A Business Plan of Teahouse in Helsinki, Finland

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Bachelor's Thesis

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By studying what is a business plan, this paper introduces how to make a business plan with a real life case, starting a teashop business in Helsinki, Finland. It was started by studying how to make a business plan, which includes the structure of a business plan, such as operational planning, marketing planning and financial planning. It is the internal and external analysis that determines the corporate strategy, corporate strategy determines marketing strategy and operational strategy, operational plan determines financial plan. A business plan should be made using this structure.

In the case study of a teahouse called Qi Feng in Chengdu China, its business concept is introduced. In the practical part of starting a teahouse business in Helsinki Finland, in the external and internal analysis, opportunity outweighs threat and strength outweighs weakness. Based on this strategy the mission, vision and business goal are generated. After that follow the operational plan and financial plan with detailed introduction and data analysis. In appendix, the whole business plan of establishing a teahouse in Helsinki Finland is given briefly.

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1 INTRODUCTION

This paper is about how to make a business plan. It starts from what is a business plan, in which the contents and purpose and functions of business plan such as marketing strategy, operational and financial planning, risk and risk management are introduced. In the next part the industrial information is provided, such as the teahouse industry in China and Finland and the coffee culture which is the main competitive industry of teahouses in Finland. In the end of industrial information part is the case of a successful teahouse that is opened in QF (Qi Feng), China, which introduces and specifies the business situation from its products price and suppliers, timetable, customers, employees, market analysis and finance.

The fourth part is about how to make the business plan for a teahouse in Helsinki, Finland including how the business plan is processed and considered, in appendix, the final business plan of which is given briefly. In this part, the real situation of opening a teahouse in Helsinki is analyzed from as comprehensive aspects as possible, for instance, the industry environment by SWOT analysis, mission, vision, business idea, strategy operational plan including how to run business in Finland in detail and financial plan reasonably. This paper wants to analyze not only the business plan for a teahouse in Helsinki Finland but also the basic principles on how to make a business plan.
2 BUSINESS PLAN

Business plan is used by company or project unit for financing or developing purpose. In the first place, it mainly introduces the academic research, research analysis, collection and management of relevant information, based on certain content standards and specifications, in order to show the company’s or project’s current situation and potential development in the future. (Baidu 2012.)

Business plan is a project plan from comprehensive aspects, which starts from internal personnel analysis, regulation analysis, organization analysis and analysis of products, marketing and coming new business projects. Business plan is a determining factor of successful financing and business running, which also enables you to start new business activity or successfully ratio successfully. (Baidu 2012.)

The business plan quality directly influences the views of investors of financing; with a bad quality, the investors may consider the benefits and risks, and stop reading. So, corporates should not blindly make business plan with no consideration of targets and high-quality standards.

The content of business plan contains a large area, but basically includes business concepts, markets, customers, comparative advantage, organization team, financial forecasting and risks. There should be a clear description of the company’s own strengths and weaknesses, your competitors and strategy. Regarding the organization, there should be background and experience analysis of each unit function. Financial forecasting is vital, based on operational plan. (Baidu 2012.)

But in fact, when analyzing business, most people are inclined to successful result. In this case, there should be risk analysis and risk management to prove that you are right to say that it will succeed. It is realistic to have risks but the key to the business plan is to explain how to control or avoid risks. It is a determining factor for successful business.

In terms of the benefits of business plan, firstly it helps you to know the capital flow of your business. Then writing a plan will help you see how different parts of your business change and influence each other. Because it helps you keep on track. It takes much time from the owners to manage different emergencies or ordinary work, but the fact is time is always insufficient. So the business plan helps you to plan ahead or make records. Apart from this, it is always hard for owners to clearly recognize one’s own situation objectively; there are always some subjective sectors.
The function of business plan is to compare the results to the goals. (McKeever 2012, 7-8.)

### 2.1 Business Plan Features

It's good to understand the features of business plan when we start to write it. The purpose of business plan is to help real operation process work well and develop. Business plan should be able to minimize business risk and increase profit. It is a continuing process, three basic phases of which are data collecting, strategic planning, and operational planning, which will repeat regularly. (Entrepreneur 2012.)

Three important objectives should be reached to create a good business plan. Firstly, you should show the goals, and then consider the risks and achievable possibilities related to this goal. Thirdly, the characteristics and sales plan should focus on how you can achieve this goal.

There has been no evaluation standard about the quality of business plan till now. At the beginning, there are two core objectives of business plan: one is that the company makes clear to the business model and to operation planning; another is for attracting investments. Thus, the quality standard is also evaluated from these two objectives. Here are some issues that need to be highlighted: clear and accurate introduction of own products and services, clear description of business model used; target market share, oriented customer segment orientation, skilled teamwork; reasonable funds application, detailed risk analysis together with reasonable solutions, accurate language description with as few mistakes as possible. (Entrepreneur 2012.)

The feature of a good business plan is that it should be able to reflect right recognition of current situation or projects situation and how to succeed. It should highlight the core competence, competitive edge, how to stand out in the market, how to win larger market share and how to develop and expand. In a word, it should be persuasive by explaining “how”, not just the expectations or long term targets. (Entrepreneur 2012.)

Business plan is especially helpful to small businesses, as it is easier and quicker than big businesses. (Small Business UK 2011.) It does not cost so much time to
prepare and finish, which is in order to be adjusted to the market change and own development. It also helps to consider new resources needed, new partners or chances. (Phillips 2009.)

2.2 Structure of Business Plan

Every business plan for each company is special, with no totally the same content, even if they may focus on the same customer segment, the same market, or the similar products. Writing a business plan is to publicize your company, to impress investors by showing your strength. A good business plan should be able to explain how this business is able to succeed with specified analysis including important aspects. (Smith 2013.)

However, it is not easy to write a qualified business plan, and harder to be an impressive one. First of all, the structure of business plan should be clear and easy to understand, as readers can check quickly by their interests. Following the written standards of business plan and designing logically are the basic things to do; a good financial plan and risk management may plus point for it. Different industries require different business plans, but the basic structure is similar. (Blackwell 2008, 8.)

Summary: Summary is the key and highly generalization of the whole business plan. To some extent, whether the investors have interests in your program mainly depends on summary written. No good summary, no good investment. (Wisteria 2013.)

Program introduction: This section mainly introduces the basic situation of programs, corporate important equipment and facilities, production engineering, productivity, efficiency, together with quality control, inventory organization, after sales service, research and development. (Chinacir 2011.)

Market analysis: This part focuses on market situation of products and services, including market basic situation, market's developing trend in the future, market scale, target customer and purchasing power. (Wisteria 2013.)

Industry analysis: This section concentrates on the basic situation of the field which the industry belongs to, and the position occupied of the corporate in the whole
industry. This part will make comparison with the same type of enterprises by SWOT analysis and show core competitive advantage of the enterprise. (Chinacir 2011.)

Marketing: Marketing section mainly describes corporate developing goal, strategy, plan, and procedure, marketing strategy, risk analysis. (Wisteria 2013.)

Employee management: This part mainly introduces management concept, structure, methods, and basic situation of key managers, consultants, employee arrangement, and wage standards. (Wisteria 2013.)

Financial analysis: This part deals with assessment of corporate investment and cost in following years, by making estimation of sales, cost, profit and loss statement, cash flow, and accounting breakeven point, repayment period of investment, rate of return on investment. (Blackwell 2008, 12.)

Risk analysis: This part mainly introduces the facing risks of this program and specified procedures to deal with these risks.

Conclusion: Conclusion part is the whole inclusion of whole business plan.

Appendix: Appendix is supplement of main body of business plan. Because of limited length of an article, some content is not proper to be described in the main body, so the appendix is the information that you want to supply as reference for readers. (Chinacir 2011.)

