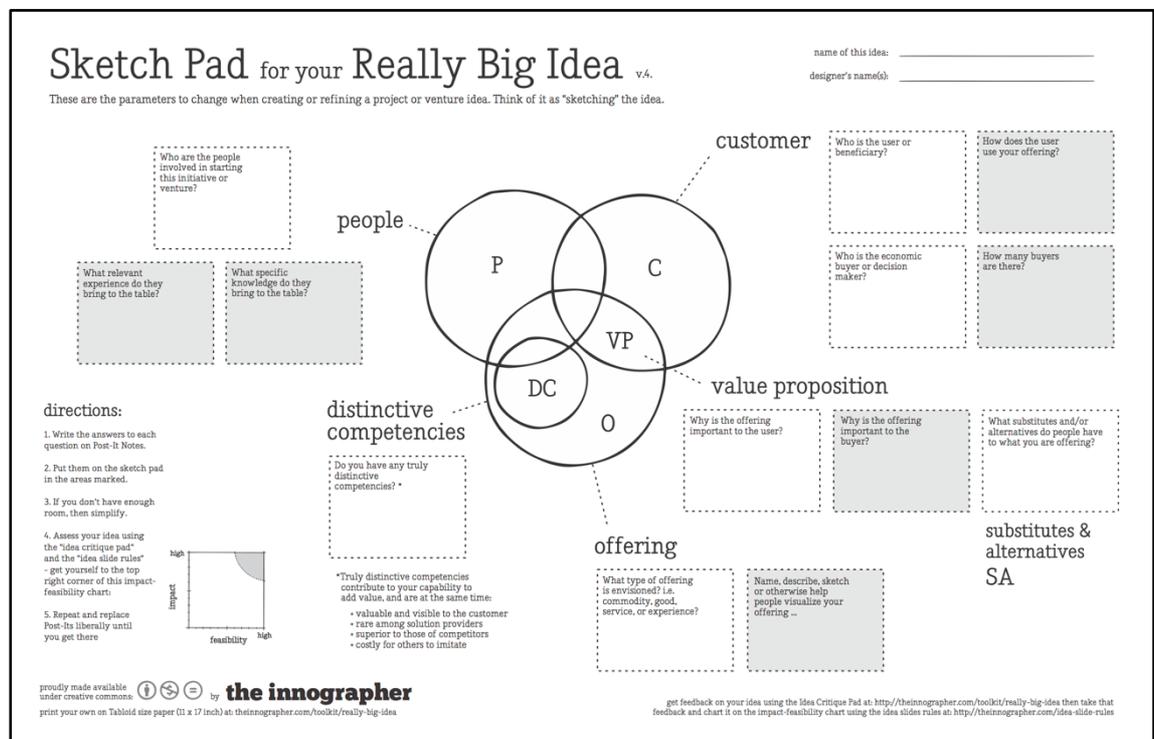


Figure 2. The Idea Sketch Pad (The Innographer n.d).

It is important to mention that the Idea Sketch Pad is just one of the many different methods and tools to evaluate ideas and most of them are available for free under the Creative Commons licence from websites such as www.straightupbusiness.institute.

3.2 Feasibility analysis

The purpose of the feasibility analysis is to provide the entrepreneur with all the necessary information about the viability of his/her business idea. As Mariotti and Glackin put it simply: to make the go/no go decision. If the idea passes, the entrepreneur ought to write a comprehensive business plan to utilize the idea the best way possible. Should the idea fail the analysis, one should drop any further work to save resources and should continue to seek other business ideas. (Mariotti & Glackin 2012, p. 78.)

The feasibility analysis studies three interrelated areas: the industry and market, the product and services and the financial aspects. It is important to mention that the newest professional books in the subject of entrepreneurship and small business management include a fourth element, the entrepreneur and team feasibility. (Scarborough & Cornwall 2016, p. 151.)

3.2.1 Industry and market feasibility analysis

The industry and market feasibility analysis have two goals: to determine how attractive the industry is towards new businesses from the macro level's point of view in regard to sociocultural, technological, demographic, economic, political and legal and global aspects; and to find possible niches or untouched markets which can generate safe return. The most used tool for analysing the industry's attractiveness is the Porter's Five Force model. Porter's method examines five interacting forces and determines the environment in the industry in which the business would operate. The five forces are: the already-existing competitors' rivalry, the bargaining power of suppliers, the bargaining power of buyers, the threat of new entrants and the threat of substitute products or services. (Scarborough 2012, p. 177.)

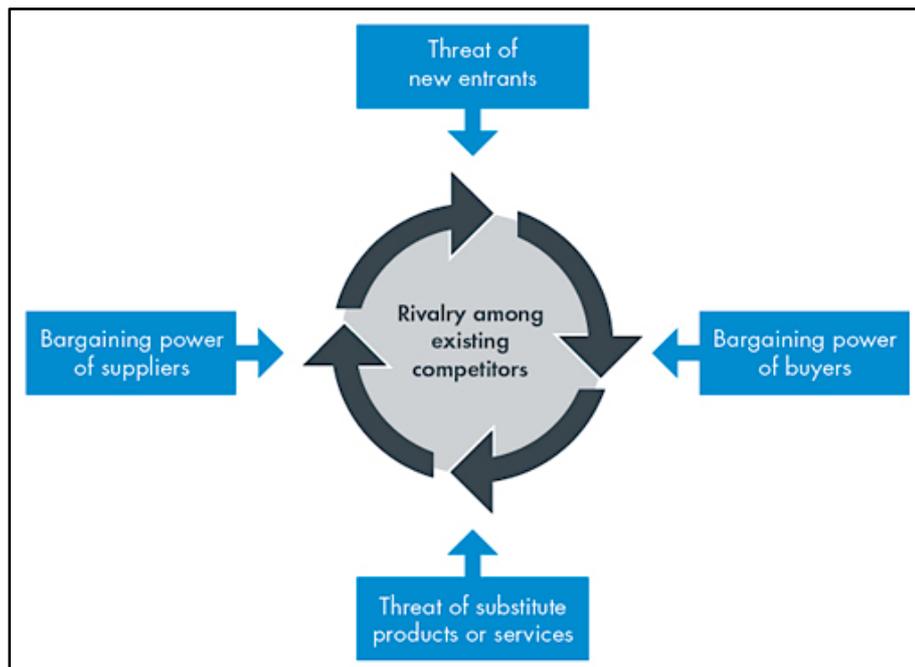


Figure 3. Porter's Five Forces of Competitive Position Analysis (Chartered Global Management Accountant n.d.).

3.2.2 Product and service feasibility analysis

The goal of the product and service feasibility analysis is to examine to what degree the product/service idea appears to the future customers and to study whether this interest will turn into actual future sales or not. To collect such data the entrepreneur may carry out primary or secondary research and might need to construct prototypes, or observe customers interacting with similar products or services. (Scarborough & Cornwall 2016, p. 160.)

3.2.3 Financial feasibility analysis

The financial part of the feasibility analysis broadly studies if the planned business idea can generate sufficient amount of profit. A brief economic feasibility study is enough at this part of the business planning but must include four key aspects:

- Capital requirement: the amount of money needed to start the business
- Estimated revenues: to estimate earnings based on trade statistics and reports
- Time out of cash: to roughly determine the occurring costs and to study if the business will have enough cash to operate before the break-even point

- Return on investment: by combining estimated earnings and capital requirements the entrepreneur can estimate the ROI rate. (Scarborough & Cornwall 2016, pp. 163-164.)

Although these financial calculations are just estimations, they are crucial in the process of making the go/no go decision. Entrepreneurs often get emotionally involved making business decisions, but numbers -even if they are just estimations- never lie.

3.2.4 The entrepreneur or team feasibility analysis

The last and newest aspects of the feasibility analysis is the entrepreneur or team feasibility. The aim of this analysis is to determine the readiness of the entrepreneur and to study if the financial and non-financial needs and aspirations of the entrepreneur or his/her team will be met. For instance, the feasibility study might show that a new bar in town might be profitable, but if the entrepreneur and his team have no experience in customer service and alcoholic beverages, it might not be a good idea to launch it. To analyse the readiness of the entrepreneur he/she might carry out entrepreneurial self-assessments and personality tests. (Scarborough & Cornwall 2016, p. 164.)

3.3 Market segmentation, targeting

3.3.1 Market segmentation

Once a feasibility study indicates a likely profitable market for a business idea, the entrepreneur should take the effort to research and analyse the market. As all customer have different attributes, preferences and purchasing attitudes, it is not possible to appeal to all customers in the same way, therefore market segmentation is necessary. According to Kotler and Armstrong (2015), segmentation is a method used in order to divide large and diverse markets into smaller, more homogeneous segments. These segments can be reached better, with improved effectiveness providing products and services meeting the customers real expectations. There are four key variables used to segment a market: geographic, demographic, psychographic and behavioural. The entrepreneur should use

multiple variables as this way it is more efficient and convenient to clearly define smaller, more homogeneous target groups. (Kotler & Armstrong 2012, p. 213.)

Geographic segmentation means to divide a market based on different geographical units, such as districts, regions, countries, climate conditions or population density. This gives an opportunity for large-scale –countries and even continents, and small-scale –streets and neighbourhoods– segmentation as well. With geographical segmentation the entrepreneur has a chance to localize the product and use different marketing methods. For instance, a chain restaurant can size its facilities and create a localized menu to appear to a local market. This kind of segmentation is clearly visible when one compares a McDonalds in the United States and in Finland. (Kotler & Armstrong 2012, p. 213.)

Demographic segmentation is a mostly used tool to divide the market into customer groups. The basis of the division is variables such as age, gender, family size, life-cycle stage, income, occupation, educational background, religion, ethnicity and nationality. These variables are easier to measure compared to the other key variables which makes them a good framework for segmenting customer groups. Companies often serve different products for the customers with different demographic attributes. For example, a restaurant might promote its new pork sausage for its Finnish customers while advertising a new fish-dish for its Muslim clientele. (Kotler & Armstrong 2012, p. 214.)

Psychographic segmentation breaks down the market based on lifestyle and personality attributes. These variables are hard to measure; while it is easy to define the customers' age and gender, it is much more sophisticated to describe their personalities. A delivery-focused restaurant might have dishes for different lifestyle markets on the same menu: a low-carb vegetable dish for the health-focused buyers and some large-portion comfort food with extra fries for the couch-potato customers. (Kotler & Armstrong 2012, p. 215.)

Behavioural segmentation is based on the customer's knowledge, frequency of usage, their feedback and their attitudes towards a product or service. Behavioural segmentation is often considered as a good starting point when it comes

to segmenting a diverse market. The behavioural variables are purchase occasion, benefits, user status, usage rates and loyalty status. The previously used example also fits this behavioural segmentation: a restaurant might target customer groups based on the benefits they are seeking, for example being healthy. In the restaurant industry occasion segmentation is often used to build-up sales of certain products for special occasions, for instance promoting Aperol Spritz during the hot summer months. (Kotler & Armstrong 2012, p. 216.)

