The development of a business plan for Nood

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Abstract

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This thesis examines theory and practice in the creation of a business plan for Nood, an Asian noodle bar operating in Espoo, Finland. The study provides a constructive business proposal for the company and the final goal is to examine the validity and feasibility of the implementation plan.

The thesis report begins with a discussion of the current situation in the food industry, exploiting secondary data collected mostly from Finnish authoritative sources. A brief introduction of the case company Nood is subsequently presented.

In the theoretical chapter information is given about the business plan and its essential components, including the Business, marketing, financial, and analytical tools which have been implemented (SWOT and Business Model Canvas). In addition, the research knowledge base includes different approaches and methods of research, which have been specifically applied to the study. The reliability and ethical issues of research are also discussed.

Finally, the conceptualization framework is generated, in which details of the research findings for the proposed business plan are presented, as well as the final proposal is. Further secondary data was collected, and simultaneously, primary data obtained when the author conducted qualitative research with the help of personal communication through interview and observation.

The marketing campaign is constructed accordingly to the origin of restaurant business, considering the following factors: proposed location, budget, and the market research and trends. Together with the 3-year periodic income statement forecast and the break-even analysis, the results indicate a viable implementation. The main focuses for a strategic plan will be on differentiation, promotion, and proactive customer service.

Keywords: business plan, research, Nood, Asian noodle, food industry, Espoo, Finland

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1 Introduction

According to the Finnish Food and Drink Industries' Federation- ETL, the foodservice is among the fourth biggest industries nationwide, which include metal industry, forest industry and the chemical industry. In 2013, the gross production of food and drink industry was EUR 13.2 billion, in which the three largest sector- meat processing, dairy farming and bakery industry- account for 50% of the total volume. Although the unstable economy situation since 2014 has been stagnating the consumer food industry in Finland, the competition yet remains vehement with the expansion of domestic chains as well as such new rivals as Burger King and Espresso house. In addition, competitive advantage can obviously be marked when enterprises are pursuing different strategies to broaden their service offerings, for instance the presence of lunch menus at cafes or healthier diets at fast food restaurants. Given that Finland is a standard country for public food service, and that the value growth will be challenged by the economic fluctuation in Europe, health consideration and local perspectives are anticipated in the upcoming years to be key factors for a sustainable foodservice operation in Finland.

This thesis is a strategic plan of a business plan of an Asian noodle bar operating in Espoo, Finland. Initially, the idea was generated and developed by the author after considering the following mindsets that will be discussed in details in earlier chapters: the eating habit in Finland; the growing popularity, health and taste consideration of Asian cuisine in Finland; and the impact of visual food appeal and food service design. Furthermore, the thesis will review comprehensive stages from initial procedures to final implementations of the business plan. The basis of theoretical knowledge for this study will also be examined, in order to help readers, to understand the conceptualization process.

1.1 Purpose of the thesis

The purpose of this thesis is to study fundamental implementations when establishing a start-up business for an Asian noodle bar operating in Espoo, Finland, and examine the feasibility of its operation basing on different theories, methodologies, practical studies and research. In order to found a comprehensive and substantial concept, it is essential to set a strategic plan and determine the following key projections:

- Business model and service proposition
- Identifying the market and segmentation
- Financial requirements and legislation
- Marketing plan
- Analyzing operational functions and management functions
- Identifying the market competition and market research

1.2 Framework of the thesis

As the author aimed at helping the readers get an in-depth view from textbook to practice, the thesis is explained and classified in the following sections: an introduction of the case company Nood, theoretical approach, research approach, the empirical plan, and the summarization. Initially, the author evaluates the current situation of the food industry in Finland, which includes the eating habits, and the awareness of Finnish people towards Asian cuisine. The aim of this analysis is to provide a solid reasoning for the establishment of a noodle bar restaurant. A generalization of the restaurant concept will then be discussed subsequently.

The theoretical division exposes an understanding of theories and concepts that will be applied to this particular study. It provides supportive guidance for the empirical plan by determining the key components associated with the study and how to scrutinize them. By presenting this, readers are able to comprehend principal indicators that are relevant to the project. In addition, by enabling readers to be aware of a strong scientific foundation, the study is therefore credible.