2.3 Summary of Business Plan

Executive summary is listed in the front of business plan and is the essence of it. Summary should cover key points of plan and be easy to understand, so that the readers could judge within short time. It should also attract investors and give more information, leaving a longer impression. Although the executive summary is listed at the beginning, it is written as the last part of business plan. Because only when the whole plan is nearly finished, the most important and succinct details can be selected from it. Those details are company’s internal situation, abilities and limitations, company’s competitors, marketing and financing strategies, organization team and so on. (Dahl 2010.)

In detail, the content basically concludes following issues: company introduction, main area of products and services, market outline, marketing strategy, sales plan,
production and organization plan, organizers and related departments, financial plan and capital needs.

When introducing the enterprise, in the first place, you should illustrate the idea of establishing a new company, and forming process, together with company’s goal and developing strategies, then making description of corporate current situation, historical background and business running area. In this part, you should make objective assessment of former situation, no avoiding of historical mistakes, because comprehensive and honest analysis is easier to win trust. At last, you should also introduce the risks, entrepreneur’s own background, experience and specialty. The characteristics of entrepreneur himself are also a determining factor to corporate performance. (Dahl 2010.)

In addition, the business plan should also be able to answer following questions: the industry field, properties and area that the company belongs to; introduction of main products; market orientation, targeted customers and their needs; business partners and investors; competitors and their influence.

In conclusion, the summary should be brief and vivid, especially specify the difference of this company and success factors of this plan. The length of executive summary should be short about a few pages. (Pirraglia 2013.)

2.4 Strategic Planning

Business plan should also include a main strategy plan, listing about how you plan to design advertisement, sales promotion and public relationship, by specifying budget and profit of each key activity. There should be a brief introduction of strategy including: Choosing of external sales representatives or internal staff; choosing from wholesaler, retailer or franchise; the type of sales training. Moreover, the details of sales should be highlighted.

Strategy is the most challenging section in business planning. The determining factors influencing strategies: characteristics of target customer groups, product features; corporate current situation, market environment, marketing cost and efficiency. The content of strategy should include following aspects: choosing of market mechanism and market channel, pricing decisions, sales promotion and advertisement strategies. (Friedman 2011.)
For a started company, because of low popularity of product brand or company name, it is really hard to enter stable sales chains of other enterprises in the same industry. Therefore, at the beginning, corporates may have to use strategy of high cost with low profit, for instance, bargain sales, high-cost advertising and giving discounts for wholesalers or retailers. For a developing company, it can use former sales channel; in other hand, it can also explore new sales channel, for better adjusting to own development.

**Strategy of product**
In strategy of products, you could consider from all relevant details about products or services, based on the researches carried out. This part should cover some of following parts: development phase that the products belong to; its speciality; sales channel; estimated customer groups and reasons for estimate; production cost and price; product development plan in the long run. In language description, you should write as brief as possible. The features of products and the concept definitions should be exactly clear to the readers. (Friedman 2011.)

**Strategy of competition**
In strategy of competition, before giving the solutions, you should make specified analysis of competitors from following aspects: Recognize your competitors, recognize the way they operate, make clear of the similarity and differentiation between your product and your competitors, the strategy of competitors, competitor’s sales account, net profit, total income, advantages of each competitor and market segment. (Friedman 2011.)

**Strategy of market forecasting**
When a company wants to develop new product or expand to new market, they should do market forecasting firstly. If the result of forecasting is not optimistic, or the creditability is doubted, it will be riskier and unacceptable.

Market forecasting could start from forecasting the market needs: the existing demands for this product; profit that the demand brings to the company; the scale of new market; the trend of demand development in the future; the influencing factors of demand. After that, the market prospects should also include the description of competition, main competitors, market segment for your corporate products, market share in forecasting, the competitor’s response if the company penetrates their market. The market forecasting should cover the following
content: current situation of market share; outline of competitors; target customer
groups and target market; market position of your company product; market
features and allocation. The forecasting of market should focus on accurate and
scientific market research. The market a company faces is always unstable and
elusory, thus, forecasting needs as broad information as possible and make
research of the business environment by scientific means. It should always be
kept in mind that the market forecasting is not imaginary, false understanding of
market situation is the most important factor of business failure. (Baidu 2012.)

Strategies provide a competitive plan if a company wants to achieve its goal and lays
down the vision, policies and goals, in order to supervise and modify the situation.
Categories of strategies may be divided in detail to product strategies, sales
promotion strategies, brand building strategies, international planning strategies and
recruitment strategies. In a word, the strategies are about how to implement business
in the future by forecasting. And it is also easy to check it at the end of one period
whether it is the right strategy, fulfill company need, and reach the goal. (Morden
1993, 80-81.)

The formulating process of strategies is differentiated by the company type, and there
are many methods that can be formulated. These methods can be used separately.
One is analysis of advantages, disadvantages, competitive edge, occasions, risks
and other general terms. Second is consulting consultative organization or experts
directly. Third is doing research by company itself. Next is to divide each functional
strategy task to each responsible manager or others. (Morden 1993, 83-84.)

2.5 Operational Planning Process

Your operational plan should be invulnerable. This part should identify following
issues: the way to push the product into the market, the way to design production line
and assemble products, the required materials and other sourcing, the production
and equipment cost, the equipment being purchased or rented, the fixed costs and
variable costs of warehouse and transportation.

Operational planning has a number of elements including:

Formulation process
In this section, you don’t need to focus on details but to make a meaningful frame.
The perfection of project plan is a continually improving process through the whole
project lifecycle. Short term and long term plan should be connected together; the short term needs comprehensive illustration, while the long term plan needs to give direction and leadership. Firstly, the project manager should make the whole plan according to its regulations, and then talk with project members in small groups to allocate personal tasks. This participation will increase teamwork and members’ responsibilities, which is beneficial for carrying out the plan. The content should include important information: organization structure, tasks and key positions of each department. The project manager can understand the dependency relationship and corporation mode among of all the departments through procedure document, historical experience, limitation of costs and human resources and hypothesis of carrying out plan. (Baidu 2013.)

Production plan
The production plan should illustrate the product manufacturing process in detail, the related situation of suppliers, labour force, employees, production financing, factory and real estate and so on. It should also describe new product manufacturing plan, company’s current technology ability, quality control and improvement, existing production facility and facility planned to purchase, current production process and economic analysis of production.

The content of manufacturing plan covers: product manufacturing technology and equipment, new product development plan, quality control and improvement; factory and installation; supplier choosing and lead time; product lifecycle and standards; sourcing plan and guarantee measures.

Entrepreneurs or supervisors should make the production plan more specified and reliable, to increase the assessment value in front of the investors in financing process.

Human resource plan
After production, the company needs a strong organization team. The effect of corporate organization directly decides risks of running a business. Administrative staff with high quality, together with a good organization structure is a promising sector to a good corporate. The administrative staff should be complementary to each other with strong teamwork spirit. A good corporate should possess experts of product research and development, marketing, production operation, corporate financing and similar aspects. In this part, the illustration of key positions and their skills should be described, which includes their tasks, responsibility,
historical specified experience and background. Moreover, there should be also brief introduction of corporate structure: organization institution, functions and responsibilities of each unit, person in charge, reward system, shareholders name list, board of directors and their background. (Baidu 2013.)

To transfer an idea into a company, the key is to own a powerful organization team. The team should have high professional knowledge, organization talent and long working experience. In this part, you should firstly describe the whole team and their responsibility, then introduce each administrator and his talent, features and achievement and specially describe the contribution that the company wishes from each of them. This part should also cover the organization objectives and organization structure.

*Detail specification*

Your action plan should be impeccable. This part should specify the following issues, the way for your product to penetrate the market, designing the production line, assemble of products; materials needed for manufacturing, the setup fee of production and equipment, buying or renting equipment, the situation related to product assembly, storage, fixed costs and variable costs. Issues about financial plan should also be specified from following aspects: expanding the product line, production cost and price of each product, distribution channels, prospect costs and profits, employees and wage budget. (Baidu 2013.)