3.3.2 Segment targeting

Once the market is divided into smaller, more homogeneous groups, the entrepreneur must evaluate those segments, focusing on three factors: size and potential growth, the segment's structural attractiveness and the business' own goals and available resources. The entrepreneur might find a large segment with big growth potential, but its business might not have the financial background to reach that market. Therefore, choosing the right sized segments is crucial. The segment's structural attractiveness can be easily understood by using Porter's Five Forces model. For instance, a segment with strong competition, or with a large chance of new entrants is less alluring and likely less profitable compared to more suitably structured segments. (Kotler & Armstrong 2018, p. 222.)

After the segments are reviewed and the best options are chosen, the business must be arranged to reach those segments. There are four different kind of marketing strategies to reach them:

- Undifferentiated, or mass marketing methods focus on what is common in the customer's needs. This method ignores the recognition of differences and unique attributes of customers.
- Differentiated marketing strategy uses different methods and strategies for each different segment, focusing on their unique attributes.
- Concentrated, or niche marketing method is aiming to reach a larger percentage of a smaller, or niche segment. This method is often used by smaller companies with limited resources to reach niche markets which are often ignored by bigger competitors.

- Micromarketing is the narrowest segment targeting method as it focuses on individuals and local, small-sized customer segments. This involves customized and tailored products to meet the unique needs of the customers. Although it has become more accessible with the breakthrough of social media, online shopping and CRM system, it is still considered as a pricey strategy.

(Kotler & Armstrong 2012, pp. 222-226.)

Once these strategies are decided, the business must plan how it will differentiate itself from the competitors, shall position its product on the market, has to decide on the products' competitive advantage and must lay out how it will communicate these benefits to its potential customers on the market. The author refrains himself from describing these procedures as they are not in the focus of this thesis report.

3.4 Available financial sources for entrepreneurs in Finland

In order to launch a new business, financial and/or non-monetary investments are needed. There are various methods of collecting investments and these can be separated into two main categories: debt and equity financing (Hofstrand 2013). Yet the first step for an entrepreneur is to estimate the amount of money needed for the business endeavour. One should consider the following capital needs of any kind of new enterprise:

- Fixed capital, to acquire fixed assets such as real estate or equipment.
- Working capital, for the smooth short-term business operation such as paying for bills, buying raw material, hiring employees.

(Scarborough 2012, p. 471.)

The third kind of capital mostly needed, the growth capital, is not discussed as it is for developing already existing-businesses. The entrepreneur should also consider the costs which must be paid in the early-stages of the business, such as legal fees, and the registration fees of the new company. Once these costs are considered one may choose the most suitable kind of investments for one's business's need. Choosing investments from multiple sources is called layered financing. (Scarborough 2012, p. 472.)

Equity financing stands for those kinds of investments which are not paid back in the traditional way like a loan, but on the other hand, offers an agreed amount of ownership of the business. Equity investors benefit from the share of the profit generated by the enterprise. These investors may or may not be included in the decision-making process, as this depends on the form of investment and on the legal form of the company. (Hofstrand 2013; Scarborough 2012, p. 472.)

Those investments, which must be paid back with interest within a previously agreed time frame are called debt financing investments. Debt financing can be secured –an asset is attached to the loan as a guarantee if the business defaults – or unsecured. The most common debt financing methods are loans from banks or angel investors. Depending on the repayment time-frame, loans can be short-term or long-term. Short term loans are spent to cover current operational costs while long-term loans are often spent on fixed assets. (Hofstrand 2013.)

The most common financing methods for entrepreneurs are personal savings, loans from friends and family, loans from banks or individuals, and start-up grants. Investing personal savings, or other kind of assets such as real estate or machinery is often called risk capital, as the entrepreneur is willing to risk his/her own funds. Personal investments are expected from outside investors, banks and venture capitalist as it reflects commitment and shows that the owner will consider risks more carefully as his/her own money is also at stake. (Hofstrand 2013.)

According to Scarborough (2012), the largest source of external financing is from friends and family. It is important to mention that while only 1% of the bank loans default, this number is 14% for loans originating from family or friends. Such event can destroy personal relationships; hence, it is crucial for an entrepreneur to honestly present the details of his business idea as well as all the risks involved. Investments from friends and family can be loans and paid back, or the owner might sell partial ownership of the business in return. (Scarborough 2012, p.474.)

Loans from banks are a popular form to seek financing for a new enterprise, but it requires more work in order to get up. Most commonly loans are only given for start-up entrepreneurs if a well-written, promising business plan is also presented. As most small-business enterprises require relatively low amount of cash,

loans can be taken from the entrepreneur's own bank account as credit. Loans can be also granted if backed with a real-estate, such as mortgage loans. Although this way one may get a larger loan, the involved risk is much higher, too. (Hofstrand 2013.)

Private investors or businesses offering a loan in exchange of ownership are often called angel investors. As they are often involved in the given industry or geographic area, their main reason is not economical, but to help. This, on the other hand does not mean that angel investors do not 'care' about their investments; their demands are similar to any other kind of venture capitalists. Angel investors regularly invest in the early-stages of the business's lifecycle to catalyse an industry or to improve a geographical area. (Hofstrand 2013; Scarborough 2012, p. 474.)

Small-business grants are an excellent source for any entrepreneur in any industry as they do not have to be paid back and no ownership must be given up. In Finland, for example, the local Employment and Economic Development Office is in charge of reviewing and offering grants for entrepreneurs. Such grant can only be given for full-time entrepreneurs who have prepared a detailed business plan with adequate financial planning attached. A grant is not offered if the business plan projects a steady and reasonable amount of income in the future, or if the new business disturbs the existing industry and the currently competing businesses to *'more than a minor extent'* (Finnish Enterprise Agency 2018, p. 23). This year, the grant provided by the Employment and Economic Development Office is €32.80/day, for a maximum of five days in a week. The grant can be paid for a maximum of one year. There are many local, regional and international grants for different purposes, but they vary by availability and target industry, too. (Finnish Enterprise Agency 2018, p. 22.)

The author did not present certain financing methods as they are not suitable or available for small-business entrepreneurs. For instance, such methods are public stock offerings or margin loans from stock brokerage houses. (Scarborough 2012, p. 514.)

3.5 Enterprise forms in Finland

A critical decision an entrepreneur must make is to choose the form of enterprise to launch his or her business idea. This must be a well-planned and researched choice as the legal form of the company effects multiple aspects of the future business such as the liability of the entrepreneur, the form of taxation, the procedures on documentation as well as the future company's management structure. In Finland, one can choose from four different kind of enterprises which are private trader, partnerships, limited liability companies and co-operatives. The registration of a new company can be done by paperwork and in some cases online, with the Finnish Trade Register who is the supervising governmental agency in charge. (Finnish Enterprise Agency 2018, pp. 44-54.)

A private trader -who must be a permanent resident of the European Economic Area- operates the business on his/her own or with his/her spouse, but the company is registered under only one name. Such business does not have a Board of Directors and the entrepreneur is fully responsible for all aspect of the business. This includes full financial liability on the business's loans. It is not a must for the entrepreneur to invest any assets in the business, and taxes are only paid once in a year. The owner might withdraw money from the business for personal use at any time, but personal and company finance must be handled and documented separately, using bookkeeping procedures. It is a must to notify the regulating agency if one becomes a private trader, but registration is mandatory only if the business operation requires a permit, if it has an office outside of the trader's home, if it employs non-family members or wants to protect the enterprise's name. The registration in the year of 2018 cost €75 if done online, and €110 on paper. (Finnish Enterprise Agency 2018, p. 44.)

In order to establish a partnership one need's at least two partners which can be real persons or legal entities such as an enterprise or organization. At least one of the partners has to be a permanent resident of the European Economic Area. There are two kind of partnerships: general and limited. In a general partnership no monetary investment is needed, the work carried out by the partners suffices. Partners are equally liable for the business' commitments, and they make business decisions together -unless previous agreement has been made. On the

other hand, in a limited partnership there are two kind of partners: active and silent; and each type must be present in the enterprise. Active partners have the same rights and liabilities as in a general partnership, while silent partners must invest money or other assets and only receive interest on it. Silent partners are not allowed in the decision-making process and they are not financially liable for the company's decisions, unless previous agreement was made. The cost of creating a general or limited partnership is €240. (Finnish Enterprise Agency 2018, p. 45.)

Limited Liability Companies (LLC) – Oy in Finnish – can be established by one or more person or legal entities such as organizations. The minimum starting capital is €2,500, which is registered as shares. There is no regulation regarding the living residency of the shareholders, hence LLCs can be registered by non-EEA residents as well. The shareholders are financially liable only to the extent of the capital invested. LLCs must have a Board of Directors, and this board may elect a Managing Director for the company to. Before registration, the shareholders must prepare the Memorandum of Association, which is a document containing details about the company's name, list of shareholders, the distribution and value of shares. Registering an LLC in Finland costs €330 if done online, and €380 on paper forms. The author did not discuss public limited liability companies, whose shares are publicly traded on stock markets, as the requirements are often burdensome for small or medium enterprise entrepreneur. (Finnish Enterprise Agency 2018, pp. 46-48)

Co-operatives are the most flexible form of businesses in Finland as the members can continuously come or leave depending on the co-operative's activities. It can be established by one or more individuals or legal entities. Co-operatives have participation shares, which might or might not have a monetary value. Should a member leave, he/she gets his or her contribution back. All members have an equal vote in the decision-making process and they elect a board. This board manages and represents the co-operative. Members are financially liable only to the extent of their participation shares. Profit or any kind of surplus belongs to the co-operative, but creating a surplus is not a main goal. Just like with LLCs, a Memorandum of Association must be written before registering. Establishing a

co-operation is suitable for those who represent the same belief or goal and are equally committed to the cause. Excellent team-balance, understanding and empathy is a must as business matters, internal and external policies and duties are designed and carried out together and in an equal manner. Registration of a co-operation costs €380 and must be done in paper form. (Finnish Enterprise Agency 2018, p. 49.)

3.6 Defining vision and mission statements

A company's vision statement represents what the entrepreneur and his team's core values and their beliefs are; it is like the business' guiding star. It should focus the staff's attention towards the same direction while providing inspiration, too. A good vision statement is future oriented, provides direction, gives an ideological background for the decision-making process as well as helps to overcome present obstacles. To define the vision statement of the company, a good start for a first-time entrepreneur is to envision his successful business in a foreseeable future, for instance in five to ten years. (Scarborough & Cornwall 2016, pp. 198-199.)

