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International Business/Marketing

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BUSINESS PLAN: FENFANG LI RESTAURANT

Bachelor's Thesis 2011

ABSTRACT

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Xin Cai Oy is planning to open a new Chinese restaurant, called Fenfang Li Restaurant. The research work is about the introduction of restaurant's food and service, the choice of appropriate location, major competitors' analysis, making marketing strategies, as well as calculation of financials.

The business plan employed primary market research and secondary market research. Primary market research is personal interviews by face-to-face or by phone. I have been interviewed with manager of Fenfang Li Restaurant, customer service manager of Hartwall Oy, and sales manager of Hartwall Oy between 2010 and 2011. Four large Asian food shops, Heino Tukku in Helsinki, and major competitors restaurant were made an on-the-spot investigation. Secondary market research means using published information, for example, books, industry profiles, trade journals, newspapers, or demographic profiles to complete theory parts.

The business plan will supply a good example for other Chinese restaurant as well. Restaurant product and service positioning, the employment of workers, marketing strategies making, and the capital of investment are well answered in detail. Meanwhile, state the competitive advantage in restaurant industry.

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EXECUTIVE SUMMARY

The principle of business plan is Xin San Cai Oy is seeking opportunities to open Fenfang Li Chinese Restaurant in Herttoniemi. Restaurant will offer classical Chinese food and own unique dishes, and concentrate on human-oriented service to gain new customers and maintain old ones.

The target customers include nearby households and employees, for instant, office workers, auto salesmen, auto repair workers, construction workers. They prefer to visit convenient and comfortable restaurant to have a quick lunch. Nearby resident would like eat out for pleasure. Menu and ambiance must reflect with innovative fresh food choices and luxurious or trendy decor.

The location of restaurant should be high density of population, large traffic flow. The road 170-Hiihtomäentie-Linnanrakentäjantie junction area is an available choice recently. Most of competitors in Herttoniemi industrial area are fast food service, hamburger, pizza, cakes and café and ethnic restaurants.

Brochures, flyers, leaflets are used as marketing vehicles to tell people who you are. Newspapers advertising are one of advertising strategies. Bundled pricing can be a tool of promotion. Create an attractive website and put adequate information to attract people's eyes. At the same time make sure to have awareness word-of-mouth advertising is important function in restaurant industry.

The form of company is sole proprietorship. Exclusive manager has a hundred shares and takes all responsibilities and risk. Restaurant will keep a small unit with five full-time employees at the beginning time, three cooks and two waiter staffs. Company will put 200,000 euro as investment. The financial projection will be designed for future three years.

1 INTRODUCTION

1.1 What is the Business Plan

Why need a Business Plan? Pinson (2004, 2) has pointed out that the business plan will provide the tools for company to analyze changes that will make your business more profitable. Business plan provides detailed information on aspects of your company's past and current operations, its projections for the next few years, as well as the documents that a lender or investor requires if you find it necessary to seek outside funding sources for your business.

Business plan in the main include cover sheet, table of contents, executive summary, the organizational plan, the marketing plan, financial documents, and supporting documents (Pinson 2004, 6). Writing a business plan must be clear, brief, logical, truthful, back up words with figures wherever possible. Therefore, keep language simple and easy understanding. Avoid trying to get too many ideas into all articles. Let one sentence follow on logically from the last. Draw diagrams, figures or tables wherever appropriate (Blackwell 2004, 4).

The plan must be kept up-to-date. Current financial statements, updated rate sheets, recent market information, new marketing strategies, and other data may be added before plan presented to lenders or investors (Pinson 2004, 2).

1.2 Main Sources of Information Business Plan

Every business can benefit from doing adequate market research, which can help the prospective owner determine whether ideas match the needs of the locale (Chemelynski 2004, 83). Use the business planning process as opportunity to, uncover data, find solutions for every difficulty and make right marketing strategies. It will benefit business in the future and is time well spent.

Primary and secondary market research are used for gathering main sources of information. Primary market research means face-to-face interviews, telephone interviews, self-completion questions, focus groups and observation to learn more

about potential consumers and niches (Hague & Hague 2004, 2). Personal working experiences provide me a lot of good communication channels. I have been face-to-face interview with exclusive manager of Fenfang Li Restaurant Mrs Wang, customer service managers of Hartwall Oy Mr. Ilanko, and sales manager of Dieta Oy Mr. Laitinen. I also have been visited most major competitors restaurants in Herttoniemi, four large Asian food suppliers' shops and Heino Tukku in Helsinki. Furthermore, I made phone interviews with different restaurants' managers, cooks and waiter staffs from Kotka, Kouvola, Vantaa, and Helsinki. Secondary market research refers to published information, for example, large numbers of books, industry profiles, trade journals, newspapers, demographic profiles, magazines, census data, and so on. This type of information is from public libraries, e-libraries, vendors who sell to restaurant industry, business information centres and agencies (Hague & Hague 2004, 32).

1.3 Structure of the Business Idea development

Figure 1 states briefly the structure of Fenfang Li Restaurant business idea development in four factors, what, to whom, how and what kind of image would like to build.