*2.6 Financial Planning*

Financial planning needs a lot of time to be specified by cash flow statement, balance sheet and account of business. Floating capital is the lifeline of one company, so whether a company is in the starting or expanding period there should always be an advanced plan and strict control in proceeding process. Account of business needs to reflect the company’s profitability after a certain period of running a business. Balance sheet reflects the running situation of business at that moment. Basically the content of financial plan includes: hypothesis of conditions, forecast balance sheet and account of business, cash flow analysis, financing and allocation. (Finch 2010, 90.)

A business plan is a summary of corporate plan in financing period, while the financial planning is the support and illustration for it. Thus, a good financial plan is very important for investors to assess the corporate’s capital demand, enhancing
corporate’s success possibilities. If the financial plan is not well prepared, it will result in bad impression of lack of experience and lowering investment value, and meanwhile increasing risks linked to running a business. So to make a good financial plan is very significant.

Firstly, you should forecast the growth speed and possible net profit, and persuade readers with your imagination, organization team and financial model. After analysing basic information of target market, there should be a plan for the sales scale of the first year. What’s more, the financial plan should comply with other parts of business plan. In fact, the financial plan is based on production plan, human resource plan and marketing plan. (McKeever 2012, 85.)

There are four elements in the financial plan: profit and loss account, balance sheet, cash flow forecast and funds flow. (Finch 2010, 90.)

*Profit and loss account*
profit and loss account is easy to check and is the key points of a business. This consists of a list of incomes and costs and sum or minus counting to get net profit or loss. (Ward 2013.)

The expenses may include establishing expenses and running expenses, for instance, costs of making agreement, getting different permissions from governments, warehouse rental, factory building, property and machinery purchasing, and other expenses related to collecting necessary resources.

*Balance sheet*

The balance sheet is based on the relationship of assets, debts and liabilities, obeying a standardized classification and order, listing and organizing each related program accurately. The balance sheet reflects the total scale and structure of company’s assets, debts and liabilities. In this statement, the corporate always presents the assets by mobility, which can be specified as active assets, long run investment, fixed assets, immaterial assets and others. The debits are also listed by mobility, specified as current debt and long term debt. The liabilities are specified into called up capital, paid in surplus, surplus public accumulation, undistributed profit and others. The difference between banks, insurance company, non-bank financial intermediaries and common commercial and industrial enterprises on the content of business, leads to specialness on the constitution. (Finch 2010, 100.)
Cash flow forecast
To make the cash flow forecast the assessment personnel should focus on the following issues: generating ability of corporate’s internal cash flow generating ability, the short run financial responsibilities, cash that the corporate invests in its increase, using the internal cash flow or the external financing, external financing that the corporate relies on (stocks, short run debts or long run debts), the financing method proper for managing risks. (Finch 2010, 93.)

The cash flow of floating capital investment and earnings before interest taxes is used to check whether the company is able to create operating cash surplus; operating cash flow of the earnings after floating capital investment is used to assess how the corporate organizes floating capital; the cash flow of earnings before interest taxes is used to assess the company’s ability to pay the interest taxes. (Finch 2010, 94.)

Flow statement of funds
Because the flow statement of funds reflects the capital flow and direction among different departments, and the surplus and deficiency situation, so it owns the functions that many other numerical statements don’t. With advantages of funds flow statement data, we can directly analyze the relationship between income, deposit, expenses and investment, analyzing the situation of each institution or department, and fluctuation situation of finance market and debt, then find the problems and their solutions. Thus, we can deeply research the economic situation by the use of funds flow statement; adjust monetary policy and financial policy, in the light of macroeconomic regulation and control. This method is applied to international area comprehensively. (Finch 2010, 97.)

Do not borrow money from bank for big loss only if you have other choices. The expenses of establishing a business should be covered by equity, which is shareholder’s capital with no interests. Another choice is loan with payment of interest in stable periods with no consideration to your current business situation. The investors are absolutely the first providers of funding for starting business.

2.7 Risks and Risk Management
We often need to consider risk management when planning forecast part. Risk analysis should be started after the business plan explains the new opinions. It does not mean to give bad impression to the readers, but to persuade them that this
business plan is trustworthy because every business has its risks. In fact, no partners or shareholders will believe that business plan if you say it is with no risk. But you need to explain how to deal with the worries and possible risks from reader’s point of view. To some extent, it may increase the reliability of business plan. (Jeynes 2002, 108.)

There are several ways of dealing with risk. For example, you can demonstrate that the probability of something happens is small, show that the impact of the event would not damage the business seriously, explain how you would respond to adverse circumstances. (Finch 2010, 109.) In the methods to solve risks, you also need to explain why the risk won’t hurt the business seriously and the solutions to different emergencies or fluctuations.

It is not good to list many possible risks, because normally there are only six or eight important risks. It is good to analyze how to avoid the risks and good solutions when it happens. Low profits, for instance, may be dealt with objective sales promotion, changing the sales structure or adjusting prices.

But always remember that you may not lose more sales by adjusting the pricing strategy. (Finch 2010, 109.) Another possible risk that needs to be mentioned is about operational planning, for instance, inability to persuade business partners or essential unrealized details, inability of production planning. You need to show how to get permission or agreements, and who is alternative supplier and other resources.

Risk management can be done through four aspects: time, operation, people, and budget.

Risk management of time
How to arrange timetable of operation: schedule activities needed in short or long period, making clear objectives and specified timetable for measurement and assessment of performance, making necessary financial planning with related operation. (Jeynes 2002, 108.)

Risk management of operation
Operation covers the areas of deeper, skilled identification of possible risks, in a specified schedule, arrangement of new equipment or evaluation of old equipment, finding new resources from suppliers and preparing optional choices, better raw materials with lower prices, arrangement of targeted employee training,
supplementing of required employee, or improvement practice of centralized workers; planning of financial situation. (Jeynes 2002, 109.)

Risk management of people
Human resources and tasks arrangement in operation: describe everyone’s tasks, responsibilities, decision power and relationship with other jobs; every task should be done, some task should not be repeated at the same time, everyone should be able to do that task, the work is divided in equal amount, with clear responsibility and flexibility; personnel development and motivation; every organization has a top power holder, others will get defined decision power of their jobs or positions; authority to use material or info resources or human resources; make contract or sign assignment of organization. (Jeynes 2002, 109.)

Risk management of budget
The content of budget consists of two basic parts: activity budget and responsibility budget. The activity budget is used to explain specified programs budget in the future. For each marketing plan, the most reasonable way to present it is to list the prospect income and related cost. The result is to describe future impersonally, to make sure the balance among each activity, earnings rate and sales volume. Another one is responsibility budget, which is explanation of annual plan according to personal responsibility.

This is basically a monitoring tool of indicating target performance level. But this must be controllable in the cost level of plan and report. Making budget for a certain period, detailed and exact; combine the plans of all units or functions; divides the total company budget up to parts; make clear of background information, such as, mission, business ideas, strategies, goals, policies, tactics, and business situation; often selling or marketing limits business and determines the budgets of other functions in company. (Jeynes 2002, 110.)
3 BUSINESS FIELD DESCRIPTIONS

3.1 Coffee Culture in Finland and Café Business in Helsinki

Coffee culture in Finland

The largest number of coffee consumption per capital is in Finland. Each person consumes 10 kilos of coffee yearly. According to official report, Finn averagely drinks 4 or 5 cups of coffee daily. In contrast, consumption of American yearly per person is 4.2 kilos, ranking 25th in the world. There is even regulation of coffee break in collective labor agreement. But even if there is no such regulation, Finn also used to stop for a coffee break every day and enjoy this time with free conservation. (China baike 2010.)

By comparison, the average consumption amount is twice that of the average EU citizens. It’s obvious that Finns like coffee, espresso, mocha and normal coffee which are popular all around Finland. It’s normal that you can see people take a tip of coffee in any office in any work day. It is already a habit, something that you will feel uncomfortable if you don’t do every day. They drink coffee in the meeting, or at home, working or studying, discussing or watching TV. It is a pleasure of drinking coffee, but also a good refresh for mentality at the same time.