While the vision statement portrays the future, the mission statement of a company describes the present. A well-written mission statement ought to be less than 100 words and two sentences and should answer at least the following questions:

- What does the business aim to achieve? How does it plan to do that?
- Who are the primary customers?
- What are the products and services the business offers?

(Scarborough & Cornwall 2016, pp. 200-201.)

Restaurant mission statements often include the geographical location of the establishment. Mission statements does not have to sound catchy, but it must motivate employees through the monotonous operational days. Mission statements can be internal only, but they can serve as a promotional tool as well. (Lynn 2009, p. 22.)

4 Typical elements of a restaurant's business plan

In this chapter the author will present the key and most common elements of a restaurant's business plan. The length of the business plan, along with the degree of details depends on the size of the project, yet it should be limited between 10 to 20 pages. This forces the entrepreneur to communicate succinctly, without missing important aspects. The design, length and how well it is written greatly effect the success of the business plan. (Scarborough & Cornwall 2016, p. 181.)

Depending on by whom the business plan will be read, it can emphasise elements slightly differently, while not changing the key information. For instance, debt investors look for a solid business plan which ensures the safe monthly loan repayments, while equity investors prefer growth and therefore higher returns on their shares. (Davis, Lockwood, Alcott & Pantelidis 2018, p. 100.)

The business plan should always start with a cover page, which should include the name of the business, its logo, the contact details of the entrepreneur as well as the proposed, or existing address of the restaurant. It is recommended to attach a table of contents to the business plan on the second page for easier navigation. (Walker 2011, p. 418.)

4.1 Executive summary

The executive summary is the synopsis of the whole business plan and should not be longer than a page. It should include all essential information such as the business form, the business' products or services, its unique selling point with the problem it will solve. It must briefly describe the growth potential along with the financial requirements. The goal of the executive summary is to catch the attention of the often overloaded and busy investors and decision makers and to hook them into the plan. The executive summary should answer the reader's question: What is it in for me? How do I benefit from this? It is recommended to write the executive summary last in order to ensure everything is included form the business plan. (Davis et al. 2018, p. 101; Scarborough & Cornwall 2016, p. 181.)

4.2 Business description

This segment should describe the basic facts about the restaurant: the restaurant's concept and the products it is serving, the restaurateur's vision and mission statements, the enterprise's legal structure and a time-line or Gantt chart with the key future events. The timeline should explain how long it will take until the restaurant will be ready to open. This chapter should also include matters regarding the management team: information on the entrepreneur and his/her team's professional background – with resumes if required – and a description on the organizational structure. This might be important to bring the investors on board. (Davis et al. 2018, pp. 101-102.)

4.3 Products, services and required licences

Here, the entrepreneur should present the product line of the restaurant, with descriptions easily understandable for those not familiar with the culinary jargon. It should include a pro forma menu with prices, and pictures if the concept of a dish is rather unusual, for better recognition. The chapter should describe the services -if any- as well, such as delivery or catering options. Additionally, the section should explain how the customer will benefit from the business and not just the features of the products. This segment should also include information on all required licences and permits, such as licence to sell alcohol, or permit to sell food products from the public health department. (Scarborough & Cornwall 2016, p. 182.)

4.4 Industry and market analysis

In this segment the entrepreneur may reuse information from the previously carried out feasibility analysis. The chapter should describe the business and industry profile, as well as the physical location of the future restaurant. It should include information about the local market, local and industry trends, industry sales figures, a competitor analysis and the recognized threats of the business. The best way to collect all this information is to carry out a SWOT –strengths, weaknesses, opportunities and threats– and/or a PESTEL –political, economic, social, technological, environmental, legal– analysis. The earlier studies the strengths, weaknesses, opportunities and threats of the organization's internal

and external operation from a marketing planning process' point of view. On the other hand, the PESTEL analysis focuses only on the external circumstances of the business: political climate, economic issues, social, technological, environmental and legal matters are part of this analysis. The cumulated knowledge through these analyses will be useful not only for the business plan but can support future decision making, too. (Davis et al. 2018, pp. 101-102.)

4.5 Pricing strategy

By the time the entrepreneur writes the business plan for a restaurant s/he should be aware of the occurring costs of daily operation, especially how much it costs to produce each dish. This must include all fixed and variable costs for example raw material costs, employee wages, rent and marketing spending. To determine prices for the dishes is not just about cost, though, it is also about the image the restaurant would like to communicate for its customers. Prices represent elements of the business' value proposition such as quality and value. In this chapter the entrepreneur should describe the intended strategy for pricing and might include data on the cost structure of the business. One should also explain why the customers would pay for the product, how sensitive they are for price changes and how the planned prices compare to the key competitor's pricing. (Scarborough & Cornwall 2016, p. 186, p. 401.)

The following are the most common pricing methods within the food service industry:

- Competition pricing: to reflect the prices of the key competitors. This is not a recommended strategy as one cannot be aware of the competitors' profit margins. Additionally, competing with prices is not considered as a good marketing strategy, and can have a negative effect on public image, too.
- Cost plus pricing: with this method once the entrepreneur calculated the food cost for each item s/he just adds or multiplies a markup on the number. This can be a certain amount or percentage, too. It is useful when there are only a few occurring costs on the product, such as bottled sodas.
- Rate of return pricing: This pricing method is based on the amount of investment and the required annual return. This will show the budgeted

profit, which can be used to build a pricing strategy backwards, from bottom-to-top.

- Elasticity pricing: This pricing method takes into account the price sensitivity of the market. For example, a popular unit of a chain restaurant can set lower prices in areas where the demand is high, while set higher prices on low-demand areas.
- Backward pricing: This method is based on the price the customers are willing to pay. Only used occasionally in the restaurant business as it does not consider occurring costs.
- Prime cost: this strategy considers not only the food cost, but the manufacturing cost and manufacturing overhead as well. This is the most precise pricing method but requires a wide range of highly realistic past data on costs, therefore it is not quite suitable for restaurant without operational history.

(Davis et al. 2018, pp. 135-139.)

4.6 Marketing strategy

An important part of a business plan is to prove the need for the product or service and the potential future customers' interest with reliable data. A customer-targeted marketing research must be carried out in advance to provide this numerical information in order to confirm the market's interest, size and the market segment's willingness to purchase. The entrepreneur must also plan how the new business wishes to enter the market, win customers over from competitors or how it will differentiate itself from the competing businesses. (Scarborough & Cornwall 2016, p. 184.)

Small business owners often hold multiple positions within their enterprise and they are likely to be responsible for marketing, too, at least in the early stages of the business. With the breakthrough of advertising through social media, entrepreneurs are able to advertise their product, communicate their competitive advantages as well as their values, vision or everyday happenings from their business. Free tools like Facebook Insights and Google Analytics provide them numerical data on the business' online promotional activities, hence the success

or failure of certain posts are easy to track. (Scarborough & Cornwall 2016, pp. 319-320.)

Regardless of the channel the entrepreneur uses, objectives –which ought to be in line with the business goals as well – and expected results must be set alongside with a delivery plan. All these should be presented in chronological order for easier understanding, and additionally, these guidelines will be useful in the future for the entrepreneur, too. (Scarborough & Cornwall 2016, p. 184.)

4.7 Operations

A description of operation should feature the key aspects and requirements of the smooth day-to-day operation. For a small-sized restaurant this should include the following:

- defining the service style: table or counter service,
- the food production plan with a preliminary kitchen layout,
- dry and refrigerated storage space requirements,
- a plan regarding human resources such as number of employees needed, their skills levels, their employment benefits,
- preliminary list of whole-sale retail partners,
- a plan for handling customer feedbacks and complaints,
- and a strategy for waste management.

(Davis et al. 2018, p. 102; Scarborough & Cornwall 2016, p. 187.)

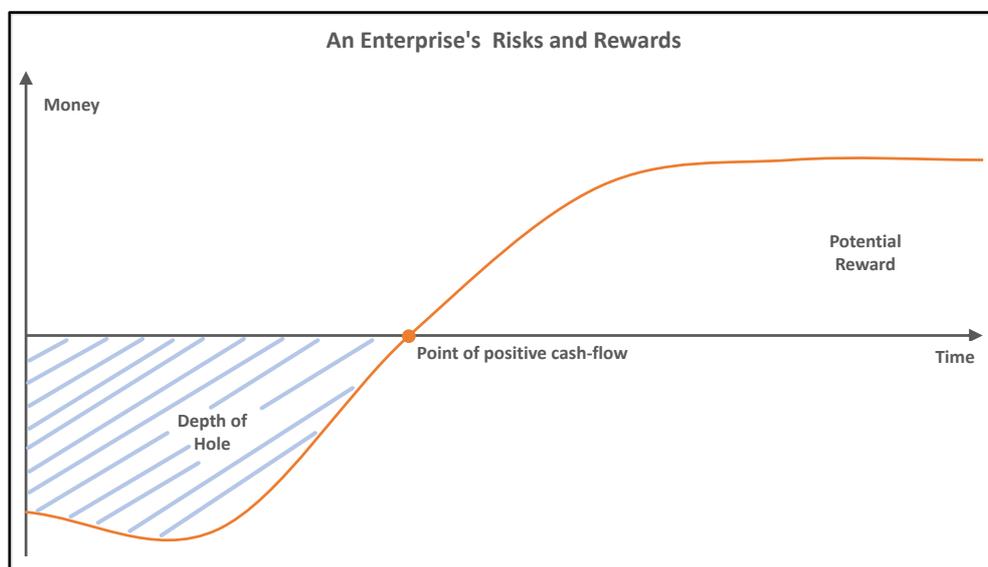
4.8 Financial projections, investment proposal and setting KPIs

The most important part of any business plan is the section where the entrepreneur presents how much and why lenders should invest through a series of predicted – also known as pro-forma – financial statements and investment proposals.

The investment or loan proposal is where the business owner describes the purpose of the required investment or loan, the amount needed and how it will be used. To support the capital investment proposal the entrepreneur might attach

relevant data, for instance raw material costs from whole-sale vendors or equipment prices from retailers. The entrepreneur is recommended to include a realistic debt capital repayment schedule in chronological order along with an exit strategy for the investors. The business plan should present all different sources of financing, including the owner's equity; this indicates transparency as well as proves the entrepreneur's commitment. (Scarborough & Cornwall 2016, p. 188.)

The potential investors' risk and rewards can be presented via a graph, similar to one in Figure 3. below. The orange line represents the business' cashflow while the area marked with blue lines –also called as Depth of Hole – shows the investors the money needed and the point when the business has a positive cashflow.



Graph 1. An Enterprise's Risks and Rewards. Author's graph based on Sahlman's publication. (Sahlman 1997, pp. 98-108.)