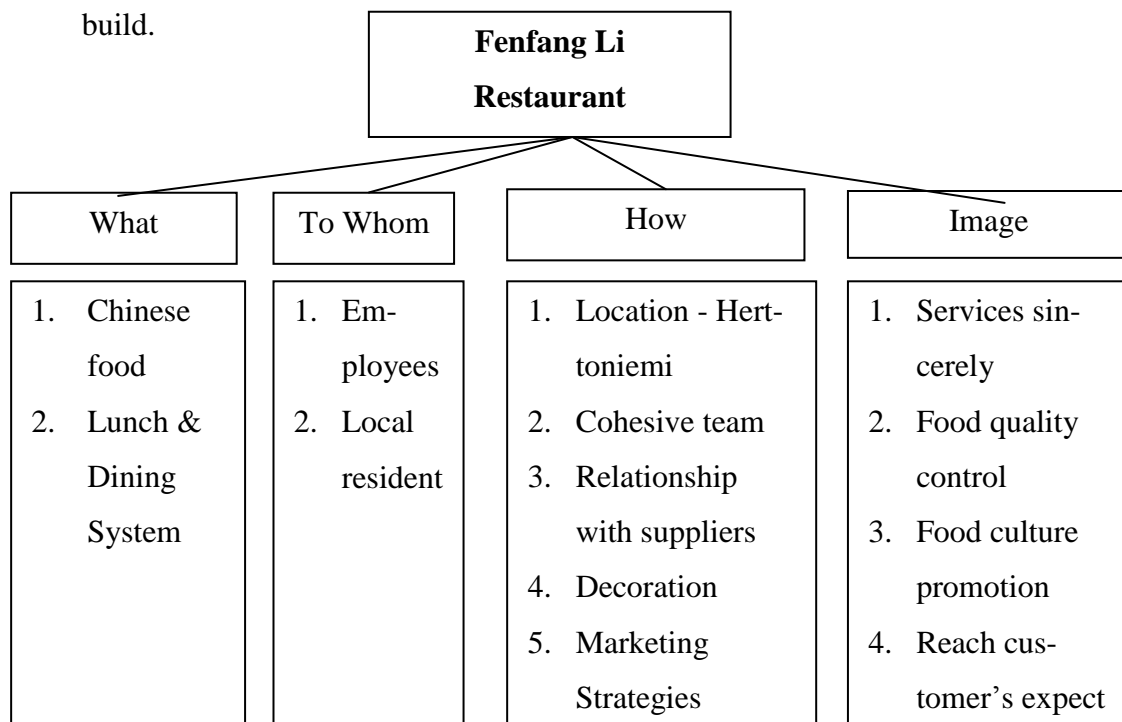


Figure 1: structure of business idea development

2 COMPANY DESCRIPTION

Xin San Cai Oy has registered in 2010 in Finland. The form of organization is sole proprietorship, owned by a single individual. Sole proprietor promotes and manages the business undertaking and takes all the profits and bears all the risks and losses alone (Mahajan 2010, 80). Manager would like to make a business plan for open a new restaurant at right place at right time, Fenfang Li Restaurant, offering Chinese food and restaurant service.

Fenfang Li Restaurant aims to be high-scale full service restaurant by offering high-quality service and food, keeping long-run relationship with customer, as well as seeking common-ground workers. The final principle is to promote Chinese traditional food culture.

3 PRODUCT / SERVICE OF FENFANG LI RESTAURANT

3.1 Description of Product

Chinese cuisine remains rice-oriented and focuses on material using, nutrition matching, and a variety of tastes by different making methods. Chinese classical dishes and own unique foods are offered in Fenfang Li Restaurant. Customers interested in Chinese food are familiar with those even if without checking name from menu. Figure 2 presents pictures of Kongpo Chicken and Peking Duck, which are well-known classical Chinese dishes.



Kongpo Chicken



Peking Duck

Figure 2: Pictures of classical Chinese dishes (tfysw.com 2011)

Chinese food production process uses gas and electricity as fuels. Cooking methods most commonly used are pan-frying, boiling, stewing, steaming, surface heating, and roasting. Chinese food cooking process makes more complicated steps and heavier smoke rather than western food. It is one reason that kitchen design is required both free standing and built-in equipment. In according to different cooking approaches, meats or vegetables have to be sliced in different shapes and put them in different containers. It has stringent requirement of iron wok, square large kitchen knife and stove. Onion, ginger, or garlic frequently appears in Chinese cuisine, which has sterilization function. Bone soup is health, absorbing calcium. However, Islam customers are especially careful because of soup is made of Pork bone sometimes.

A totally new professional kitchen need to purchase special stove and wok, cutting vegetable machine, cutting meat machine, dishwasher, fresh cabinet, freezer, sink, specifications kitchen floor, sewage pipes, etc. Professional Kitchen Company Dieta Oy has been calculated for Fenfang Li Restaurant about 33,000 euro. Spend at between 15,000 euro and 20,000 euro on Kitchen ventilator. (Laitinen 2010). If the place was restaurant before, the cost will be cheaper.

Restaurant must seriously take product liability into consideration, using raw material under product shelf life, keeping restaurant clean anytime and anywhere, no additives into producing process and promoting green and health cuisine. This has been emphasis by manager: “we take care of our customer” (Wang 2011).

When introduce new and follow-on products, restaurant will take existing materials, the cost projections, stock space thinking, and cook acknowledge into account. Feedback of new product tests is collected from regular and loyal customers more trustfully and directly. The launch time is determined by restaurant location and business operation condition. Restaurant will design corresponding package for Finnish special day, for instant, Valentine’s Day, Mother’s Day and Father’s Day, and Christmas Day.

3.2 Description of Service

Any leader looks for the common ground between company's goals and the prospective employee's. If every employee provides better than basic service customers will leave large tips, making staffs happy. Customers will return, making both management and staffs happy. Then customers will tell their friends about the restaurant, staffs and those friends very happy. This chain reaction marks the successful establishment. (Carol & Bruce 1994, 84)

Fenfang Li Restaurant needs a trained team, service with smile, sincere, fairness, and enthusiasm. Company personnel's professional skills, courteous, trustworthy, reliable, positive, responsive, initiative takers, and communicative has become a bright spot and virtually attracted the attention of customers (Reds Communications 2011). Wang (2011) said that people could sense worker's enthusiasm and heart-using even though without any words. Good customer service no doubt creates a strong competitive advantage and gets customers' applauses and cheers.

Cooperation is vital in whole organization. Who does collect plates and glasses? Who does wipe the tables? Who does order and offer food/drinks? During waiter staffs and cooks know how quickly to react the completed food, how transfer the voice from customers to kitchen, and how to avoid making confusion and mistakes and let work be done systematically in rush hours.

Knowledgeable staffs make customers feel special. It is important that ongoing training is provided for all staff consistency in customer service. Managers should know how to schedule shifts so that staff levels are high enough to provide quality service. Wait staffs need to be familiar with all menu items and learn the art of up-selling skills. Leonard (1999, 243-244) stressed that in service, acting small is big. Performances often are delivered by human beings and customers interact with these human servers. It is significant the opportunity to personalize and customize the service experience for customers. Human beings' behaviours fully show service attitude by small acting. From my personal experiences, wait staffs must make aware of those and make customer feel as a treat.