In the past, the coffee in Finland is lack of strong flavor to some extent and more expensive than now. But now the popularity is changed and the coffee of good quality at acceptable price is easy to see in every supermarket or café. In every family and offices, the coffee pots are always prepared. There won’t be lack of coffee in formal meetings also. The dependence of coffee of Finns reaches a fever level. Finns commonly choose café’ or coffee room as conversation place. People like to add sugar or milk to coffee with deserts like pulla or fruit pies. (China baike 2010.)

Café business in Helsinki

In nearly every street of Helsinki, you could find café, with traditional or fashion style. The most attractive ones are those around Senate Square and the Market Square. During summer, the chairs and tables are set out of café, in order that customers could enjoy bask in the sun and step on the grass. Along the coast line of Helsinki, there are also cafés nearby, especially the ones near Kaivopuisto Park, in which you could admire the views of seaside and islands. In the library and museum, there are also cafés, for instance, in the Museum of Contemporary Art Kiasma, Ateneum Art Museum or Design Forum Finland. You could also get internet connection in mbar
café in the city center while taking a cup of coffee. (Invest in EU 2010-11.)

The café there commonly includes two parts: the place for coffee and snacks and the place for breakfast or dinner, while the customers can choose catering service or self-service. About the desserts, different cafés have their own prized ones in differentiation, for instance, the café Ekberg has the Napoleon cake and the Champagne Cork., but commonly there are sandwich made by long-shape bread with cheese and vegetables inside, cakes with cream and fruit or fruit jam, multiply pies, sliced pizza with varied flavors. The price of one dessert ranges from 2 to 4 euros. The coffee drinks are commonly Espresso (2.5 euros), Cappuccino (3 euros), and normal coffee (big size: 2.5 euros, normal size: 1.9 euros). The raw materials of coffee are also purchased from local supermarkets and the desserts are handmade in their own kitchen with raw materials locally in Helsinki. Its open hour is from 9:00 to 18:00 or even later, which is a little long compared with cafés in other places in Finland. The reason for this may be the customer flow in Helsinki is much larger than other Finnish cities. The number of workers in the café depends on the shop size and location. According to my own research and analysis of Café Ekberg, Café Engel, Cafe Aalto, and the cafés inside the museum or library, I get the results as following: if the shop size is around 80 square meters, for instance, the cafés in library, there are commonly 2 workers. If the shop size is around 150 square meters, there are commonly 5 workers (2 workers in the kitchen, 3 waiters outside the kitchen). If the shop size is around 200 square meters, commonly there are 8 workers (3 workers in the kitchen, 5 waiters outside the kitchen). The wage of waiters is about 8 euros per hour, while that of the kitchen workers is about 14 euros per hour. (Visit the Helsinki 2013.)

3.2 Teahouse Business Environment in Helsinki

Sweden is on the near west of Finland and the Russia is on the east. The Finnish culture is both influenced from them. As the capital and biggest city of Finland, Helsinki has over 500,000 inhabitants; the migration is also very large. According to research, there is no teahouse in Helsinki till now. The Chinese Teahouse function is relaxing and refreshing of customers, with possible choices of low or high level consumption, which is good choice for those who want to save money or find a place to rest. It’s also a good choice if travelers drank coffee already that day and want to try something else. Sales of special deserts and drinks, warm and fresh internal decoration may also attract return customers. (Nordics 2012.)

The main competitors of teahouse in Helsinki may be cafés. There are too much
cafés in Helsinki, and their running model, open time and coffee deserts are so much similar, so it is possible that either local inhabitants or the travelers will have curiosity to teahouses, a total new kind of entertainment. And night time is still rush hour for teahouse business. The important factors of teahouses are to find a good location, which the size of shop may not be big, because location is very important to a service industry.

According to Spetz, the big benefit of doing business in Helsinki is free from corruption. Finland is one of the most integrity countries in the world. And Helsinki is a very impressive city and attractive for foreign investors. It has a good business running environment. Finland is already one of the developed countries with mature scientific development and engineer industries. About the policy environment, it is really safe and stable with highly respect of human rights. The infrastructure and the networks of Helsinki are sufficient, including telecommunications, high technology and transportation. It is said that Finnish technology is in the leading place in Finland. Business is divided into several domains in Helsinki, with multiply choices of location in different Finnish cities. Helsinki is a high developed city with sufficient public infrastructure such as education, transportation and accommodation. The best thing about Finland in terms of business may be the principles of fairness. Finland also encourages of foreign direct investment, the amount of which keeps on increasing. (Invest in EU 2010-11.)

3.3 Teahouse Business Culture and Management

Chinese teahouse culture and situation now

According to the results of statistics 2012, the number of different teahouses in China is over 50,000, with the value of more than 10 billion euros. Chinese teahouses mainly spread in Beijing, Shanghai, Hangzhou, Guangzhou, Chengdu and other large cities or medium sized cities, and the number of which is increasing by 20% per year. Along with the increased number of teahouses, the competition is also intensified, which brings higher challenge for teahouse’s business industry. Teahouse industry is called green industry, as it is mainly based on healthy and nature tea drinks, together with services of entertainment. The location mostly chosen in people’s working area and store-gathering area, as people may choose teahouses to talk business or just have conservation with friends in the flow of workday. (Zhong 2011.)

To understand the culture of teahouse’s existence, we need to understand human needs firstly. The first space of human beings is family, where is the place to live; the
second place is company, where is the place to work; the third place is mental resting
place, such as bars and teahouses. The third space belongs to oneself, as a mental
need related to personality, achievement and differentiation from others. Secondly, for
thousands of years, coffee and tea are always in the leading place around the world,
no one can replace each other. Along with the fast growing speed of service industry,
the development of teahouses became possible. According to analysis of successful
teahouses, if there is no big problem, it can get profit in the second year. Teahouse
functions are varied as parties among friends, conservation with business partners,
special interests of customers, for instance, tea art performance, porker game.
(Zhong 2011.)

Only with sufficient customer flow, can the business be profitable. In fact, some
teahouses have crowded visitors, while some have so few customers, about two-
thirds teahouses are not running so well around China, one fourth of which nearly go
out of business. Apart from subjective reasons, how to make specialty of
management is the key factor. A company needs to own its own style, to attract the
customers. Admittedly, there are basic principles and rules. Many sectors need
expertise knowledge, and to find a good manager is essential as stuff management is
hard. There should be justified standards planned and presented to all stuff with clear
praise and punishment. (Zhong 2011.)

The location should fulfill the characteristics of good environment and sufficient
stream of people, which leads to a promising future. It’s not recommended to rent a
low-rental place. Only after locating, the decoration and installment inside can be
started. The organizer may design by him or consult from expert design company.
Anyway there are some essential issues to be noticed of design: fully to show its
specialty and function requirements, specification according to business objectives;
the final performance should fulfill expectation of customers; decoration should
always coordinate with functions. Do not blindly pursue decoration of luxury or
eccentric effects or in need of a long period to finish. Before imaging, the organizer
should also make sufficient researches, checking other teahouse experiences and
their successful styles.