To prove that the business is viable and worthy for investments, the entrepreneur must include the following pro-forma financial statements for the upcoming five years: cash-flow analysis, a pro-forma income statement and a break-even analysis. It is recommended to include a pro-forma balance sheet as well. As markets and industries are unpredictable, it is recommended that the entrepreneur prepares two kinds of forecasts: one for optimistic and the other for pessimistic future market conditions. (Scarborough & Cornwall 2016, p. 187 & 429.)

According to Scarborough and Cornwall, it is suggested for the entrepreneur to include a statement of assumptions along with the financial projections. This presents the information on which the business owners built those forecasts and assumptions. Any prediction made by the entrepreneur must be realistic: this gives credibility and prevents the entrepreneur from overestimating growth and sales. (Scarborough & Cornwall 2016, p. 187.)

Before the business sets off it might be useful for the entrepreneur to decide on future performance measurements tools, also known as Key Performance Indicators or KPIs for short. By monitoring chosen KPIs, the restaurateur can see which parts of the operation are successful and which areas need more attention. This can prevent small problems to escalate further and can support decision making as well. The non-restaurant industry specific KPIs which are often used for benchmarking are for instance Cash Flow, Total Number of Visitors, Sum of Accounts Receivable, Sum of Accounts Payable and Labour Cost. (Ancill 2016.)

According to Ancill (2016) and Austin (2016), the most common restaurant-industry key performance indicators are the following:

- Food Cost %: this calculates how many percent of the sales are spent on making food items. It is important to keep in mind that this KPI does not take wastage, manager-given discounts and complimentary items into account.
$$FC\% = (\text{Beginning Inventory} + \text{Purchases} - \text{Ending Inventory}) / \text{Sales}$$
- Prime Cost: this KPI shows how much it costs to operate the restaurant from the total cost of goods sold and the total labour's point of view.
$$\text{Prime Cost} = \text{Total Cost of Goods Sold} + \text{Total Labour}$$
- Stock Value: this presents the total available stock on inventory. It is important as large inventory indicates bad cash-flow management technics.
- Revenue Per Available Seat Hour (RevPASH): this KPI shows how much revenue is generated by each seat in each hour. This can help the entrepreneur to optimize staff rota as well as to improve table usage.
$$\text{REVPASH} = \text{Revenue} / (\text{Available Seats} * \text{Total Open Hours})$$
- Retention Rate: Winning over new customers costs 6-7 times more than keeping an old guest, therefore monitoring retention rate is important for a

restaurateur. It shows how many percent of the customers is returning. Although it is a great tool, to gather the relevant data can be difficult. Retention Rate = $[(\text{Total customers at end of period} - \text{Total new customers acquired during the period}) \div \text{total customers in the beginning}] * 100$ (Ancill 2016; Austin 2016.)

4.9 Threat analysis

Threats recognized by the SWOT analysis and any other possible risk factors must be listed here. This shows the entrepreneur's preparedness, honesty and the fact that s/he has procedures to prevent or respond to them. A risk analysis also informs the investors before they make a commitment. Once the threats are identified, they must be analyzed, addressed and all possible measures must be taken in order to prevent them. Such actions are for instance having insurance covering employees, equipment and real estate as well as to have a contingency plan for emergencies. (Institute of Risk Management n.d.; Davis et al. 2018, p. 103.)

4.10 Appendices

Here the entrepreneur should attach all additional material which one finds suitable to support the business plan. In a case of a small restaurant, this, for example, can be the results of the exploratory market research, a preliminary menu sample, technical details about any unique kitchen equipment, the business' licences, prototypes of the advertisements and the entrepreneur's resume and reference letters. (Davis et al. 2018, p. 103.)

5 Business plan for a crêpe bistro in Finland

5.1 Business description

Chill Café & Crêpe is a small new bistro in Lappeenranta offering affordable and unique comfort food in a form of French crêpes at a great value for anyone looking for a new taste in the massive crowd of pizzerias and kebab places. The vision is to enrich the local and regional comfort food market and to provide a laid-back and comfortable place for breakfast, brunch, lunch and dinner for get-togethers,

meetings and romantic dates. The entrepreneur's short-term goal is to create a well-known and liked, steadily profitable bistro appreciated by the local community. The business's long-term objective is to establish a chain of multiple bistros throughout South-Karelia featuring a loyalty program, mobile app and food delivery.

The bistro's menu will consist a maximum of fifteen different kinds of sweet and savoury paper-thin French-style crêpes. The menu will be adjusted every three months featuring seasonal ingredients and flavours. There will be many choices for customers following lactose-free or gluten-free diet as well as dishes suitable for vegetarians and vegans. The bistro will carry a great selection of coffee-based beverages and teas along with chilled non-alcoholic beverages.

The business is scheduled to open in the late summer/early autumn of 2019 in a form of a limited liability company. It will be established by the author, who would own 100% of the company's shares. The goal is to find a suitable location in the town of Lappeenranta by mid-summer and do the redesign and necessary construction work in two months. The ideal location would have functioned as a small restaurant or café before, as these real estates have the necessary fixtures, furniture, electrical outlets, ventilation system and air ducts already in place.

Chill Café & Crêpe will be owned and managed by the author, who will also work full-time in the establishment. Pal Hodosi, has worked for 4 years in several restaurants in many different countries and held multiple positions ranging from assistant waiter to headwaiter. He is currently finishing his bachelor's degree in hospitality management at Saimaa University of Applied Sciences. The author will hire a full-time employee with experience in the food-service industry, preferably with culinary education background and interest. Later on, with a growing popularity, there will be a need for another, part-time employee as well. The author is aiming to have a horizontal organizational structure within the enterprise in order to promote innovation, teamwork and to increase employee satisfaction, too.

5.2 Products, services and required licences

Chill Café & Crêpe's main product will be French-style crêpes, with sweet and savoury fillings. There will be 13 different options for crêpes and most of them will be available for people with special dietary restrictions such as gluten-free, milk-free or vegan at no extra charge. The café would serve espresso-based coffee drinks, leaf-teas, hot chocolate and cold, home-made non-alcoholic beverages. The fillings we offer are the following:

- different meat products: salmon, ham, chicken, salami
- vegetables and mushrooms: spinach, red onion, jalapeno pepper, mushrooms, sun-dried tomatoes, chickpeas, corn
- cheeses: edam, ricotta, mozzarella, brie, feta, cottage
- sweet fillings such as Nutella, peanut butter, whipped cream, dark chocolate sauce, vanilla custard, jam, marmalade.

The batter – which the crêpes are made from – will be based on flour (regular all-purpose and buckwheat), egg or egg substitutes, regular or non-dairy milk, sugar and salt. Buckwheat flour is the traditional ingredient of savoury crêpes, it is rich in fibre, minerals and it is naturally gluten-free. All the ingredients are easily available in the Finnish market through whole-sale suppliers.

Opening a food business in Finland does not require an inspection before opening but the municipal food control authority must be notified in advance, free of charge. Employees also must have Hygiene Passport and a negative salmonella test. As there will be background music in the café, licence fee must be paid through www.musiikkiluvat.fi. There is no other licence or permit needed as the café does not intend to sell alcohol.

The preliminary food and beverage menu with prices can be seen in Appendix 1.

5.3 Industry and market analysis

5.3.1 Brief overview of the comfort food market of Lappeenranta

Based on the author's observation and desk research, the local comfort food market in Lappeenranta is very similar to the other parts of the non-capital area of

Finland. The choices are mostly limited to pizza, kebab, sushi and sausages. Although there is some unique cuisine available such as Mexican fast food operated by Hesburger in IsoKristiina, there is a great lack of diversity.

5.3.2 Industry analysis

The annual turnover of the Finnish food and beverage industry has continuously grown since 2008 (Statista 2018). By looking at the number of fast-food/comfort food places in the country one can see how popular they are. For instance, only Kotipizza and Hesburger have more than 270 location, each (Alternative Finland 2013). There is also a large number of domestic and international chains present on the market, along with hundreds of individually run small restaurants, pizzas, kebab places, sausage kiosks and ethnic diners. The fast/comfort food industry is highly saturated, but the author believes there is a strong chance for Chill Café & Crêpe on the market with its competitive advantage. That is the fact that there is only a handful of food establishments primary serving crêpes in Finland, and all of them are located in the three big towns: Helsinki, Tampere, Turku.

Below in Table 1. the author presents the results of the PESTEL analysis.

	Opportunities	Threats
Political	The stable political environment and the lack of regular changes in the tax laws helps forecasting and planning.	Embargo on Russian products may increase the price of buckwheat flour.
Economic	Slow but steady income growth and increasing employment rates. Increasing international tourism in South Karelia. Saimaa UAS' Linnala campus moving to Lappeenranta results in more students in the town.	Volatile Rubel rates strongly correlates with the Russian shopping tourist' buying power. Strong competition from chain coffee and doughnut shops. An upcoming global financial crisis can eradicate the buying power of both domestic and international customers.
Social	Increased awareness on food allergies and following special diets like veganism can improve	Increasing number of coffee shops and restaurants in IsoKristiina shopping mall.

	sales as the business offers meals for them.	Shoppers choose those as they are more convenient. Home delivery is more popular, restaurants offering such option can have an extra source of income, as well as increased revenue security.
Technological	Social media and internet marketing provide a great tool to reach very specific target markets on a budget.	Fake or purposely-false online reviews can badly affect sales, close monitoring is a must on these channels
Environmental	Increasing awareness on plastic waste reduction. By choosing environmental-friendly materials the business might gain new customers. Increasing awareness of food wastage. By joining ResQ Club, the business can minimize food wastage as well as reach new customers.	Environmental-friendly packaging materials are more expensive and can negatively affect profit margins.
Legal	Stable legislation and the support of new entrepreneurs in Finland can improve the chance of success.	Changes in VAT legislation. Employment laws and regulation changes promoted by the trade unions.

Table 1. PESTEL analysis.

5.3.3 Competitors analysis

The key competitors of the business would be any food and beverage establishment offering a meal at around €10. This includes non-chain pizzerias, kebab kiosks, sausage stands, ethnic restaurants as well as coffeeshops with a selection of basic cold and hot dishes.

5.3.4 Defining target market

The target market consists a wide range of locals as well as tourists visiting the Lappeenranta region. The key aspects of the target market who will be the most likely customers:

- living in the Lappeenranta region, as well as tourists staying for one or more days mostly but not solely from Russia,
- open minded, interested and willing to try different cuisines and dishes,
- regularly eats out and can afford an average €15 bill.

5.3.5 Target segments

Below the author will present some personas of the business' target segments.