- Give ways to customers.
- When customer leave from table, remember to open the door on the way if you are near the door.
- Observe customer behaviour and know whether you need to speed up the order or collect the plates.
- Keep LADY FIRST golden rule, girlfriend first then boyfriend, wife first then husband.
- Keep appropriate distance with customers.
- Tell to customer honestly if there is long uncompleted cooking list in the kitchen. It helps to avoid unnecessary complaining.

Restaurant's menus should offer enough variety to satisfy different customer tastes, as well as for allergy or vegetarian. It is critical that food be fresh and served at the right temperature. Keep the taste consistency. The presentation of the food is as important as the taste. That is why kitchen staff must follow the same preparation and cooking methods for each dish.

The dinning environment should be warm and inviting, but most of all clean and fresh. Tables should be wiped after each use. Regular check tables and chairs for cleanliness and to ensure they are not wobbly or cracked. Hand-polishing glasses and silverware after each washing will keep them spot-checked for cleanliness before serving. Menus should be clean and wrinkle free. Carpeted areas should be vacuumed daily. Windows should be kept streak-free. Make sure that restrooms are clean and stocked.

Kitchen area is important key to quality control even though customers may never see it. Clean uniforms should be worn by kitchen staff along with professional cook hat and footwear. Be sure food is maintained freshness in each delivery. Storage temperatures should be checked every day. Dry storage areas are kept clean and rodent free. A commercial dishwasher should be maintained properly water temperature and chemical levels. All cooking and cleaning equipment should be serviced on a regular basis.

4 THE MARKET OF HERTTONIEMI

4.1 Industry Analysis

4.1.1 Types of Restaurants

A restaurant prepares and serves food, drink and dessert to customers in return for money. Today there are many different types of restaurants, family restaurant, atmosphere restaurant, gourmet restaurant, fast-food restaurant, cafeterias, take-out restaurant, and coffeehouses (Chemelynski 2004, 1-3). Fenfang Li Restaurant, a full-service restaurant, offers lunch and diners an elegant atmosphere with high quality service. The staffs are usually professionally trained and the food is fairly expensive.

4.1.2 Trends of Industry

Full-service restaurants in Finland was a small 1% increase in current value sales in 2010. It is a clear improvement compared with the 6% decline in 2009, a year that was punctuated by the economic recession, yet not near the thriving years at the beginning of the review period. (Euromonitor International 2011.)

With fierce market competition recently, people have many choices of dining places, for instant, French food, Spanish food, Thai food, Indian Food, Chinese food, etc. People prefer to take light and nature increasing health and nutrition awareness. Chinese food in Finland a major feature is big amount. Japanese cuisine is popular in recent two years, especially welcomed by the ladies which want to keep fit. The competitive environment in full-service restaurants remained very fragmented in 2009. No player had a value share of more than 4% in 2010. Full-service restaurant is expected to experience constant value growth of 5% over the forecast period. This is clear improvement compared to the 2% review period decline, which however was punctuated by the economic recession. (Euromonitor International 2011)

National Restaurant Association (2010) has identified that:

“Social media will become more critical to restaurant marketing. A good plan and solid understanding of those tools including Facebook, Twitter, Yelp, and YouTube – can help operators mitigate the economic environment. Word of mouth has moved online, and more consumers use the Web to browse menus, make reservations, and get recommendations from other diners. Restaurants’ use of e-mail, internet and cell phone text messages in marketing efforts is also a growing trend.”

4.1.3 Economical Factors

The restaurant industry largely depends on the amount of money in customer’s pocket. Finland’s unemployment rate rises under the global financial crisis. Statistics Finland Centre (2011) released that Finnish unemployment rate 6.6 per cent in August; the unemployment rate was 0.8 percentage points lower than one year earlier. According to the National Restaurant Association’s 2010 Restaurant Industry Forecast, consumers will continue to seek value, convenience and expanded menu options in 2010 – and restaurants will deliver. Consumers forced to cut back on spending say they aren’t dining out as often as they would like, and this pent-up demand will turn into restaurant traffic as economic recovery continues. (National Restaurant Association 2010)

4.2 Market Analysis

4.2.1 Location

Selecting the perfect location is critical for the success of restaurant business. Before selecting a specific site, Chemelynski (2004, 83) suggested to consider following questions: Can restaurant be seen from the street? Are there parking areas available? What types of businesses are nearby? Do taxicabs and buses come by the area frequently? What are the peak hours of traffic? Are there plans for growth in the area? How many households are in the area?

Herttoniemi located about 7 km east of the city centre and can be easily reached by metro in 10 minutes, frequent busses, and large number of cars. The Population

data of Herttoniemi is 26,130, population density 3,929/km² (Herttoniemi 2008-2009). Figure 3 Herttoniemi is divided into 5 pieces, the industrial are in the centre, Roihuvuori in the northern part, Tammissalo in the eastern part, Herttoniemiranta the newest renovated area located in the southern part, and West Herttoniemi commonly known as Old Herttoniemi.



Figure 3: The map of Herttoniemi (Maps Google 2011)

Road 170 (Itäväylä) and the metro line form the backbone of the traffic network. It was reported by Metrohelsinki (2011) that the road 170-Hiihtomäentie-Linnanrakentajantie junction will be renewed in the near future. The southernmost edge on the Abraham Wetter Street will be restructured into residential sites. It is a good opportunity for Fenfang Li Restaurant to carry out the business plan. Figure 4 shows Fenfang Li Restaurant target location area.



Figure 4: Target location area (Maps Google 2011)

Old Herttoniemi and Herttoniemenranta are residential areas. Old Herttoniemi, built in the 1950s, is one of the oldest suburbs of Helsinki. Its construction was financed by the city, living 5138 residents and the average size of flats is 33.7m² in 2207 (Herttoniemi 2008). Herttoniemenranta is located by the sea. The basic construction of the new residential area, mainly consisting of apartment blocks, was completed in 2004. There are 4496 residents until the year 2007 (Herttoniemi 2008). There are further extensions in progress, called “East end” with detached houses next to the marina. It is an attempt to attract wealthier people to Eastern Helsinki. The new residential areas Herttoniemenranta provides living space for 9,000 inhabitants. (Herttoniemi Industrial Area 2006-2007, 20)

Herttoniemi is one of the largest business parks in Helsinki, car trade, car repair centre, home building and do-it-yourself equipment and tools selling. Currently, it provides 10,000 jobs, and the number will naturally increase as the area is developed further (Metrohelsinki, 2011). The target customer are nearby households and employers who are working in Herttoniemi, for example office workers, construction workers, auto salesmen and auto repair men, business men, etc.