Management
A good teahouse always needs a good name, which is also the first impression of
visitors. The name of teahouse in China always expresses the feeling of purity and
freshness, with the art of traditional culture and easy to remember. A good teahouse
also needs a good location. Location is chosen in convenient transportation area or
store gathering area. It is easy to find that the shop size doesn’t have to be big, while the customer flow may not be large too; nor too small, or it will lose the function of teahouse. The location is mostly chosen besides big hotels, entertainment places, or the gold zone. The interior decoration and design inside is special and artistic, for instance, the nice tea-drink cups. The quality of tea types is above medium level. According to Yun Tan Teahouse Menu (wenku, 2012), the products and their prices are commonly as following: red tea(1 euro/cup, 2 euro/pot), green tea(1 euro/cup, 2 euro/pot), chrysanthemum tea(1 euro/cup, 2 euro/pot), chen picha(1 euro/cup, 2 euro/pot), jasmine flower tea(1 euro/cup, 2 euro/pot), hawthorn tea(1 euro/cup, 2 euro/pot), tea with milk(1 euro/cup, 2 euro/pot), Grapefruit Tea(1 euro/cup, 2 euros/pot), rose tea(1 euro/cup, 2 euros/pot), Pu’er Tea(1 euro/cup, 2 euros/pot), Longjing Tea(1 euro/cup, 2 euros/pot), Biluochun Tea(1.5 euros/cup, 3 euros/pot), Tieh-Kuan-Yin Tea(1.5 euros/cup, 3 euros/pot). The price of each small plate of tea snacks is about 2 euros. There are varied tea snacks, but commonly the following types are easy to see: Steamed bun stuffed with barbecued roast pork, chicken feet with pickled peppers, pork ribs, radish tripe, pig’s knuckle, fried rice noodles with beef and steamed vermicelli roll, shrimp dumplings, steamed dumplings filled with crab and pork meat, stick rice with chicken and egg tart. (News dayoo 2009.)

The open time have three time intervals: morning tea from 6:00 to 14:00, afternoon tea from 14:00-17:00 and nighttime tea from 20:00 to 2:00. Some teahouses only have the morning tea, for instance, the Lianxiang Teahouse in Guangzhou and Hong Kong. Some teahouses have both morning tea and afternoon tea. The nighttime tea is rarely seen nowadays, but still can be found, for instance, Jin Tao Ju Teahouse in Guangzhou. (News dayoo 2009.)

Many teahouses use half self-help service. Customers need to change cash into shop’s own paper ticket with corresponding amount of cash. When the customer wants to take a small plate of snacks, they need to give the paper ticket to the waiters with same amount of cash. If the customers choose to take the lunch package with certain price, there would be certain tea drinks for free. Otherwise, they need to order separately and pay for it. (Baidu 2011.)

The marketing strategy is to analyze customers’ purchase behavior from purchasing records, give discounts to frequent purchasers and lower the sales cost. In addition, teahouse arranges activities regularly, for instance, Chinese painting show, calligraphy exhibition or tea art show. (Baidu 2011.)
The working dresses should be unit and clean all the time, unpermitted to ware high shoe heels or use barbarian words. When customers enter the teahouse, the waiters should send greetings firstly. During their enjoy time, the waiters should offer proper help appropriately and answer all the questions if customers ask. The timetable of workers differs from open hour the teahouse chooses, for instance, morning tea, afternoon tea, and nighttime tea. The waiters should arrive half an hour before opening hour. The kitchen workers may start from 4:00 am to prepare for morning tea snacks. (Zhong 2011.)

3.4 Case of QF (Qi Feng) Teahouse

3.4.1 Introduction and background
The population of the city where QF Teahouse locates is 240,000, while people are centrally distributed. But tea culture is not as famous as the past; it is hard to meet customer expectation; it also needs much time to get return customers. (Baidu 2012.)

QF Teahouse is a fashion teahouse with concept of entertainment, which is established in 2004, mainly provides Chinese traditional tea snacks in a modern method. There have been many teahouses until 2010; facing this competition, the owner of QF teahouse started her own exploration to develop competitive edge by transferring old concept into new, which is the tea restaurant. Tea restaurant aims to combine tea drinks and snacks, proposing green food which is made of less oil or fat in a moderate price. The performance has proven to be good, as it attracts many consumers. (Baidu 2012.)

QF teahouse is located in the center of the town, owning a large customer flow and convenient transport. The competitive edges of QF Teahouse are high investment, good tea quality, diversified flavors, new business idea, combination of tea drinks and snacks. Apart from these, the local average income of the public is increasing: consumption proportion is growing fast on the entertainment industry. (Baidu 2012.)

3.4.2 Customers, products and services
Customer segment: tea culture hobbyist; people aims to relax personally; people aims to leisure and conservation with friends or family; people with regular drinking and eating needs; people coming for festival celebration.

The tea product expresses the tea culture and different functions of tea drinks. It also fulfills customer needs through tea and tea snacks. QF Teahouse employs good
cooker in order to produce different tea snacks and of good quality.

Products and services of QF Teahouse can be divided into 3 categories: tea drinks, tea gifts and tea snacks. The tea drinks and tea gifts have the same classification of 2 large categories, which are dark tea and black tea. In specification, the dark tea includes Anhua tribute tea (purchased from Anhua), Hubei old tea (purchased from Hubei), and Guangxi Liubao tea (purchased from Liubao, Guangxi). The black tea sold consists of 4 categories: Keemun black tea (purchased from Huangshan City Qimen red drunk tea trade Co., Ltd), Yunnan Dianhong (purchased from Baoshan, Yunnan), Fujian Lapsang souchong (purchased from Fujian tea pavilion tea industry limited company), and Guangdong Yingde black tea (purchased from Guangdong). The price of each kind of dark teas is 2 euros per cup and 6 euros per pot. (Baidu 2011.)

3.4.3 Activities and promotion
Good mile should be on the first place when selecting site. QF Teahouse made district business investigation on attractive areas before opening. The marketing has been considered from consumption groups, gift consumption, leisure consumption and bind consumption. Based on own specialty, QF teahouse makes product differentiation of tea drinks of about 20 categories, meanwhile developing food quality and expanding product functions from tea drinks to tea gifts. The decoration is chosen from Tan Dynasty Style to make a traditional and artistic circumstance. There are high requirements for workers with clear worker regulations. In addition, they also organize activities in special periods, for instance, spring festival and summer vacation, with activities of 8.8 discounts of certain products. (Baidu 2011.)
4 BUILDING BUSINESS PLAN FOR TEAHOUSE IN HELSINKI

4.1 External and internal analysis

It is good to analyze the industry and market from external and internal environment. SWOT analysis is chosen as opportunity and threat are from the external environment; strength and weakness are from the internal environment.

Strength

Firstly, the main products of teahouse are tea drinks. For thousands of years, coffee and tea are always in the leading place around the world, no one can replace each other. Secondly, Teahouse is a service industry, aims at relaxing and refreshing, with both choices of high and low consumption levels. So it is attractive to those who want to save money or find a place to sit and break. It is also a good choice for those who already have much coffee that day and want to try new drinks or deserts. The third strength is the tea snacks, which has a long history with successful popularity in China, while Chinese food has proved to be welcomed around the world.

Weakness

Firstly, it is hard to evaluate that whether tea drinks will be successful in Finland, as Finnish prefer coffee mostly. Secondly, it is hard to gain trust of the customers to the quality of tea. Thirdly, the management of teahouse is quite challenging to managers with no same business in Helsinki to consider as there is no teahouse established in Helsinki till now.

Opportunities

Firstly, along with the fast growing of service industry, fashion and innovation is becoming more important. There is no teahouse in Helsinki till now. But there are super large amount of cafés, the innovation is in need. Secondly, There may be people who want to try Chinese tea with good quality, and the teahouse supply for them so that they don’t have to go to China to try what they want. Secondly, there is a central agency called ‘Invest in Finland’ that helps foreign investment, the basic goal of it is to help foreign investors to find available choices in different areas in Finland concluding Helsinki. It also provides information and guidance to set up business in Finland. In addition, all the services provided by ‘Invest in Finland’ are free and the assistance provided is for comprehensive demand. This is a good channel for teahouse investors to make research and build business plan. (Smartclip Nordics.)
Thirdly, as Helsinki is the capital of Finland, the migrating population is super large, and the people are under pressure to some extent. There are needs of a mental resting place, such as bars and teahouses. This mental place belongs to oneself, as a mental need related to one’s personality, achievement and differentiation. Teahouse is a good place for resting and a new experience of different culture through interior decoration and products. In this way, it may be in need as a mental resting place.