- Sofia: a 15-year-old Finnish girl currently studying in high school. She has no income on her own, and lives on a budget provided by her parents. Enjoys going out to cafés to socialize with her friends. She prefers price over quality. Uses Instagram to find new places and to share life-events and has a lot of free time.
- Igor: a 34-year-old Russian male from the Saint-Petersburg area. Visits Lappeenranta a few times in a month for shopping purposes. Has an above- average disposable income –compared to other Russian citizens– . Collects information on VK and Facebook groups in regards of happenings and new restaurants in town. Igor has a limited time, but he likes to try new places, flavours and quality dishes with his spouse.
- Tapio: a Finnish business man in his late forties from the Lappeenranta region. Has a very limited time but large amount of disposable income. Prefers eating out multiple times a week and enjoys trying out new, quality places with his wife. Collects dining ideas from good friends.
- Mirja: a single Finnish lady in her thirties working as an office administrator in Lappeenranta. She chooses to eat out for lunch once or twice in a week. Uses Instagram daily and has a moderate disposable income. Likes to try new restaurants and enjoys international dishes in her 45-minute lunch break.
- Sebastian: student on exchange from Germany studying in Lappeenranta University of Technology. Enjoys going out with his international friends to socialize and to try new dishes. He has a limited budget and a moderate amount of free time. Uses Facebook and Tripadvisor to collect ideas for eating out.

5.4 Pricing strategy

The prices of Chill Café & Crêpe are based on the cost-plus pricing method. The raw material cost has been calculated for each item on the menu and a mark-up has been added. In order to avoid a wide price range, as well as to have roughly the same amount of profit margin on each dish there are items which are slightly under-priced –such as meals with salmon or Nutella–, and there are items which are slightly overpriced –such as crêpes filled with chicken–. This way, food cost is between 25-50% on each dish. Items with higher food cost ratio have somewhat lower prices, making them more affordable for customers, while the most popular items maintain their sales numbers and still generate decent profit. The pricing method can be adjusted or changed after a few months of operation based on the Point-of-Sale reports on item popularity.

Although the author does not aim to compete with prices but with the uniqueness of the product, his goal is to keep the prices under €10. There is a psychological barrier in the Finnish customers' mind, where they consider choosing comfort-food items under or around this limit. This can be seen almost everywhere in Finland by observing the prices of pizzerias, kebab joints, lunch-menu prices, etc. The customers are somewhat price-sensitive when it comes to comfort food, but there is a segment which is definitely willing to pay a few more Euros for a special product or quality.

The prices of Chill Café & Crêpe are similar or slightly above the prices of its competitors. The author would like to emphasise that the business does not aim to compete with its prices, rather with its product and customer service.

5.5 Marketing strategy

The business' budget for marketing campaigns and promotions is rather limited, therefore Chill Café & Crêpe aims to reach its target audience mostly on free-to-use social media channels and its webpage. The emphasis will be on Instagram, by sharing pictures of dishes, ingredients, preparation methods and behind-the-scene happenings. Facebook will be used as a general information source, to share stories from the staff and to activate the audience by asking their opinions on dishes and current topics. It will be actively used to manage feedbacks and

reviews. There will be a VK page created in order to provide basic information, such as location, opening times, menu, and contact details for customers arriving from Russia. The website will contain all required and necessary information regarding the business, along with pictures and the menu in Finnish, English and Russian. The author will set-up the business' location on Google Maps to prevent fraud and to be able to have sole access to change information and to answer feedbacks. For the same purposes the business will also set up its own TripAdvisor page.

The business will not actively advertise on Facebook in the first period engaging in a soft opening. Such action allows the entrepreneur to collect early-adopters' feedback and to take corrective actions in a timely manner while operating on a sub-optimal level. After the first few months of operation, should the business lack sales the entrepreneur will utilize heavily segmented paid Facebook advertisements on its target market.

The marketing goals of Chill Café & Crêpe are to have a follower base of 2,000 people both on Facebook and Instagram, an average organic reach of 300 and an average 40 engagements per posts within one year of opening. The website should attract 1,800 unique visitors per month. These numbers can be monitored via Facebook's analytical tool called Insights, via a free online tool called SimplyMeasured for Instagram metrics as well as via Google Analytics on the website.

5.6 Operations

5.6.1 Location

Chill Café & Crêpe is still looking for the most suitable location for its operation, but research has been carried out on the details. The real estate should be sized between 150-200m², which includes customer, food preparation, storage and staff area as well. This size allows 30 seats, and enough space for the smooth operation.

The place should be a former food service location, so pricey installation processes can be avoided. It should be equipped with air-ducts and ventilation system, as well as food-operation sized electrical fuses. Preferably, the location is situated in the city centre or in an area with high foot traffic, for instance in the university district.

Monthly rent for locations meeting with the above-mentioned criteria are starting at around €1,000/month in South-Karelian towns like Imatra and Lappeenranta, but they often lack foot-traffic as well as they are hard-to-reach on foot or public transport. More suitable real estates on main or close-to-main streets are more likely to start from €1,500/month.

Based on studying online real-estate postings to rent the author will calculate with three different prices for rent: €1,500, €2,000 and €2,500/month, assuming three theoretical locations. The financial calculations consider the fact that pricier locations improve the sales by 5% compared to a location one price-grade lower.

5.6.2 Facility requirements and necessary equipment

The chosen location must have a history as a restaurant, café or any kind of food service establishment, so an expensive renovation and reconstruction can be avoided. Preferably, the place would have an open kitchen where customers can see how crêpes are fried and filled. The author would prefer a location with 30 or fewer seats in order to keep the interior cosy as well as to control the rent expenses. Walk-in fridge is not needed, but a dry storage is a must to store ingredients such as flour, sugar or jams. At least two full-size fridges will be needed to store items such as milk, eggs and cold cuts under temperature control. A medium-sized freezer will also be needed to store frozen ingredients such as spinach.

The equipment required for a smooth operation is rather simple and available from any kind of professional kitchen-appliance store or web shop. These items are for instance plates, utensils, storage boxes, metal containers, electric mixers, etc. The only kitchen equipment which is considered special is the hot-plates designed specifically for professional crêpe-production. Electric crêpe makers were chosen over gas-heated ones for safety and comfort reasons. Such equipment is

priced between €800 - €1,500, depending on plate diameter, heating power, and quality. In Figure 3. the author presents a two-plate electric crêpe maker aimed for industrial use as an example. Most sellers include the wooden spatulas and cleaning tools in the package as well. These machines are not so common in Finland therefore their purchase must be done online from Germany or any other European countries.



Figure 4. An electrical crêpe maker machine with two plates (Amazon.de n.d).

5.6.3 Matters of human resources

Assuming a smaller sized facility location with 30 seats, the business will need two full time staff in the beginning of operation. One would work opening schedule until early afternoon while the other would start noontime and finish one hour after closing time. The opening times are strongly depending on the chosen location, hence the staff schedules, too. Once the soft-lunch period ends and the business gets into full operational mode, a third, part-time employee will be hired to support the lunch - early afternoon rush as well as to provide an opportunity for the two full-time workers to take their days off.

5.6.4 Service style, food production plan

Chill Café & Crêpe will operate with a counter service – table delivery service method. This means, that customers order and pay upon arrival to the restaurant and then take a seat. The personnel behind the counter delivers firstly their hot or cold beverage and once their order is up, their meals to their table.

Although the batter for the crêpes is made early morning, orders are prepared on an on-order basis. Once the order is placed into the Point-of-Sales – POS – system by the staff member behind the counter, the POS terminal prints a copy to the kitchen worker who then prepares the meals. The kitchen is equipped with two hot plates uniquely designed for making crêpes. One will be used to fry the batter on a higher heat while the other one will be used on a lower temperature to temporarily store and fill the ready-made crêpes. Should a mechanical error occur the business can still operate with one hot place, although in a much slower way.

5.6.5 Suppliers

The business has chosen Kespro as its main ingredient supplier. They offer free delivery above certain size of orders, have an extremely wide selection on all food items and they are specialized in supplying the Hotel-Restaurant-Catering industry. As relying only on one supplier is risky, the Metro wholesale chain was chosen as a secondary, back-up solution. Orders are planned to be placed twice a week in order to maintain a minimum necessary inventory.

5.6.6 Waste management

The business will follow waste separation procedures required by Finnish laws. Appropriate garbage disposals will be placed on both staff and guest area. Garbage collection schedule and periodicity will be set twice a week at the beginning of operation and adjusted later on based on past sales data.

5.7 Financial projections

5.7.1 Capital required

In Table 2. below the author presents all occurring costs and expenses in order to start Chill Café & Crêpe. The chosen company form – LLC or OY – will be registered online, as it is cheaper and more convenient. Since there is a wide selection of second-hand restaurant equipment on online marketplaces like tori.fi the author decided to buy many things used.

The founding capital of the business will be based on the author's equity – €20,000 – and the rest with a family loan. The family lender provides very generous conditions as it must be paid back only in 8 years, at the author's convenience.

The table includes the first three months' major operating costs as well, such as wages, utility bills, insurance, licensing fees and rent. This allows the business the opportunity for a soft launch and to establish a safe cash-flow. The total required investment needed depending on the chosen location are the following:

- location with €1,500/month rent: €36,487,
- location with €2,000/month rent: €37,987,
- location with €2,500/month rent: €39,487.

Required Total Investments	Assumed Rent: €1500	Assumed Rent: €2000	Assumed Rent: €2500
Required assets	€14,875	€14,875	€14,875
Kitchen supplies i.e. pans, pots, trays, utensils /used/	€2,250	€2,250	€2,250
Tables and chairs /used/	€2,600	€2,600	€2,600
Starting cash in bank	€1,500	€1,500	€1,500
Fridges /used/	€1,300	€1,300	€1,300
Starting raw material inventory	€1,200	€1,200	€1,200
Electric crepe maker with 2 plates	€1,200	€1,200	€1,200
Coffee machines	€900	€900	€900
China, glass and silverware and paper napkins	€1,000	€1,000	€1,000
Freezer /used/	€600	€600	€600
Industrial dishwasher /used/	€700	€700	€700
POS touchscreen computer and order printer/used/	€500	€500	€500
Stove /used/	€300	€300	€300
Shelves /used/	€250	€250	€250
Decoration and miscellaneous	€150	€150	€150
Cleaning tools and chemicals	€150	€150	€150
Cash register and card terminal /used/	€125	€125	€125
Sound system	€100	€100	€100
Unique T-shirts for staff	€50	€50	€50
Initial Expenses	€21,612	€23,112	€24,612
First three months' salaries for two staff	€13,800	€13,800	€13,800
First three months' rent	€4,500	€6,000	€7,500
Reconstruction and redesign of rental property	€1,500	€1,500	€1,500
First three months' of utility bills	€825	€825	€825
Establishing Oy enterprise	€330	€330	€330
First three months' insurance	€270	€270	€270
First three months' music playing licence	€132	€132	€132
Licences and certificates	€100	€100	€100
Printing menus	€80	€80	€80
Website domain, hosting and logo design	€75	€75	€75
Total investment needed	€36,487	€37,987	€39,487

Table 2. Required total investments

5.7.2 Sales projections

In Table 3. the author presents the first year's projected sales assuming a soft-opening for three possible physical locations. As mentioned earlier, the higher the rent price the higher the sales are, as they are situated better. The monthly revenue builds up to an optimal level by March 2020. During the summer months the author projected lower sales considering people going on vacations and not attending school.