4.3 Competitor Analysis

Competitor analysis is a critical part of firm's activities. Competitor analysis has important roles in strategic planning. Help establishment understand competitive

advantages and disadvantages comparing to competitors. Make awareness of competitors' past, present, future strategies and provide an informed basis to develop strategies to achieve competitive advantage in the future. (Tutor2u 2011) Brainmates (2011) outline the process of competitor analysis:

- Define market
- Create a list of direct competitors
- Analyse competitors
- Summarise competitor product and market strategies
- Compare and contrast competitors with products
- Keep your competitive analysis accurate up-to-date

Competitive analysis directs mainly at the competitors who target in the same market. Figure 5 shows the distribution of restaurant in Herttoniemi industrial restaurants' distribution, Hiihtomäentie-Linnanrakentajantie junction. Most of competitors are fast food service, hamburger, pizza, cakes&cafe, few full service ethnic restaurants.

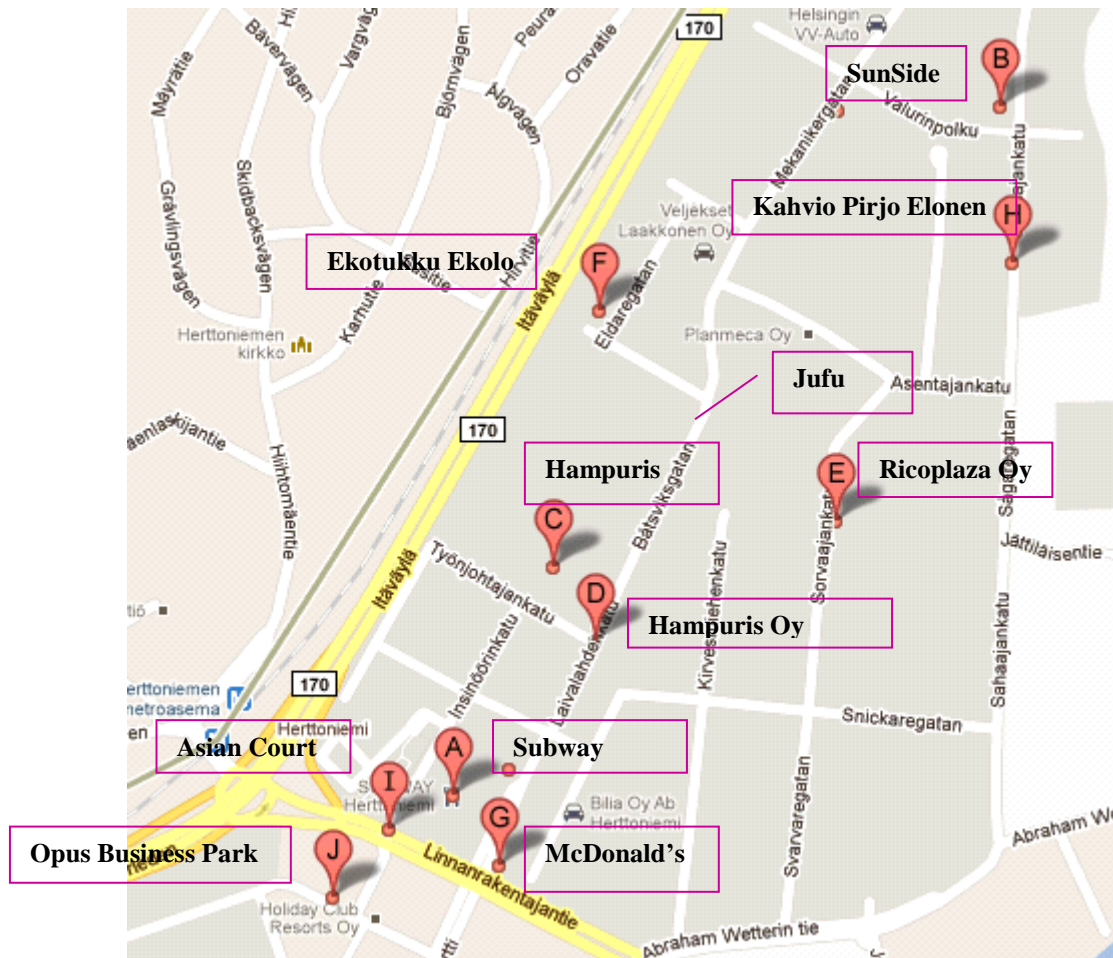


Figure 5: The distribution of restaurants in Herttoniemi industrial area (Maps Google 2011)

Make conclusion from Figure 5, part of competitors can be divided into 3 categories showed in Table 1. Subway, McDonald's, and Hampuris are fast food restaurant. Kahvio Pirjo Elonen is a coffee house. Hamburger, pizza, and cake&café are main products. European food restaurant are SunSide and Opus Business Park. There are two ethnic restaurant Asian Court and Jufu Tengda Oy.

Table1: The major competitors

Hamburger, pizza, cakes&café	European food restaurant	Ethnic restaurant
- Subway	- SunSide	- Asian Court – Chinese / Thai
- McDonald's	- Opus Business Park	- JuFu Tengda Oy
- Hampuris		
- Kahvio Pirjo Elonen		

The source of competitor information is gathered from internal sources, cooks in the competitor's kitchen or outside sources got from advertising and posters. I have visited five major competitors' restaurant in Herttoniemi during September 2011 and observed and analyzed each advantages and disadvantages. Table 2 lists the comparing product/service with competitors in location, environment, food category, and service those five parts.



