**Threats**

The first threat is Finnish coffee culture. As Finland has the largest number of coffee consumption per capital worldwide, each person consumes 10 kilograms of coffee yearly. According to official report, Finns averagely drink 4 or 5 cups of coffee daily. There is even regulation of coffee break in collective labor agreement. But even if there is no such regulation, Finns also used to stop for coffee break every day. As coffee culture is so deep in Finland, it will strongly influence people’s acceptance of tea drinks. Secondly, in nearly every street of Helsinki, there is café in traditional or fashion style; those around Senate Square and the Market Square are even very famous. The large amount of cafés is definitely another threat of teahouse in Helsinki.

In other aspect, the Asia shops, Chinese shops, Thai shops may also become teahouse’s competitors. Because if the teahouse gets good sales of some kind of tea or tea snacks, it is quite possible that those Asia shops start to import those products too and sale with lower price than teahouse.

### 4.2 Planning in main areas: (mission, vision, business goal, strategy)

**Mission**

As the teahouse aims at customers’ refreshing, with both consumption choices of high and low levels. The customer orientation is those who want to save money or find a resting place; who already have coffee that day and want to try drinks or deserts differ from cafés. So, the mission of teahouse is to supply drinks and deserts differ from cafés in Helsinki.

**Vision**

Although the coffee culture is the most popular in drinks industry, it doesn’t mean that the other drinks culture won’t survive. As the tea culture is so famous and successful for thousands of years in China, there should be reasons for this culture. Chinese tea differs from European tea, variation in flavors and production places. Service industry and fashion always need innovation. So the vision of teahouse in Helsinki is to make Finnish people accept Chinese tea culture, which aims at diversification and
innovation in drinks industry.

*Business goals*
Service industry should dare to make innovation. As Finnish people are familiar with pizza shop, cafés and Chinese restaurants already, the goal of teahouse is to be another choice of entertainment with both consumption of high and low levels, in order to achieve wider customer groups.

*Strategy*
The method I suggest is that: firstly, use Finnish stuff; secondly use glass wall of the kitchen to show how those tea snacks are made, as it is also a good advertisement itself; thirdly, choose famous tea brand or successful tea brand in China already, thus would also saves a lot of time and cost to introduce to customers.

Apart from this, the target customer groups are different in age groups in different demand. Because of this difference, there should be targeted services and products to fulfill needs of each customer group. For instance, teahouse could set up varied themes, for instance, literary type, composite type, and fashion type. There should be a determining factor to lead the business image, for instance, time leadership, service leadership, cost leadership, or value leadership.

On the other hand, the teahouse could aim at internal circumstance of culture and art from decoration, interior display and waiter dresses, using traditional three-piece tea cups set, posting tea paintings, making original tea snakes, so that the visitors could enjoy this special culture with added value.

What’s more, it should design product with cultural connotation: A new brand is the innovation of product, so teahouses should have its own special snacks, like a company needs its own brand. Based on the marketing strategy of products, teahouse products should concentrate on core product, tangible product and extended product. Consumers concern about tea quality will put high attention on tea standards. Teahouses could set up tea exhibition, sales counters to sell high level teas. But to attract the popularization of customer groups, you need to put forward more choices for them in the price choices. Pricing strategy is an important factor in competition, as there are so many competitors in Helsinki.

The background music should express Chinese traditional classic music, for example, koto, erhu, lute and so on. Teahouse could also add drama as the
extended products. For the teahouse service, we provide personality requirements, and waiters could also recommend varied tea brands according to customer favorites.

4.3 Operational planning
Introduction of main products and suppliers:
A new brand is the innovation of product, so teahouses should have its own special snacks, like a company needs its own brand. Based on the marketing strategy of products, teahouse products should concentrate on core product, tangible product and extended product.

The teahouse will supply delicious tea snacks with low price which has successful sales experience in China for thousands of years but rarely seen in Finland. The types I suggest are:

Steamed creamy custard bun: this is a traditional Chinese teahouse dessert, which is made by milk, butter, sugar, egg and flour. The main tool used is a big pot for steaming. These raw materials and tools are easy to find in local supermarket in Helsinki.

Apple crisp: this is made by apple, butter, cheese and flour. The character of it is crisp and fragile. The main tool used is a pan. These raw materials and tools are easy to be found in local supermarket in Helsinki.

Sticky rice in lotus leaf: these is the most common tea snack in Hong Kong teahouse with abundant materials of food inside lotus leaf, for instance, chicken, mushroom and Asian jasmine rice. The main tool used is a big pot for steaming. Chicken, mushroom and big pot are easy to find in local supermarkets in Helsinki, while Asian jasmine rice and lotus leaf needs to be purchased from Asian shop in Helsinki. The Asia shop I suggested is called Dong Fang Hang.

Egg Tart: This is typical western dessert, but also familiar in Chinese teahouses nowadays. The basic materials are butter, egg, flour, milk. There are varied types of egg tarts with adding other materials, for instance, chocolate and raisin. Egg tart needs to be roasted in oven using silver paper. These raw materials and tools are easy to be found in local supermarket in Helsinki.

The tea brands I suggested are chosen from the case of QF teahouses in chapter 3: Keemun black tea (purchased from Huangshan City Qimen red drunk tea trade Co.,
Ltd), Fujian Lapsang souchong (imported from Fujian tea pavilion tea industry limited company, China), Guangdong Yingde black tea (imported from Guangdong, China), Fujian Lapsang souchong (imported from Fujian tea pavilion tea industry limited company, China). In the case study, the price of each kind of these teas is about 2 euros per cup and 6 euros per pot. But these teas have to be imported from China. Considering the transportation fee by shipping from China to Finland and adding VAT fee, the price will be a little higher.

**Opening hour**

As research on internet, in Helsinki, the department stores and shopping centers open on weekdays 9am-9pm, Saturday 9am-6pm and Sunday 12noon-6pm (9pm). Smaller shops are usually open weekdays 10am-6pm and Saturdays 10am-2pm. (Arrival guides 2005-2013.) The average working hour for Finnish workers is 160 hours from Monday to Friday (8 hours per day). If the shop opens on Weekends, the tax and salary for workers would be a little higher and more complicated to calculate in financial plan. So I suggest the teahouse to make change of the timetable of department stores and shopping centers in Helsinki: open on 10am-6pm from Monday to Friday. The total working hour of employees is 8*5*4=160 hours/month. It is proper to assume that there are 1 manager, 3 waiters and 2 cookers in this teahouse. In addition, according to Finnish working holiday regulations, the teahouse also has 4 weeks holidays in summer and 1 week holiday in winter.

**Interior decoration**

Teahouse could set up varied themes, for instance, literary type, composite type, and fashion type. The teahouse should attract customers by improving internal circumstance of culture and art. I suggest the classic Europe-style interior decoration, because of shortage of Chinese decoration materials in Helsinki. The goal is to build a good entertainment and relaxing place for large customer groups. The cups for tea drinks should be traditional Chinese tea set. And it is good to post tea paintings on the walls. The background music should express Chinese traditional classic music, for example, koto, erhu, lute and so on. For the teahouse service, waiters should be able to introduce and recommend the tea sold to customers.

**Promotion activities**

As the core product of teahouse industry is good tea. Consumers concern about tea quality will put high attention on tea standards. Teahouses could set up tea exhibition in order to introduce the tea drinks. Pricing decision should be made by comparing with its competitors as there are so many cafés here in Helsinki.
About pushing product into the market: the design of products will be involved with market trend, adopting diversified product categories and pricing strategies. Apart from very few high level tea brands, the pricing of others will be in a medium or low level, for instance, common tea drinks and tea snacks. If the cumulative consumption is over 60 euro in one week, there will be a silver card of 10% discount; if the cumulative consumption is over 160 euro, there will be golden card of 20% discounts.

The sales promotion plan includes advertising on Internet, to enlarge popularity of new open shop. In the starting period and festivals, there will be favorable activities, the content may include 30% discount for first 50 customers, and other customers will receive a sample package of tea. If possible, the owner could make long term contract with tourist groups; there would be a discount of 10% for the travelers they recommended.