Assumed Rent: €1500	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Food Sales	€ 1,408	€ 3,098	€ 4,646	€ 6,336	€ 8,166	€ 9,434	€ 11,264	€ 11,546	€ 9,997	€ 8,730	€ 7,322	€ 7,322
Beverage Sales	€ 484	€ 1,065	€ 1,597	€ 2,178	€ 2,807	€ 3,243	€ 3,872	€ 3,969	€ 3,436	€ 3,001	€ 2,517	€ 2,517
Total Sales	€ 1,892	€ 4,162	€ 6,244	€ 8,514	€ 10,974	€ 12,676	€ 15,136	€ 15,514	€ 13,433	€ 11,730	€ 9,838	€ 9,838

Assumed Rent: €2000	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Food Sales	€ 1,478	€ 3,252	€ 4,879	€ 6,653	€ 8,575	€ 9,905	€ 11,827	€ 12,123	€ 10,497	€ 9,166	€ 7,688	€ 7,688
Beverage Sales	€ 508	€ 1,118	€ 1,677	€ 2,287	€ 2,948	€ 3,405	€ 4,066	€ 4,167	€ 3,608	€ 3,151	€ 2,643	€ 2,643
Total Sales	€ 1,987	€ 4,371	€ 6,556	€ 8,940	€ 11,522	€ 13,310	€ 15,893	€ 16,290	€ 14,105	€ 12,317	€ 10,330	€ 10,330

Assumed Rent: €2500	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Food Sales	€ 1,552	€ 3,415	€ 5,123	€ 6,985	€ 9,003	€ 10,401	€ 12,419	€ 12,729	€ 11,021	€ 9,624	€ 8,072	€ 8,072
Beverage Sales	€ 534	€ 1,174	€ 1,761	€ 2,401	€ 3,095	€ 3,575	€ 4,269	€ 4,376	€ 3,789	€ 3,308	€ 2,775	€ 2,775
Total Sales	€ 2,086	€ 4,589	€ 6,884	€ 9,387	€ 12,098	€ 13,976	€ 16,687	€ 17,105	€ 14,810	€ 12,933	€ 10,847	€ 10,847

Table 3. First year's projected sales

The first five years of projected sales are presented in Table 4. The assumption is that the sales will grow by 3% during the second and third year, and by 1% only during the fourth and fifth year.

Assumed Rent: €1500	Sept '19 - Sept '20	Sept '20 - Sept '21	Sept '21 - Sept '22	Sept '22 - Sept '23	Sept '23 - Sept '24
Food Sales	€ 89,267	€ 91,945	€ 94,704	€ 95,651	€ 96,607
Beverage Sales	€ 30,686	€ 31,606	€ 32,554	€ 32,880	€ 33,209
Total Sales	€ 119,953	€ 123,551	€ 127,258	€ 128,531	€ 129,816

Assumed Rent: €2000	Sept '19 - Sept '20	Sept '20 - Sept '21	Sept '21 - Sept '22	Sept '22 - Sept '23	Sept '23 - Sept '24
Food Sales	€ 93,731	€ 96,542	€ 99,439	€ 100,433	€ 101,437
Beverage Sales	€ 32,220	€ 33,186	€ 34,182	€ 34,524	€ 34,869
Total Sales	€ 125,950	€ 129,729	€ 133,621	€ 134,957	€ 136,307

Assumed Rent: €2500	Sept '19 - Sept '20	Sept '20 - Sept '21	Sept '21 - Sept '22	Sept '22 - Sept '23	Sept '23 - Sept '24
Food Sales	€ 98,417	€ 101,370	€ 104,411	€ 105,455	€ 106,509
Beverage Sales	€ 33,831	€ 34,846	€ 35,891	€ 36,250	€ 36,613
Total Sales	€ 132,248	€ 136,215	€ 140,302	€ 141,705	€ 143,122

Table 4. The first five years' sales projections

5.7.3 Break-even analysis

The result of the break-even analysis is presented in Table 5. below. The calculations are based on the following assumptions:

- average cheque size is €10.75 – this is one unit, which contains a crêpe and a beverage,
- average variable cost per unit €2.38,
- monthly average fixed cost of €5,124 + rent,
- on average 22 days open per month, 8 hours per day.

Depending on the rental cost of the locations the business must sell the given units daily in order to meet break-even:

- 36 units per day on average if the rent is €1,500/month,
- 39 units per day on average if the rent is €2,000/month,
- 42 units per day on average if the rent is €2,500/month.

The monthly and daily unit break-even points are rounded up to the first integer.

Assumed Monthly Rent: €1500	
Average revenue per sold unit	€ 10.75
Average variable cost per unit	€ 2.38
Contribution margin per unit	€ 8.37
Contribution margin % per unit	77.86%
Projected monthly fixed cost	€ 6,624.00
Projected monthly revenue break-even point	€ 8,507.53
Projected monthly unit break-even point	792 units
Projected daily unit break-even point	36 units
Projected hourly unit break-even point	5 units

Assumed Monthly Rent: €2000	
Average revenue per sold unit	€ 10.75
Average variable cost per unit	€ 2.38
Contribution margin per unit	€ 8.37
Contribution margin % per unit	77.86%
Projected monthly fixed cost	€ 7,124.00
Projected monthly revenue break-even point	€ 9,149.70
Projected monthly unit break-even point	852 units
Projected daily unit break-even point	39 units
Projected hourly unit break-even point	5 units

Assumed Monthly Rent: €2500	
Average revenue per sold unit	€ 10.75
Average variable cost per unit	€ 2.38
Contribution margin per unit	€ 8.37
Contribution margin % per unit	77.86%
Projected monthly fixed cost	€ 7,624.00
Projected monthly revenue break-even point	€ 9,791.88
Projected monthly unit break-even point	911 units
Projected daily unit break-even point	42 units
Projected hourly unit break-even point	6 units

Table 5. Break even analyses

5.7.4 Pro-forma income statement

In Table 6. the author presents the projected income statement for the first five years of operation. In the first year – due to the prepaid costs of the first three months – there is a large net income which will help the business to create a steady cashflow, a safe financial background and to even repay some of its debts. During the second year the business will likely operate with a small amount of loss, in each location scenario. Within the first year the business can generate profit if the rent is €1,500/month. It is important to notice, that a scenario with rent price of €2,500/month does not yield profit within the first five years, thus rental properties in this price category must be avoided.

Assumed Rent: €1500	Sept '19 - Sept '20	Sept '20 - Sept '21	Sept '21 - Sept '22	Sept '22 - Sept '23	Sept '23 - Sept '24
Net Sales	€ 119,953	€ 123,551	€ 127,258	€ 128,531	€ 129,816
- Cost of Goods Sold	€ 26,557	€ 27,354	€ 28,174	€ 28,456	€ 28,741
Gross Profit Margin	€ 93,396	€ 96,198	€ 99,084	€ 100,074	€ 101,075
- Operational expenses	€ 59,756	€ 79,488	€ 79,488	€ 79,488	€ 79,488
EBIT	€ 33,640	€ 16,710	€ 19,596	€ 20,586	€ 21,587
- 14% VAT	€ 16,793	€ 17,297	€ 17,816	€ 17,994	€ 18,174
Net Income	€ 16,846	€ (588)	€ 1,780	€ 2,592	€ 3,413

Assumed Rent: €2000	Sept '19 - Sept '20	Sept '20 - Sept '21	Sept '21 - Sept '22	Sept '22 - Sept '23	Sept '23 - Sept '24
Net Sales	€ 125,950	€ 129,729	€ 133,621	€ 134,957	€ 136,307
- Cost of Goods Sold	€ 27,885	€ 28,721	€ 29,583	€ 29,879	€ 30,178
Gross Profit Margin	€ 98,066	€ 101,008	€ 104,038	€ 105,078	€ 106,129
- Operational expenses	€ 64,256	€ 85,488	€ 85,488	€ 85,488	€ 85,488
EBIT	€ 33,810	€ 15,520	€ 18,550	€ 19,590	€ 20,641
- 14% VAT	€ 17,633	€ 18,162	€ 18,707	€ 18,894	€ 19,083
Net Income	€ 16,177	€ (2,642)	€ (157)	€ 696	€ 1,558

Assumed Rent: €2500	Sept '19 - Sept '20	Sept '20 - Sept '21	Sept '21 - Sept '22	Sept '22 - Sept '23	Sept '23 - Sept '24
Net Sales	€ 132,248	€ 136,215	€ 140,302	€ 141,705	€ 143,122
- Cost of Goods Sold	€ 29,279	€ 30,157	€ 31,062	€ 31,373	€ 31,687
Gross Profit Margin	€ 102,969	€ 106,058	€ 109,240	€ 110,332	€ 111,435
- Operational expenses	€ 68,756	€ 91,488	€ 91,488	€ 91,488	€ 91,488
EBIT	€ 34,213	€ 14,570	€ 17,752	€ 18,844	€ 19,947
- 14% VAT	€ 18,515	€ 19,070	€ 19,642	€ 19,839	€ 20,037
Net Income	€ 15,698	€ (4,500)	€ (1,891)	€ (995)	€ (90)