Table 2: Compare Product/Service with Competitors


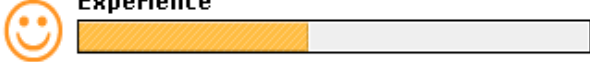
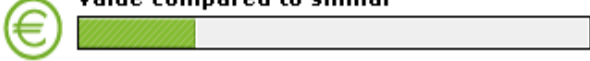


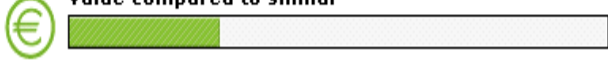
	SunSide	Opus Business Park	McDonald's	Asian Court Oy	Jufu
Location	Near Helsingin VV-Auto, Laakkonen Oy	Near to Asian Court Oy	By the side of Linnaräntäntie	Near Metro	Near to Laakkonen Oy
Environment	Simple and cosy, has a nice Terrace	Nothing special, Amica style	Basic McDonald's design	Thailand customs	Chinese classical decoration
Food	Western food Lunch Restaurant Good salad table	Lunch operation, western food	Fast food, Mäkkäri tastes good	Thai & Chinese food	Chinese food, Sushi, and Thai food
Service	Quite satisfied, friendly waiter make people comfortable	Itself service	Fast service, most of staff are youth	Service quite friendly, but sometimes need English help	Food was a bit cold. Food in a rushed way

Price	6.5~9 €	8~9 € lunch	4~6 €	9 € lunch, main course 11~17€	lunch buffet 8,9 € , weekend buffet 12,5 €
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Kokumi Oy has made bar diagrams for SunSide, Opus Business Park, McDonald’s and Jufu Tengda Oy by comparing in food quality, experience and value compared to similar in Table 3. People can make recommendations and vote via eat.fi

Table 3: Compare by Food quality, Experience, Value compared to similar (Kokumi Oy, 2011)

SunSide	 Food quality  4 Would recommend it
	 Experience  4 Would recommend it
	 Value compared to similar  3.5 Better than average
Opus Business Park	 Food quality  3 Good
	 Experience  3 Average
	 Value compared to similar  2.5 Fair price
McDonald’s	 Food quality  3 Good
	 Experience  2.5 Average
	 Value compared to similar  3 Fair price

Asian Court	 <p>Food quality 2.7 Good</p>  <p>Experience 2.7 Average</p>  <p>Value compared to similar 1.8 A bit overpriced</p>
Jufu Tengda Oy	 <p>Food quality 2 Acceptable</p>  <p>Experience 3 Average</p>  <p>Value compared to similar 2 A bit overpriced</p>

Source: www.eat.fi Key search words: Asian Court; McDonald's Herttoniemi, Opus Business Park, SunSide, Jufu

Seen from Table 3, SunSide got highest value in all; food quality 4, experience 4, value compared to similar 3.5. SunSide sets lunch price at 6, 5~9 euro. Customers seem to be satisfied with experience. Opus Business Park and McDonald's place at middle level restaurant. Opus Business park cooperates with Amica Oy, which is only lunch restaurant the lunch price 8~9 euro., a well-known fast food restaurant McDonld's price is around 4~6 euro. Asian Court and Jufu Tengda Oy are full-service restaurants. Asian Court, operated by Thai, is a Thai restaurant the same time offering Chinese food. Lunch price is 9 euro. Jufu Tengda Oy is new Chinese restaurant, offering Chinese food, Sushi and some Thai food. The lunch price is 8.9 euro; weekend lunch price is 12.5 euro. But both of them Value compare to Similar is "a bit overprice" Asian Court 1.8 and Jufu 2. It means customers are not satisfied with purchasing experience.

5 MARKETING STRATEGIES

Marketing is the process of communicating with your existing and potential customers. The successful restaurant marketing is to make sure that your message is consistent with what you really are. (Lynn 2001, 210)

5.1 Targeting Strategy

Targeting strategy rests with differentiated markets. Restaurant needs to identify target market and find out who is likely to spend time on restaurant, what the customer will expect, and how much the customer is willing to pay. Fenfang Li Restaurant has two marketing strategies as to two target groups. During lunch time of office worker and auto salesmen, auto prepare workers and construction workers prefer to have a quick lunch, convenient meal, and more simple oriented menu options. As all we known lunch break normally only lasts one hour. 11:00~15:00 will be lunch hours and 15:00~21:00 dinning hours. For dinning people eat out for pleasure that the menu and ambiance must reflect with innovative fresh food choices and luxurious or trendy decor. Top quality service becomes essential.

5.2 Positioning and Pricing Strategy

Choosing a pricing strategy is a challenge decision. Burton and Holden (2008, 55-56) have identified that there are five primary drivers in choosing the right pricing strategy: the value of your offering relative to the competition, an understanding of where the offering is in the life cycle, industry economics, Competitive dynamics, as well as consensus. Restaurant industry's pricing is similar with each other.

A positioning map provides a valuable tool in helping managers position products by graphically illustrating consumers' perceptions of competing products within an industry. (Boone & Kurtz 2011, 301.) Positioning matrix map is drawn by comparing with quality of product and service and price along vertical and horizontal axis. Through Table 3 compare five major competitors by food quality, experience, value compared to similar study, draw figure 6 positioning map by price and quality. Fenfang Li Restaurant will decide that lunch price could be 9 euro same as

SunSide, ensuring fast turnover. 9 euro is used to calculate sales of forecast future 3 years.