**Starting a business in Finland**

If this teahouse wants to register, there are some procedures. Firstly, to open a bank account, the shop must have following documentation: the memorandum of association; the Board of Directors concluding a resolution to open a bank account and the persons authorized to withdrawal from the account; a description of future banking transactions; a specified description of the company business field. Secondly, the start-up notification forms to NBPR (National Board of Patents and Registration) and the Tax Administration. In detail, a basic form to the Trade Register must be filed in Finnish or Swedish according to certain standards. If the company has employees, the company must have the Employer Register. (Doing business 2012.)

Thirdly, there should be insurance payment. An employer must pay for his employees the pension insurance, accident insurance, unemployment insurance and group insurance. Supplemental pension insurance is optional. (Doing business 2012.) Apart from this, a shop may choose to buy the shop running insurance; generally, there are four main types, vehicle insurance, personnel insurance, building and content insurance and public liability insurance.

**Employee expenses of shop owner**

The boss need to pay 6 different bills because of employment, five of which will be paid to government for the employees, and the left one is to the employees. The five bills to the government are social security fee, pension insurance, accident insurance
payment, unemployment insurance payment and group insurance payment. The one bill to the employees is salary. In this part, I will calculate three bills: the social security payment, employment pension and salary, as the accident insurance payment, unemployment insurance payment and group insurance payment will be introduced in another part called general insurance. (Vero 2013.)

4.4 Financial planning for 1st year

Rental payment

By research of renting a shop in Helsinki on internet, it is estimated to prepare oneself for about 20+ euros for per square meter in the center. Better spots in the center will go up to 30 €. (Finland Forum 2008.) I suggest a shop size of 150 square meters, which rental is 25 euros*150= 3750 euros/per month.

Rental deposit

The rental deposit is about one month rental payment, which is 3750 euros in this case.

Decoration tools and other equipment

I suggest teahouse owner buying raw materials from decoration shop in Helsinki or other places in Finland according to personal understanding and design. I suggest interior decorating shops in Punavuori and Kamppi districts. (Arrival guides 2005-2013.) It is estimated that shop lighting tools cost 200 euros; wall painting costs 400 euros; 8 tables and 32 chairs cost 2000 euros; 32 Chinese tea cups suits purchased from Asia shop-Dong Fang Hang costs 600 euros; kitchen equipment consists of 6 ovens, 3 refrigerators, 1 chopping table, 2 cupboards, 2 microwaves, 1 cleaning pool and pans, pots, plates, floor board are easy to find in local supermarkets, with estimated total cost of 8000 euros. In total, decoration and other equipment cost is 11200 euros. After adding VAT of 24%, it is 11200*1.24=12540(euros/month).

Depreciation (reduction in value)

Equipment is to be depreciated at a rate of 20% yearly and depreciation of ADP-programs is calculated by using straight-line depreciation method: acquisition cost of the equipment is 11200 euros, so the depreciation yearly is 11200*20%=2240 (euros/year), 2240/12=187(euros/month).

Expenses of employees

As introduced in operational plan, the open hour is on weekdays 10am-6pm (8 hours), the total working hour of employees is 8*5*4=160 hours/month.
In Helsinki, the average salary is 4500 euros/month for manager, 1688 euros/month for waiter, 2121 euros/month for cooker. (Palkkavertailu 2013.) As the salary for manager is too high, I suggest that the shop owner himself to be the manager and do the bookkeeping by himself as this is only a small teahouse. So I suggest that there are 3 waiters and 2 cookers in this teahouse. As 160 are average working hours for Finnish workers, so the salary in this teahouse is: 3 * 1688 euros/month for 3 waiters, 2 * 2121 euros/month for 2 cookers. The salary cost of all employees is: 1688 * 3 + 2121 * 2 = 9306 (euros/month).

In Finland 2013, the social security payment is 2.04% of the salary if the employee is from 16 to 67 years old and the pension payment is 17.35% of the salary. (Vero 2013.) There is also unemployment insurance and accident insurance which is varied in price, depending on the industry characteristics. As teahouse is not a business in high danger of accident, I suggest that the unemployment and accident insurance are together 6% of the total salary. Thus, the all other employee expenses except for the salary is about 25% of the total salary: 25% * 9306 = 2327 (euros/month).

**Raw materials purchasing cost**

There are four kinds of tea snacks suggested: steamed creamy custard bun, apple crisp, sticky rice in lotus leaf and egg tart. I suggest that the average cost of tea snacks should be controlled in 1.5 euro. By asking of the desserts’ cost in cafés in Helsinki, the cost is around 1-1.5 euros. So it is quite possible for tea snacks too, as the raw materials used are similar. On the other hand, the average total cost of tea is 30 euros per kilogram. The amount of tea used per pot is about 15 grams, so the average cost is 1 euro per pot. In assumption that they sell 6000 tea snacks and 2000 pots of tea monthly, then the purchasing cost without VAT is 1.5 * 6000 + 1 * 2000 = 11000 (euros/month). After adding VAT of 14%, it is 11000 * 1.14 = 12540 (euros/month).

**Electricity fee**

According to Helsingin Energia report on 1.1.2013, the general electricity fee is: basic charge is 2.80 euros/month; electricity is 6.81c/kWh. The general electricity means the electricity sold to contract-based sites, where the size of the main fuse is max. 3* 63A and the annual consumption of electricity is less than 100,000 kWh. (Helen 2013.) According to research, the electricity consumption is 300W/square meter of the kitchen and 150W/square meter outside kitchen in a restaurant. In my suggestion,
the shop size is 150 square meters including a kitchen of 40 square meters. In the calculation before, the open hour of the teahouse is 256 hours/month. So the electricity consumption per month is $256 \times 6.81 \times (40 \times 0.300 + 110 \times 0.150) = 497$ (euros). The total electricity consumption without VAT is $497 + 2.80 = 500$ (euros). After adding VAT of 24%, it is $500 \times 1.24 = 620$ (euros/month).

**Water fee**

According to HSY, the water fee is based on the consumption, which is estimated to be 400 euros of a 150 square-meters teahouse. (HSY 2013.) After adding VAT of 24%, it is $400 \times 1.24 = 496$ (euros/month).

**Advertising**

I suggest the advertising on Expat Finland, launched in July 2004. Expat Finland is a prominent information resource, with steady traffic and search results. Typical visitors actively seek the information on the Expat Finland pages they visit, and using it. For companies and organizations seeking a targeted audience, advertising on Expat Finland is an effective medium. It is estimated to spend 70 euros per month to promote products to our customers per year to set up ads on the left of the front page. (Expat-Finland 2013.) After adding VAT of 24%, it is $70 \times 1.24 = 87$ (euros/month).

**Shop registration**

According to *Doing Business 2012* in Finland, there is clear introduction that the start-up registration fee is 350 euros, includes the notification fee related to establishment of a limited liability company. (Doing business 2012.)

**Inventory**

In assumption, the shop owner has the inventory of raw materials or equipment worthy of 1000 euros. After adding VAT of 14%, it is $1000 \times 1.14 = 1140$ (euros/month).

**Unexpected cost**

There are always uncertain expenses, which is random cost. In this case, we assume that the unexpected cost is 200 euros monthly.

**Floating capital**

We assume that the floating capital prepared for opening a teahouse is 20000 euros, which comes from owner’s own pocket.
Sales analysis
The average raw materials cost of tea is 30 euros per kilogram; the amount of tea
used per pot is about 15 grams, so the average cost is 1 euro per pot. I suggest that
the sales price of each pot is 16 euros and each pot equals to 8 cups of tea, thus, the
price of each cup is 2 euros. (Wenku 2010.) The average cost of tea snacks raw
materials is 1.5 euro, and the average sales price is 3.5 euros. (Wenku 2010.)