The research background interprets basic knowledge when conducting research, and demonstrates primary methods used to collect essential data and provides profound analysis for those data in order to examine the risks and potential of the implementation plan.

The empirical plan critically discusses about the actual plan by applying and documenting the given data from the theoretical background and research approach.

Following the narrative, a conclusion will be drawn to evaluate the feasibility of the plan and reveal obstacles that the author withstands, as well as determine main focuses for the most advantageous implementation.

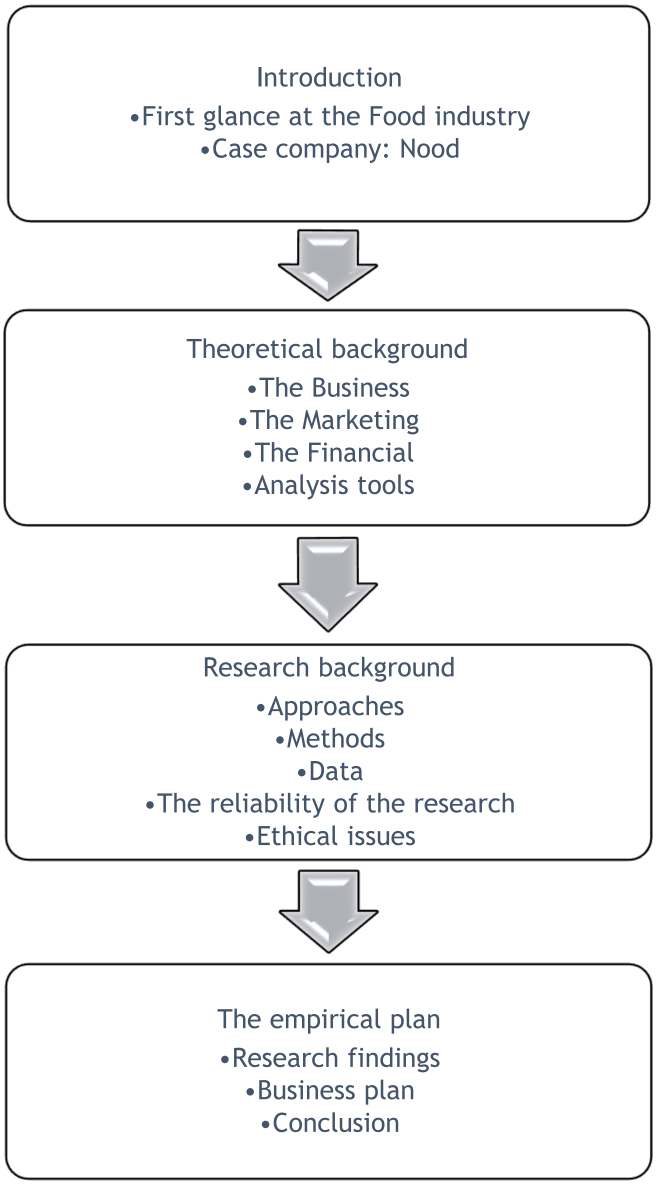

Figure 1 Thesis framework

1.3 Theoretical approach

The theoretical background discusses about business plan and its components: The Business, The Marketing, The Financial, and the Analysis tools. Details will be mentioned in earlier chapters.

1.4 Research approach

The research background provides knowledge when conducting research, which includes research approaches (deductive and inductive); research methods (quantitative and qualitative); types of data (secondary and primary); means of collecting data; and the reliability of

the data. Following up, the author discusses in details about two (2) case studies that contribute to the development of Nood business plan.

2 First glance

2.1 The eating habit in Finland

"A nation of 5 million, the Finns eat 680 million meals outside every year." – A survival guide to Finnish cuisine-

Johanna Varjonen- a senior researcher at the National Consumer Research Centre- in her article "Syömisen ajat ja paikat" published in March 2012, addressed a shift in Finnish eating habit over the three decades: from meals being prepared and taken at home to eating out. Because preparing a proper meal is one of the most time-consuming tasks, especially in the hasty business world nowadays, eating out has more often become a daily routine to many people. Johanna indicated that the increase in income, the lack of time, and the availability of ready-made foods are among top motivations for eating out. Health and taste awareness are also significant factors, however, in this section the author does not aim to explain the occurrence of the eating out practice, but rather to claim this tendency based on sets of collected data from Statistic Finland.