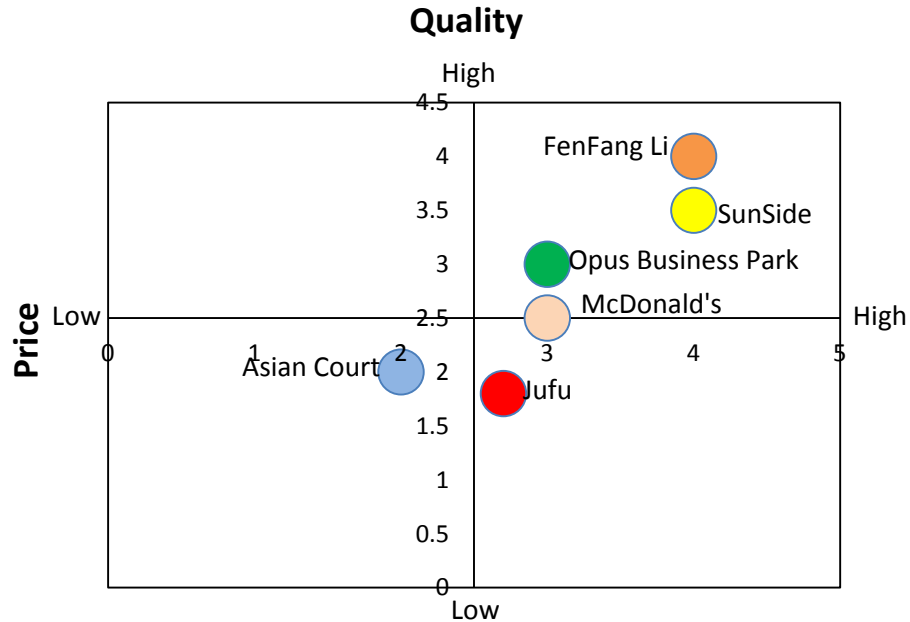


Figure 6: Price and Quality Matrix

For dining menu, Fenfang Li Restaurant is going to create food prices based on different categories and have a different value for each. Company will not only consider the value for drinks, meats, prepared foods, salad or any other categories of stock food, but also takes account on offering more options such as special desserts, drinks or take home items that can provide additional revenue. Most customers will toward purchasing better product and better offering when they feel like treating themselves.

5.3 Promotion and Advertising Strategy

How advertise and promote goods and services is crucial to gain acceptance in the market and successfully generate a profitable sales turnover. Having a good product or service and poor advertising is like not having a business at all. The purpose of advertising and promotion is to introduce, promote, and support your products in the marketplace.

Research conducted by the National Restaurant Association reveals that word-of-mouth is still an important method of advertising (Lynn 2001, 219). Depending on personal experiences, it is still useful advertising method in Finland even though word-of-mouth is intangible and uncontrollable. Potential customers are prone to listen to a friend who has had a good experience with your product or service. The whole team put in mind that doing a good job and satisfying existing customers to meet the customers expect and let them introduce it to other people.

Bundled pricing can be one of promotion strategies. Set one price for two or three entrees plus an appetizer and dessert. The customers will perceive it as a deal and appreciate knowing exactly what to expect on the bill.

More consumers use the Web to browse menus, make reservations, and get recommendations from other diners. Create an attractive website and provide information on aspect of menus, beverage selection, hours of operation and any other services you offer. Give detail message of restaurant address, contact information, and a road map for reaching location. Offer a few recipes and cooking tips on a regular basis such as Chinese food making process, chopstick using, or Chinese food history.

Newspaper advertisement is another advertising strategy even if it doesn't make business profits immediately. But it is critical way to tell people about the product or service. Helsingin Uutiset and Metro newspaper should be considered choice as a huge amount of readers in Helsinki region.

Designed advertisement put into stand board, bill board, advertising banner, and advertising corner in restaurant. Updated information will be published in web pages. Leaflets will be delivered to industries, offices, and households to catch their eyes. Leonard (1999, 234) has agreed that "it is difficult for customers to evaluate most service prior to purchase because service are intangible. Customers usually purchase a service before experiencing it. " It needs time let people know and accept new restaurant.

6 MANAGEMENT OF FENFANG LI RESTAURANT

6.1 Company Organization and Management

Fenfang Li Restaurant has one boss, one decision maker, who takes all responsibilities and risk. Figure 7 presents the structure of company organization. Restaurant will hire five full-time employers and few part-time workers to meet increases in demand.

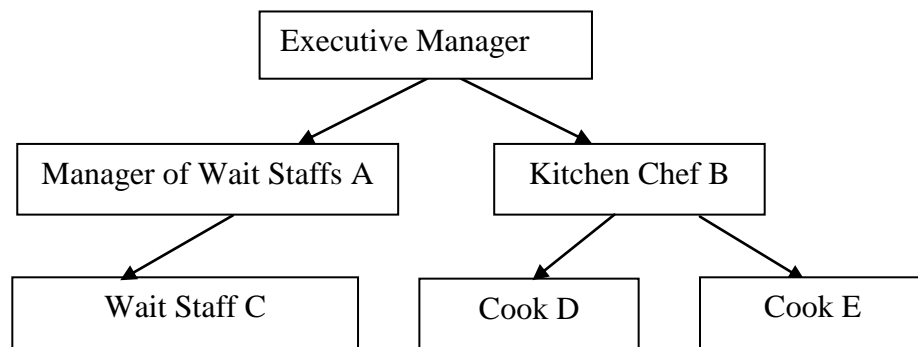


Figure 7: Company Organization

The right mix of personnel is the most valuable asset any business has. Executive manager takes care of oversee steps: order and offer food or beverage, check deliveries for freshness and accuracy, keep an inventory of supplies, recruits, hires and fires staff, schedules hours, assign duties, oversees food preparation, and fills in during staff shortage. As well as handle budgets, keep payroll records, review transactions, keep track of laws, ordinances and regulations regarding health, safe food handling, building requirements and fire prevention.

Employees and staff will play an important role in the overall operation of business. Cooks have professional skill is corporate rich wealth. Cook's effort is the critical factor to attract more and more customers and increase corporate profits. They are assigned to complete food preparation, make delicious food, order materials from suppliers, wash dishware, dispose garbage, etc. Good waiter staff ensures to have high-quality service skills, leave a good impression, and enjoy for every customer encounter. Welcome different types of customers, order and offer

food, dessert, beverage, clean tables, and answer the phone. Their behaviour presents and promotes restaurant image and reputation. Leaders of chef and waiter staff take responsibility for writing job descriptions for subordinates and helping manager to arrange working schedules and procedures.

Participative management style is used by Fenfang Li Restaurant. It means manager allows employees to directly participate in the process of managing themselves, completing assigned tasks and own responsibilities in detail (Management Style 2011). Manager gives employees enough space to display their talents and abilities. Employees' efforts should be recognized at the right time. Make sure give certain praise and encourage them provide input and come true itself value.

6.2 Professional and Advisory Support

Restaurant industry need outside help from professional and advisory support. Those services providers business may consult from whom will obtain additional services. Here is the list of corporate attorney, accounting firm, professional service firm, insurance agent, last but not least bankers.