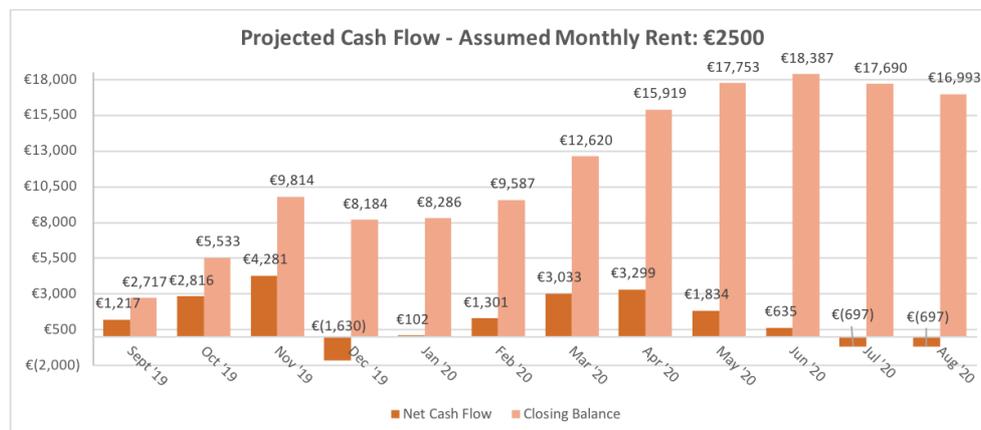
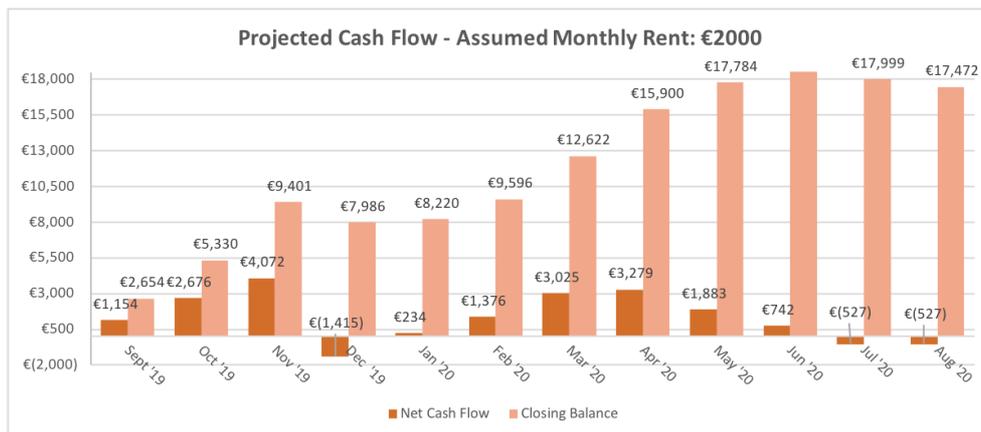
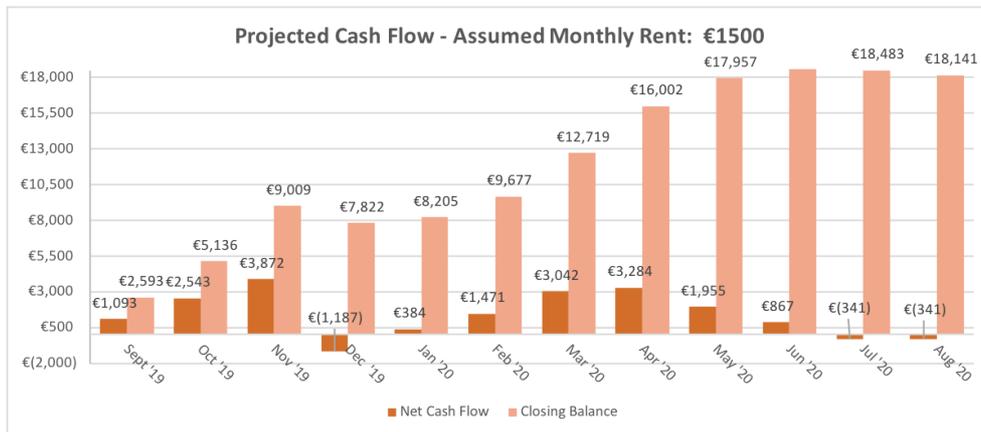
Table 6. First five years' projected income statements

In Appendix 2. one may study the first-year's profit and loss statement in detail for each month.

5.7.5 Cash-flow analysis

Below the author presents the charts which show the outcome of the first year's cash-flow analysis. By increasing the amount of capital needed in the beginning and prepaying the bills for the first three months, the business will be able to

create a strong foundation of cash. This is a must in order to remain fully operational and pay our bills during the months with lower demand. By the end of the first year the author would repay some of his family loan depending on the actual sales, as such high cash-flow is not-necessary for the optimal operation. The detailed calculations which the graphs are based on can be found in Appendix 3.



Graph 2. Cash flow analyses

5.7.6 Pro-forma balance sheet

Pro-forma balance sheets have been prepared in order to give a snapshot on the capital structure of the business before the first day operation. The balance sheets for all three possible location scenarios can be seen in Table 7. below.

Opening Balance Sheet - Assumed Monthly Rent: €1500			
Assets		Equity	
Cash	€ 1,500	Owner's equity	€ 20,000
Reserved Cash	€ 13		
Raw material inventory	€ 1,200	Liabilities	
Tools and equipment	€ 12,175	Family Loan	€ 16,500
Prepaid expenses	€ 21,612		
Total Assets	€ 36,500	Total Equity and Liabilities	€ 36,500

Opening Balance Sheet - Assumed Monthly Rent: €2000			
Assets		Equity	
Cash	€ 1,500	Owner's equity	€ 20,000
Reserved Cash	€ 13		
Raw material inventory	€ 1,200	Liabilities	
Tools and equipment	€ 12,175	Family Loan	€ 18,000
Prepaid expenses	€ 23,112		
Total Assets	€ 38,000	Total Equity and Liabilities	€ 38,000

Opening Balance Sheet - Assumed Monthly Rent: €2500			
Assets		Equity	
Cash	€ 1,500	Owner's equity	€ 20,000
Reserved Cash	€ 13		
Raw material inventory	€ 1,200	Liabilities	
Tools and equipment	€ 12,175	Family Loan	€ 19,500
Prepaid expenses	€ 24,612		
Total Assets	€ 39,500	Total Equity and Liabilities	€ 39,500

Table 7. Pro forma balance sheets

As there was no decision made in regard to the location, the author reserved the remaining cash from the loan in the 'Reserved Cash' category. Cash here is not part of the cash-flow analysis and will be returned to the loaner within a reasonable period of time after the beginning of the operation.

5.7.7 Statement of Assumptions

Additionally, to the previously mentioned assumptions above, the calculations were based on the following suppositions:

- Start-up grant is not received from the Employment and Economic Development Office. Should the business be granted such support it will help to

maintain positive cash-flow, would possibly increase net income as well as the ability to pay back the family loan in advance.

- Three locations were considered during the calculations, with rent price of €1,500, €2,000 and €2,500. Each property would be the same size, have the same menu, number of seats, staff and equipment. The only difference is the cost of rent and the sales numbers. Location with the rent price of €2,000 would have 5% higher sales than the cheaper option, and the same assumption is taken for the location with the rent price of €2,500. This is based on the fact that higher-priced locations are situated better and provide higher foot traffic and visibility.
- Calculations are based on one unit, which consists of one crêpe and a drink, for a total of €10.75.

5.7.8 Chosen Key Performance Indicators

The KPIs chosen in advance to benchmark the business' future success are Food Cost Percentage, Menu Item Profitability, Average Bill Size and Revenue Per Available Seat Hour. The baseline for the KPIs can be only set once the location is chosen, competitors in the area are studied and the business is operational.

5.8 Threat analysis

5.8.1 Financial risks

There is a risk that the costs are higher than expected, regardless of the fact that the author aimed to overestimate them. It is also possible that actual demand for the product will be lower than previously projected. The author focused on not to overestimate sales, taking seasonality and the soft-launch into account, too.

5.8.2 Operational risks

Accidents can happen, but the author tried his best to be prepared if a vis-major situation should arise. Cash-flow is kept relatively high in order to deal with any kind of operational emergency, such as pipe-damage, business holiday due to sickness or multiple equipment-failure. Insurance is paid monthly from the first operational day to cover the cost of any loss.

5.8.3 Economical risks

As the United States and other economically strong world leading countries did not take meaningful measures after the financial crisis in 2007 there is a constantly growing chance of a market correction and/or a financial crisis. This would affect Finland as well, with job loss and in a steep decrease in demand for comfort services such as eating out in restaurants. An entrepreneur has no possible way to prevent this from happening but can react on time in order to minimize loss.

6 Conclusions

The aim of the thesis research was to prepare a business plan focusing on the financial planning of establishing a new enterprise, along with the supporting theoretical background for a small-restaurant business in Finland. The secondary aim of the report was to conclude the author's studies in regards to strategic planning, accounting and restaurant management.

The business planning process with feasibility and market analysis along with the actual process of writing a business plan are the most important things for a new entrepreneur. Due to how crucial these steps are, the detailed introduction of these processes and the explanation on their importance had been carried out in this report as planned.

The financial calculations attached to the business plan clearly state the amount of capital needed to start-off with a similar sized business anywhere in Finland, which is around €39,000. This includes the prepaid utility bills, rent and wages for the first three months in order to create a strong cash flow position and to allow the entrepreneur for a soft launch. During this first period the entrepreneur will have a chance to adjust and improve his product and operational methods under a lighter customer load.

As the author had not decided on the location, all calculations were carried out three times, considering three different monthly rent costs. Based on the calculations, it is safe to say that the planned business would not generate profit in the foreseeable future if the rent is €2,500/month or higher. Should the rent costs be

under or around €2,000 per month, and the location is suitable, the business will likely generate profit if the sales projections are met.

The author believes his goal to create a template for a business plan which can be utilised by any future restaurateur has been achieved. The theoretical part of the report also discusses other forms of enterprises as well as the possibilities of start-up grants to meet the different needs of any future entrepreneur. The three-scenario calculations clearly break down how rent prices have an effect on net income. This way, an entrepreneur can have a better understanding on cost structure and choose service location more carefully.

To sum up the report, the author strongly advises any future entrepreneurs thinking to open a food service location of any kind to carry out comprehensive market research, to follow up each step of the business planning process as well as to build a detailed yet concise business plan supported with detailed calculations before committing themselves and their resources fully.