According to the Time use survey on Eating out 2009-2010, provided by Statistic Finland in order to measure the degree of meals taken by different age groups at different locations, the group that ranges from 20 to 34 years old has the highest food consumption outside their home. Those who are in 20-24 group spend 60 percent of their meal time at school, workplace, and another household or restaurants. Whereas, those who are in 25-34 group mostly eat at restaurants. The group 35-44 indicates a moderate ratio between eating out and eating at home, but is still among the frequent eating-out groups. On the other hand, the elder groups that age above 45 years spend the least time eating a proper meal outside. Instead, those people either consume more coffee and snacks or tend to eat at home. Of all the respondents on the survey, approximately 24% accounted for single individuals, 39% for couples and the remaining 37% for families. Whilst on average 30% of all respondents claimed to eat alone, 70% of them ate with companions. The figure remains consistent over the past two (2) decades.

The Study on the Trends of Dining at restaurants (Statistic Finland) determines different relations for eating out, which are "on working days", "while travelling" and "in free time". The study reveals that 40% of meals taken at restaurants are involved with working life, of which

70% regarded the activity as a daily routine. Eating while travelling is involved with commuting, business trips and holiday travels. One seventh of the respondents took a meal outside while travelling on business, and one fifth of them ate out while travelling on holidays. Eating out in the free time is a mean of social activity. Approximately one third of the respondents met friends or relatives on such meals, while one fourth of them felt enjoyable eating out. Besides, couples without children and families with young children eat out in the free time most often.

2.2 Asian cuisine popularity, health and taste consideration in Finland

The population growth and economic development in Asian countries, along with the emigration of Asians to other parts of the world, have contributed the Asian cuisine to be one of the most popular sector worldwide. Since this demographic trend takes place globally and gradually, it reflects on a less solid cultural food boundary when the Asian businesses and restaurants are able to present their enduring traditional cuisine to new markets. At early stage the aim was perhaps relevant to the demand of their own ethnic patrons, however, the progress of acculturation eventually fostered the Asians to broaden their customer base. A study of The Washington Post established that Asian cuisine is the fastest growing food in the world since 1999. According to the article, the data issued by the market research firm Euromonitor claimed a 500 percent growth in global sales of Asian food restaurants in 15 years.

Health and taste consideration is a superior value for Asian cuisine to be the biggest food sector in recent years. In fact, many serious health issues- heart disease, diabetes, obesity, cancers- are mainly caused by western food intakes and are seen far less often in Asian countries. Nutritionists are finding Asian foods as being lighter and healthier. The dishes always compose of mostly vegetables, rice/noodles, grains and fruits, and this composition is associated with a lower risk of various diseases. The traditional Asian diets also present the green tea drinking practice, which is beneficial to the antioxidants process. Apart from health advantage, the taste creates an appeal with dynamic flavors from the balanced use of herbs, spices, paste and sauces. Basically, who would not be willing to taste the healthy cuisine that is thousands of years in tradition and diversified in flavors?

Specifically regarding Finland, in 2008 Asian people accounted for 21% of all the foreign citizen residing in the country, while the corresponding share was only 10% in 1990. Until 2008 there were about 30,000 Asians out of 143,000 foreign citizens living in Finland, of which Chinese (4620) and Thai (3932) were among the biggest Asian populations (BASAAR). This tendency continued rapidly and doubled in 2012, according to the Annual Report on Immigration issued by the Ministry of the Interior. By that time, there were 285,471 foreign-born people living in Finland, in which approximately 20 percent (58,499) of them were originally from

Asia. This particular population sector is still growing. As a result, Asian restaurants have been more accessible in order to fulfill the increasing demand of traditional cuisines, and on the other hand, the restaurants eventually attract more awareness from the locals. In Helsinki- the capital city of Finland, the main Asian restaurants are Chinese (63), India (26), Japanese (13), Nepalese (8), and Thai (6) (Ravintolaopas, 2012). Additionally, one of the research from 2007 studied that Chinese cuisine is available in most of the big cities in Finland. Ethnic grocery stores have also experienced massive growth in recent years, which gives forth to the expanding popularity of Asian food in Finland.