- Corporate attorney: Company hires a lawyer familiar with the restaurant industry to review lease terms or various contracts (Chemelynski 2004, 87).
- Accounting firm: Visit bookkeeper once per month. A good accounting firm greatly support the company.
- Professional service firm: Lindström Oy helps to clean work wear, mat, and restaurant textile.
- Insurance agent: The Fennia Group provides various risk management and insurance services for enterprises and personnel.
- Bankers: Company will open own business account in Nordea bank.

7 OPERATION OF FENFANG LI RESTAURANT

Operation is defined as the processes used to produce your products/services and deliver them to the marketplace, consisting of manufacturing, transportation, logistics, travel, printing, consulting, after services, etc (Biztree 2011, 33). In according to Basic Hotel and Restaurant Accounting study, it finds that about 80% (Raymond 2006, 279) of expenses cost for operation. In other words, 80% of time will be spent in worrying about operating problems and opportunities.

7.1 Inventory

Inventory as money calculates in financial statements. Dealing well with inventory can reduce the risk of illness, which can damage customers' health and ruin a company's name. Inventory includes a company's raw materials, work in process, supplies used in operation, and Finished goods. (Muller 2002, 1.) There are two key parts to inventory: acquisition and management (Lynn 2001, 142).

The meaning of acquisition is when ordering stock, take product liability into consideration and materials must be fresh enough. Keep enough inventories to fill exiting orders. But it had better not order more inventories before consumption because the storage space is limited and may tie up capital. In special holiday, such as Mother Day or Father Day, managers should prepare enough inventories to prevent shortages. For inventory management, keep detailed and accurate paper work, easily comparing with previous data. First-in-First Out rule is carried out in the whole production process.

7.2 Suppliers

As Lynn (2001, 144) said that if you have a good rapport with your suppliers, they will also work harder on your behalf to provide you with quality products at competitive prices." Reliable suppliers are an asset to operation. Consult other restaurants that raw materials, semi finished products could purchase from:

- Raw material, semi-finished product, condiments, fresh vegetable suppli-

ers

- ✧ HeinoTukku Helsinki
- ✧ Asian supermarket in Helsinki
- ✧ Supermarket – K supermarket, S supermarket, Lidl supermarket, Alepa, etc.
- Meat supplier, - Ropakonnokka Oy
- Gas supplier – Tebol Oy
- Beverage supplier – Heino Tukku, Hartwall Oy
- Kitchenware supplier – Dieta Oy
- Dishwasher detergent supplier

Helsinki delivery system is two days. Phone booking is effective method. Shortages or short term delivery problems frequently happen during the operation. If shortages happen, the feasible solution should be

- Additional order from supplier
- Purchasing from nearby shops
- Getting help from friend's restaurant
- The best solution is preventing shortage issues happening

8 FINANCIALS

8.1 Sale Budget

Fenfang Li Restaurant will plan to have 72 seats capacity. Predict to sell 90 units per day in the first year. Increase sales at a rate of 10 percent in the first three year. As a result, assume 100 units per day in the second year and third year 110 units per day. Set 9 euro as unit price. In general, restaurant's operation day is 360 days per year, without Mid-summer holiday and Christmas holiday. The sales goal each day could be 810 euro, 900 euro, 990 euro in Year 1, Year 2, and Year 3

Table 4: Seats capacity

Tables	18
Seats per table	4
Meals at capacity per serving	72

Table 5: Sales forecasts in three years

	Year 1	Year 2	Year 3	Total
Units	32,400	36,000	39,600	108,000
Unit Prices	9	9	9	9
Total Sales	291,600	324,000	356,400	972,000

8.2 Profit & Loss Budget

Purchase price is calculated by 30% from sales price. 30% is known by consulting from Kouvola, Kotka, Helsinki, Vanta restaurants' employers and cooks. 291,600 euro is sales price, in result of the purchase price equal to 87,480 euro.

Fenfang Li Restaurant will hire 3 cooks and 2 waiters. The wages are 88,560 in a year including social cost. Full-service restaurant need add Employee Meals and

Other Benefits 6,000 euro a year, 100 euro per person monthly. Assume 5,000 euro per month for rent for 72 seats capacity. The whole year will be 60,000 euro including electricity, water, and air-condition. Utilities are 600 euro per month including power, water, gas and installation. Net profit in the end of Year 1 is only 3,760 euro. The second year and third year increase dramatically from 19,566 to 36,349.

Table 6: Profit & Loss Budget

Profit & Loss Budget	Year 1	Year 2	Year 3	Total
Sales	291,600	324,000	356,400	972,000
Variable Costs				
-Purchases	-87,480	-97,200	-106,920	-291,600
Gross Margin	204,120	226,800	249,480	680,400
Fixed Costs				
-Wages	-88,560	-88,560	-88,560	-265,680
-Rent	-60,000	-60,000	-60,000	-180,000
-Employee Meals and Other Benefits	-6,000	-6,000	-6,000	-18,000
-Insurance	-1,200	-1,200	-1,200	-3,600
-Utilities	-7,200	-7,200	-7,200	-21,600
-China, Glassware & Silver	-5,000	-5,000	-5,000	-15,000
-Operating Supplies	-7,200	-7,200	-7,200	-21,600
-Telephone	-3,600	-3,600	-3,600	-10,800
-Office Supplies	-600	-600	-600	-1,800
-Credit Card Fees	-1,200	-1,200	-1,200	-3,600
-Cash Short or Over	-10,000	-10,000	-10,000	-30,000
-Repairs & Maintenance	-2,400	-2,400	-2,400	-7,200
-Marketing	-2,000	-2,000	-2,000	-6,000
-Fuel and oil	-2,400	-2,400	-2,400	-7,200
-Depreciation Vehicles	-1,000	-1,000	-1,000	-3,000
- Depreciation Equipment	-2,000	-2,000	-2,000	-6,000
Profit Before Taxes	3,760	26,440	49,120	79,320
-Tax 26%		6,874	12,771	20,623
Net Profit	3,760	19,566	36,349	59,674

8.3 Cash Budget

The start-up costs need to estimate the first 3 months. Building a restaurant needs at least 150,000 euro (Wang 2011). Equipment & Machinery considered as air-condition system. If before it was restaurant, it can reduce building air-condition system 25,000 euro. Recommended start-up capital requires adding 25% to protect from the unexpected such as unforeseen expenses, delays, inflation, strikes, supplier bankruptcies, and even personal emergencies (Patsula 2007). In all, total start-up costs should be about 187,500 euro.