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Appendices

Appendix 1. Food and beverage menu of Chill Café & Crêpe

CHILL CAFÉ & CRÊPE	
<h3>SAVOURY</h3> <p>CREPE CORPORAL..... 7 Ham, cheese, mushroom, corn</p> <p>CREPE COSTAL 9 Salmon, spinach, ricotta</p> <p>CREPE CRAVED..... 9 Smoked salmon, smoked cheese rocket salad, dill</p> <p>CREPE CREATIVE 8 Chicken, brie cheese, cranberry sauce</p> <p>CREPE COSY 8 Chicken, feta cheese, mushroom</p> <p>CREPE CRAZY..... 8 Salami, jalapeno, red onion, cheese</p> <p>CREPE COSMIC 7 Mozzarella, pesto, sun-dried tomatoes</p> <p>CREPE CRAFTY 7 Mushrooms, spinach, blue cheese</p> <p>CREPE CURVY 8 Chickpeas, tomatoes, onion, coriander, spinach leaves, vegan yoghurt</p> <hr/> <p>Upon request the crêpes can be made with naturally gluten-free buckwheat flour, at no additional cost.</p> <p>Regarding food allergies and special diets please refer to our server!</p>	<h3>SWEET</h3> <p>CREPE CREEPY..... 8 Mascarpone, berries</p> <p>CREPE CUDDLY.....7 Cottage cheese, apple jam</p> <p>CREPE CRUMBLY 9 Banana, Nutella, nuts</p> <p>CREPE CUTE.....7 Vegan vanilla custard, raspberry</p> <p>CREPE CREAMY 8 Whipped cream, lingonberry jam, dark chocolate sauce</p>
	<h3>DRINKS</h3> <p>ESPRESSO.....3</p> <p>DOUBLE ESPRESSO..... 4</p> <p>CAPPUCCINO.....5</p> <p>Latte5</p> <p>AMERICANO3</p> <p>BLACK/GREEN/CAFFEINE-FREE TEAS.....3</p> <p>HOT CHOCOLATE 4</p> <p>HOME-MADE LEMONADE.....5</p> <p>FRUIT JUICES 4</p>
<p>[WEB] www.chillcrepe.cafe [INST] chillcrepelpr [FB] Chill Crêpe Café Lappeenranta</p>	

Appendix 2. First-year's profit and loss statements

	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Assumed Rent: €1500												
Net Sales	€ 1,892	€ 4,162	€ 6,244	€ 8,514	€ 10,974	€ 12,676	€ 15,136	€ 15,514	€ 13,433	€ 11,730	€ 9,838	€ 9,838
- Cost of Goods Sold	€ 419	€ 922	€ 1,382	€ 1,885	€ 2,430	€ 2,806	€ 3,351	€ 3,435	€ 2,974	€ 2,597	€ 2,178	€ 2,178
Gross Profit Margin	€ 1,473	€ 3,241	€ 4,861	€ 6,629	€ 8,544	€ 9,870	€ 11,785	€ 12,080	€ 10,459	€ 9,133	€ 7,660	€ 7,660
- Operational expenses	€ 30	€ 50	€ 60	€ 6,624	€ 6,624	€ 6,624	€ 6,624	€ 6,624	€ 6,624	€ 6,624	€ 6,624	€ 6,624
EBIT	€ 1,443	€ 3,191	€ 4,801	€ 5	€ 1,920	€ 3,246	€ 5,161	€ 5,456	€ 3,835	€ 2,509	€ 1,036	€ 1,036
- 14% VAT	€ 265	€ 583	€ 874	€ 1,192	€ 1,536	€ 1,775	€ 2,119	€ 2,172	€ 1,881	€ 1,642	€ 1,377	€ 1,377
Net Income	€ 1,178	€ 2,608	€ 3,927	€ (1,187)	€ 384	€ 1,471	€ 3,042	€ 3,284	€ 1,955	€ 867	€ (341)	€ (341)

	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Assumed Rent: €2000												
Net Sales	€ 1,987	€ 4,371	€ 6,556	€ 8,940	€ 11,522	€ 13,310	€ 15,893	€ 16,290	€ 14,105	€ 12,317	€ 10,330	€ 10,330
- Cost of Goods Sold	€ 440	€ 968	€ 1,451	€ 1,979	€ 2,551	€ 2,947	€ 3,519	€ 3,607	€ 3,123	€ 2,727	€ 2,287	€ 2,287
Gross Profit Margin	€ 1,547	€ 3,403	€ 5,104	€ 6,960	€ 8,971	€ 10,363	€ 12,374	€ 12,684	€ 10,982	€ 9,590	€ 8,043	€ 8,043
- Operational expenses	€ 30	€ 50	€ 60	€ 7,124	€ 7,124	€ 7,124	€ 7,124	€ 7,124	€ 7,124	€ 7,124	€ 7,124	€ 7,124
EBIT	€ 1,517	€ 3,353	€ 5,044	€ (164)	€ 1,847	€ 3,239	€ 5,250	€ 5,560	€ 3,858	€ 2,466	€ 919	€ 919
- 14% VAT	€ 278	€ 612	€ 918	€ 1,252	€ 1,613	€ 1,863	€ 2,225	€ 2,281	€ 1,975	€ 1,724	€ 1,446	€ 1,446
Net Income	€ 1,239	€ 2,741	€ 4,127	€ (1,415)	€ 234	€ 1,376	€ 3,025	€ 3,279	€ 1,883	€ 742	€ (527)	€ (527)

	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Assumed Rent: €2500												
Net Sales	€ 2,086	€ 4,589	€ 6,884	€ 9,387	€ 12,098	€ 13,976	€ 16,687	€ 17,105	€ 14,810	€ 12,933	€ 10,847	€ 10,847
- Cost of Goods Sold	€ 462	€ 1,016	€ 1,524	€ 2,078	€ 2,679	€ 3,094	€ 3,695	€ 3,787	€ 3,279	€ 2,863	€ 2,401	€ 2,401
Gross Profit Margin	€ 1,624	€ 3,573	€ 5,360	€ 7,309	€ 9,420	€ 10,882	€ 12,993	€ 13,318	€ 11,531	€ 10,070	€ 8,445	€ 8,445
- Operational expenses	€ 30	€ 50	€ 60	€ 7,624	€ 7,624	€ 7,624	€ 7,624	€ 7,624	€ 7,624	€ 7,624	€ 7,624	€ 7,624
EBIT	€ 1,594	€ 3,523	€ 5,300	€ (315)	€ 1,796	€ 3,258	€ 5,369	€ 5,694	€ 3,907	€ 2,446	€ 821	€ 821
- 14% VAT	€ 292	€ 642	€ 964	€ 1,314	€ 1,694	€ 1,957	€ 2,336	€ 2,395	€ 2,073	€ 1,811	€ 1,519	€ 1,519
Net Income	€ 1,302	€ 2,881	€ 4,336	€ (1,630)	€ 102	€ 1,301	€ 3,033	€ 3,299	€ 1,834	€ 635	€ (697)	€ (697)

Appendix 3. First year's cash flow analysis in details

Assumed Rent: €1500	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Total Cash Sales	€1,892	€4,162	€6,244	€8,514	€10,974	€12,676	€15,136	€15,514	€13,433	€11,730	€9,838	€9,838
- Cost of Goods Sold	€419	€922	€1,382	€1,885	€2,430	€2,806	€3,351	€3,435	€2,974	€2,597	€2,178	€2,178
- Salaries for two staff	€-	€-	€-	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600
- Rent	€-	€-	€-	€1,500	€1,500	€1,500	€1,500	€1,500	€1,500	€1,500	€1,500	€1,500
- Utility bills	€-	€-	€-	€275	€275	€275	€275	€275	€275	€275	€275	€275
- Insurance	€-	€-	€-	€90	€90	€90	€90	€90	€90	€90	€90	€90
- Music playing license	€-	€-	€-	€44	€44	€44	€44	€44	€44	€44	€44	€44
- Paperware	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40
- Marketing	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30
- Repair and Maintenance	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25
- Cleaning material	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20
- VAT 14%	€265	€583	€874	€1,192	€1,536	€1,775	€2,119	€2,172	€1,881	€1,642	€1,377	€1,377
Net Cash Flow	€1,093	€2,543	€3,872	€(1,187)	€384	€1,471	€3,042	€3,284	€1,955	€867	€(341)	€(341)
Opening Balance	€1,500	€2,593	€5,136	€9,009	€7,822	€8,205	€9,677	€12,719	€16,002	€17,957	€18,824	€18,483
Closing Balance	€2,593	€5,136	€9,009	€7,822	€8,205	€9,677	€12,719	€16,002	€17,957	€18,824	€18,483	€18,141

Assumed Rent: €2000	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Total Cash Sales	€1,987	€4,371	€6,556	€8,940	€11,522	€13,310	€15,893	€16,290	€14,105	€12,317	€10,330	€10,330
- Cost of Goods Sold	€440	€968	€1,451	€1,979	€2,551	€2,947	€3,519	€3,607	€3,123	€2,727	€2,287	€2,287
- Salaries for two staff	€-	€-	€-	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600
- Rent	€-	€-	€-	€2,000	€2,000	€2,000	€2,000	€2,000	€2,000	€2,000	€2,000	€2,000
- Utility bills	€-	€-	€-	€275	€275	€275	€275	€275	€275	€275	€275	€275
- Insurance	€-	€-	€-	€90	€90	€90	€90	€90	€90	€90	€90	€90
- Music playing license	€-	€-	€-	€44	€44	€44	€44	€44	€44	€44	€44	€44
- Paperware	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40
- Marketing	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30
- Repair and Maintenance	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25
- Cleaning material	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20
- VAT 14%	€278	€612	€918	€1,252	€1,613	€1,863	€2,225	€2,281	€1,975	€1,724	€1,446	€1,446
Net Cash Flow	€1,154	€2,676	€4,072	€(1,415)	€234	€1,376	€3,025	€3,279	€1,883	€742	€(527)	€(527)
Opening Balance	€1,500	€2,654	€5,330	€9,401	€7,986	€8,220	€9,596	€12,622	€15,900	€17,784	€18,526	€17,999
Closing Balance	€2,654	€5,330	€9,401	€7,986	€8,220	€9,596	€12,622	€15,900	€17,784	€18,526	€17,999	€17,472

Assumed Rent: €2500	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
Total Cash Sales	€2,086	€4,589	€6,884	€9,387	€12,098	€13,976	€16,687	€17,105	€14,810	€12,933	€10,847	€10,847
- Cost of Goods Sold	€462	€1,016	€1,524	€2,078	€2,679	€3,094	€3,695	€3,787	€3,279	€2,863	€2,401	€2,401
- Salaries for two staff	€-	€-	€-	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600	€4,600
- Rent	€-	€-	€-	€2,500	€2,500	€2,500	€2,500	€2,500	€2,500	€2,500	€2,500	€2,500
- Utility bills	€-	€-	€-	€275	€275	€275	€275	€275	€275	€275	€275	€275
- Insurance	€-	€-	€-	€90	€90	€90	€90	€90	€90	€90	€90	€90
- Music playing license	€-	€-	€-	€44	€44	€44	€44	€44	€44	€44	€44	€44
- Paperware	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40	€40
- Marketing	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30	€30
- Repair and Maintenance	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25	€25
- Cleaning material	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20	€20
- VAT 14%	€292	€642	€964	€1,314	€1,694	€1,957	€2,336	€2,395	€2,073	€1,811	€1,519	€1,519
Net Cash Flow	€1,217	€2,816	€4,281	€(1,630)	€102	€1,301	€3,033	€3,299	€1,834	€635	€(697)	€(697)
Opening Balance	€1,500	€2,717	€5,533	€9,814	€8,184	€8,286	€9,587	€12,620	€15,919	€17,753	€18,387	€17,690
Closing Balance	€2,717	€5,533	€9,814	€8,184	€8,286	€9,587	€12,620	€15,919	€17,753	€18,387	€17,690	€16,993