Total sales (net turnover): In calculation in products' purchasing cost, I assume that
they sell 6000 tea snacks and 2000 pots of tea monthly, so the total sales with VAT is
6000*3.5+2000*16=53000(euros/month). The VAT is 14% of sales in 2013 Finland.
So the VAT payment of sales is 53000*14/114=6509(euros/month). The net sales are
53000-6509=46491(euros/month).

Financial plan by tables
Table 1: Profit and loss account

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<td>111672</td>
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<tr>
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<td>Depreciation</td>
<td>187</td>
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<td>3750</td>
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<td>Electricity</td>
<td>500</td>
<td>6000</td>
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<tr>
<td>Water</td>
<td>400</td>
<td>4800</td>
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<tr>
<td>Advertising</td>
<td>70</td>
<td>840</td>
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<tr>
<td>Shop registration</td>
<td>350</td>
<td>4200</td>
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<tr>
<td>Unexpected costs</td>
<td>200</td>
<td>2400</td>
</tr>
<tr>
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<td><strong>224059</strong></td>
</tr>
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</tr>
<tr>
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<td>9306</td>
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<td>2327</td>
</tr>
<tr>
<td>Raw materials purchases</td>
<td>12540</td>
</tr>
<tr>
<td>Electricity</td>
<td>620</td>
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<tr>
<td>Water</td>
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<td>Inventory</td>
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<td>Unexpected costs</td>
<td>200</td>
</tr>
<tr>
<td>Rental deposit</td>
<td>3750</td>
</tr>
<tr>
<td><strong>Total financing</strong></td>
<td><strong>48454</strong></td>
</tr>
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</table>
Table 3: Financial budget for the first month

<table>
<thead>
<tr>
<th>FINANCIAL BUDGET FOR THE FIRST MONTH</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>53000</td>
</tr>
<tr>
<td>Owners’ investment</td>
<td>48454</td>
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<tr>
<td><strong>Total of receipts</strong></td>
<td>101454</td>
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<tr>
<td><strong>Payments</strong></td>
<td></td>
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<tr>
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<tr>
<td>Equipment investment</td>
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<tr>
<td><strong>Total of payments</strong></td>
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</tr>
<tr>
<td><strong>Monthly net cash flow</strong></td>
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<tr>
<td><strong>Opening balance</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>53200</td>
</tr>
</tbody>
</table>

4.5 Risks analysis
To open a teahouse in Helsinki, there are 2 main risks: culture risks and strategic risks.

**Culture risks**
The largest number of coffee consumption per capital is in Finland. Each person consumes 10 kilograms of coffee yearly. According to official report, Finns averagely drink 4 or 5 cups of coffee daily. In contrast, American yearly consumption of coffee is 4.2 kilograms, ranking 25th in the world. There is even regulation of coffee break in collective labor agreement. But even if there is no such regulation, Finn also used to stop for a coffee break every day and enjoy this time with free conservation. In nearly every street of Helsinki, there is café, with traditional or fashion style. The most attractive ones are those around Senate Square and the Market Square. This is definitely one risk of this teahouse.
Strategic risks
It is hard to enter a new country with no experience before, because the culture and the custom are so different. How to gain trust of the customers to the tea quality is even hard in China. The method I suggest is that: firstly, use Finnish stuff; secondly use glass of the kitchen to show how those tea snacks are made as much as possible, as it is also a good advertisement itself; thirdly, choose famous tea brand or successful tea brand entering Europe or America already, thus would also saves a lot of time and cost.
5 CONCLUSIONS
This paper made two achievements. The first was how to make a business plan, which included the normal structure of a business plan, such as operational planning, marketing planning and financial planning. The internal and external analysis determined the corporate strategy, corporate strategy determines marketing strategy and operational strategy, operational plan determines financial plan. It was based on this rationale a business plan should be made. In the practical part of starting a teahouse business in Helsinki Finland, in the external and internal analysis, opportunity, threat, strength and weakness were analyzed. Once this strategy was determined, all of other plans such as marketing plan, operational plan and financial plan were based on this strategy. The operational plan was given from comprehensive aspects such as products, equipment, suppliers, decoration, employee arrangement, timetable and general regulations of how to start and register a business in Finland. The financial plan was based on the operational plan and was made by estimated data reasonably, in which, the profit and loss account and financing budget were given. After financial plan, the risk and risk management was also analyzed as business always runs with risks.
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APPENDIX

Business plan for teahouse in Helsinki

Summary
The Teahouse in Helsinki aims at relaxing and refreshing, with both low and high level consumption, which is very attractive to those who want to save money or find a place to sit and break. This business plan is going to analyze from industry and market, main products and suppliers, time schedule and other specifications. Based on that analysis, the financial plan of investment and profit is build. The aim is to find out whether this teahouse in Helsinki is possible to make profit.

Industry and market analysis
The Teahouse in Helsinki aims at relaxing and refreshing, with both low and high level consumption, which is very attractive to those who want to save money or find a place to sit and break. It is also a good choice for travelers who already have coffee that day and want to try some other drinks, with no repeated deserts from cafés in Helsinki.

Strategic planning
As Helsinki is the capital of Finland, the migrating population is super large, and may lead to the lack of sense of belonging. The mission is to make customers enjoy different snacks and drinks. The business goal of teahouse in Helsinki is to be an entertainment place combining high level and low level consumption, to achieve wide customer groups.

Introduction of main products and suppliers
Tea snacks: Steamed creamy custard bun; Apple crisp; Sticky rice in lotus leaf; Egg Tart.
Tea brands: Keemun black tea (purchased from Huangshan City Qimen red drunk tea trade Co., Ltd); Fujian Lapsang souchong (imported from Fujian tea pavilion tea industry limited company, China); Guangdong Yingde black tea (imported from Guangdong, China); Fujian Lapsang souchong (imported from Fujian tea pavilion tea industry limited company, China).

Opening hour, staff and service
Open on 10am-6pm from Monday to Friday. I suggest that the shop owner himself to be the manager and do the bookkeeping by himself as this is only a small teahouse, and there are 3 waiters and 2 cookers in this teahouse.
**Interior decoration**
The whole style is classic Europe-style interior decoration, while the cups for tea drinks should be traditional Chinese tea set. And it is good to post tea paintings on the walls. The background music should express Chinese traditional classic music, for example, koto, erhu, lute and so on.

**Facilities list**
Shop lighting tools, wall painting, 8 tables and 32 chairs, 32 Chinese tea cups suits, 6 ovens, 3 refrigerators, 1 chopping table, 2 cupboards, 2 microwaves, 1 cleaning pool and pans, pots, plates, floor board.

**Promotion activities**
Teahouses could set up tea exhibition in order to introduce the tea drinks. The pricing of others will be in a medium or low level, for instance, common tea drinks and tea snacks. If the cumulative consumption is over 60 euro in one week, there will be a silver card of 10% discount; if the cumulative consumption is over 160 euros, there will be golden card of 20% discounts. The sales promotion plan includes advertising on local newspapers, to enlarge popularity of new open shop. In the starting period and festivals, there will be favorable activities, the content may include 30% discount for first 50 customers, and other customers will receive a sample package of tea. If possible, the owner could make long term contract with tourist groups; there would be a discount of 10% for the travelers they recommended.

**Financial plan by tables**
Table 1: Profit and loss account

<table>
<thead>
<tr>
<th>PROFIT AND LOSS ACCOUNT</th>
<th>1st month €</th>
<th>1st year €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
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<td>636000</td>
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<tr>
<td>- VAT 14%</td>
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<td>10000</td>
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<tr>
<td></td>
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**Risk analysis**

*Culture risks*

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**Conclusion**

The mission of Teahouse in Helsinki is to make customers enjoy different snacks and drinks. The business goal of teahouse in Helsinki is to be an entertainment place combining high level and low level consumption, to achieve wide customer groups. By analysis from tightly related aspects of running business, it is possible to say that the teahouse in Helsinki can survive, while there are still some culture and strategy risks.