Table 7: Cash Budget

Cash Budget	Year 1	Year 2	Year 3	Total
Beginning Cash Balance	200,000	206,760	229,326	636,086
From Sales	291,600	324,000	356,400	972,000
Cash Inflow Total	491,600	530,760	585,726	1,608,086
Less Payments				
Purchases	-87,480	-97,200	-106,920	-291,600
Wages	-88,560	-88,560	-88,560	-265,680
Rent	-60,000	-60,000	-60,000	-180,000
Employee Meals and Other Benefits	-6,000	-6,000	-6,000	-18,000
Insurance	-1,200	-1,200	-1,200	-3,600
Utilities	-7,200	-7,200	-7,200	-21,600
China, Glassware & Silver	-5,000	-5,000	-5,000	-15,000
Operating Supplies	-7,200	-7,200	-7,200	-21,600
Telephone	-3,600	-3,600	-3,600	-10,800
Office Supplies	-600	-600	-600	-1,800
Credit Card Fees	-1,200	-1,200	-1,200	-3,600
Cash Short or Over	-10,000	-10,000	-10,000	-30,000
Repairs & Maintenance	-2,400	-2,400	-2,400	-7,200
Marketing	-2,000	-2,000	-2,000	-6,000
Fuel and oil	-2,400	-2,400	-2,400	-7,200
Tax Payables		-6,874	-12,771	-19,646
Cash Outflow Total	-284,840	-301,434	-317,051	-903,326

Ending Cash Balance	206,760	229,326	268,674	704,760
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8.4 Break-Even Point

The reason of predicting to sell 90 units per day in the first year, because of the analysis of Break-Even Point is 92 units.

Table 8: Break-Even Point

Fixed Costs	
Wages	88,560
Rent	60,000
Employee Meals and Other Benefits	6,000
Insurance	1,200
Utilities	7,200
China, Glassware & Silver	5,000
Operating Supplies	7,200
Telephone	3,600
Office Supplies	600
Credit Card Fees	1,200
Cash Short or Over	10,000
Repairs & Maintenance	2,400
Marketing	2,000
Fuel and oil	2,400
Depreciation Vehicles	1,000
Depreciation Equipment	2,000
Total Fixed Cost	200,360
Total Fixed cost per year	557
Contribution Margin in units	6
Break-Even Point in Units	93

8.5 Budgeted Balance Sheet

Table 10: Budgeted Balance Sheet

ASSETS		LIABILITIES	
Cash	268,674	Capital	200,000
Vehicles	2,000	Retained Earnings	-
Inventory	1,000	Tax Payable	19,646
Equipment	5,646	Profit for Three Years	59,674
Office Equipment	2,000		
	279,320		279,320

CONCLUSIONS

I have been working at restaurant for long time. The Planning bases on my experiences and primary and secondary research. Had deep talk with Fenfang Li Restaurant owner, communicated with other restaurant managers and other cooks and waiters from Kotka, Kouvola, Helsinki and Vantaa. I also have collected useful message from Hartwall Oy Customer Service Manager and Diata Oy Sales Manager at 2010. I have benefited a lot from the whole process.

In general, restaurant business' successful factors are sufficient running capital, consisting on high-quality food and friendly services offering to attract new customers and keep old customers, as well as the internal cooperation. Every restaurant has own competitive advantages. Most of competitive strengths are favourable location, upscale service, unique product and customer loyalty. Firstly, the most favourable restaurant locates nearby large crowd, convenience transportation, and shopping centre. Secondly, upscale customers always require upscale service, which has strong purchasing power. Thirdly, the key character to apart from competitors is unique product. Fenfang Li Restaurant is going to make great effort on specials dishes and having own distinguishing feature from others. Fourthly, customer loyalty makes business profit and encourages both employers and employees.

Restaurant is not a get rich quick industry. It is more like a "work hard and make a living" industry. Generally, if restaurant gain enough customers to reach day goal during lunch time, it will be less pressure in the dinner period. Build up positive relationship with customers, employees, and suppliers. Offer green, health food, high quality service, reach high-scale service route. Do small action with big heart.

The first people the company hiring is key. These are the people who will be with you during the toughest part of growing new business: the beginning. Restaurant want people who are hard workers, positive, know their line of work, and are loyal and make sure they are energetic, experienced, and teamwork-oriented people to help company get new business off the ground is about as strong a business development strategy as you can.

To be of value, your plan must be kept up-to-date. You may add current financial statements, updated rate sheets, recent marketing information, and other data as they become available. Also take every opportunity even if you might not make money directly from it, take every opportunity you can to get business's name out.

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Interview Questions for Fenfang Li Restaurant owner

1. What is your dream?
2. What is your opinion about traditional food culture? How do you think about this question, Finns said frequently why Chinese food in Finland is different taste rather than China?
3. What kind of food will be served?
4. How do you think about surrounding direct competitors?
5. What is the target customer?
6. What is the general price range of food items?
7. What type of service will be offered? (Fast-food, self-service, table service)
8. What specific menu items will be served?
9. For your special products, can you share with others?
10. What is your opinion with other copy your products?
11. What kind of atmosphere is desired?
12. What cooking methods will be used?
13. What is the ownership?
14. What size staffs is necessary?
15. Stand at boss point, how do you treat as employees?
16. What is the most effectiveness and direct advertisement?
17. What kind of inventory is required?

Interview Questions for sales manager of Dieta Oy Mr. Laitinen

1. The pictures, prices, and instruction of dishware and kitchen wares
2. The pictures, prices and instruction of buffet table
3. Order system
4. Delivery system
5. Payment system
6. Leasing project
7. Contract
8. The design of kitchen new decoration and costs
9. The cost of kitchen ventilator

Interview Questions for customer service manager of Hartwall Oy Mr. Ilanko

1. Order system
2. Delivery system
3. Payment system
4. Free refrigerator
5. Free window paster