According to the World Health Organization- WHO, being overweight and low consumption in fruit and vegetables are two (2) of the most important risk factors behind mortality in western countries. In Finland, of working age group there are about 66% men and 50% women who are overweight, and obesity is becoming more regular in most of the age groups. Analysts state that healthier food and nutrition is now essential in the Finnish consumers' choice. For those of the above-mentioned health benefits, Asian cuisine will be considered strikingly competitive in promoting a better lifestyle.

3 Case company: Nood

The eating out habit of Finnish people, along with the growing awareness towards Asian cuisine, are among the credits for a feasible plan of Asian noodle bar: Nood in Finland. Nood caters the trend in Asian cuisine popularity worldwide and creates values by promoting not only a plain healthy lifestyle, but also a twist in dynamic flavours.

The restaurant aims to be inspiring and unique by combining elements of different Asian cultures (Thai, Viet, Chinese, Japanese, Korean), and creating a blend of new fusion style. Nood offers different meal sets of Asian noodles served with a main course (beef/pork/chicken/sea food/vegetarian foods) and other side dishes. Not evolutionarily yet interestingly, the restaurant provides customers an experience with which the author refers to as "the partly-buffet" concept, which is always full of fresh and appetizing options. The partly- buffet concept at Nood demonstrates an operation model where all the ingredients are made available, separately stored in different trays, and visually displayed to the customers. Thus, besides the recommended dishes, customers are able to create their own menus with personal preferences. Specifically, Nood offers Food Tasting, Suggested Dish and Free-Choice Dish which is made by customers. Customers can taste food in Tasting corner, which enables them to test the flavours of all meals and help them create their own Free-Choice Dish, or they can try Suggested Dish with highly recommended mix by the chef. Both Free-Choice and Suggested Dish are combined with one type of noodles, which is also freely chosen. Details will be further discussed in other chapters.

There are several foundations to claim the high validity of this approach, particularly in Finnish market.

First, the partly-buffet model is similar to those concepts adopted by public catering services in Finland. From the public schools and universities to other institutions such as hospitals, recreational centers and workplaces, the food services are offered and designed in a way that customers choose their meals from a range of ready-made foods including salads, main courses and drinks (either milk or juice) and pay proportional to what they have chosen.

Second, by far there are existing entrepreneurs effectively operating in such a more customer-driven approach. Whether it is Subway that offers baguettes based on your own preferences, Koti that allows you to create your own pizza with different ingredients, the ice cream store that separately provides you with different ice cream flavours and toppings to add to, or Kungfood Panda that lets you choose your own Asian culinary meal, they all reflect on the "partly-buffet" concept. In addition, it is a merit to mention Wok to Walk- an international chain of restaurants offering custom-made meals with the trademark "We stir-fry your wok before your very eyes. And we do it your way, because you are the chef".

Last but not least, an individual is affected by the way he/she perceives food visually. While it is obviously of importance considering the taste and health benefits of foods, the visual appeal does play a significant role in stimulating the appetites. The partly-buffet concept requires that food be visually presented to the customers for personal choices, thus presentation of the foods- especially of Asian cuisine towards such Western culture of Finland- is one of the key success to be considered.

4 Theoretical background

In this section, the author will discuss comprehensively about the term "business plan", which involves different perspectives that have been utilized during the study.

A business plan is a written document that describes a business. Sutton (2012, 12) referred to it as "the intersection of everything inside the business (costs, products, services, personnel, etc.) and everything outside the business (competition, market trends, political forces, etc.). Forces inside the company meet those outside the company and a business plan is born". Basically, the business plan is a format that enables both the owners and the readers to perceive a clear picture of the business by evaluating all of the critical factors related to it. A business plan provides various purposes: to determine the business growth potential as well as obstacles; to direct the business operation and acquire an effective allocation of resources;

to attract funding and investments; and so on. A good plan contributes to a successful performance because it answers the core questions (who, what, when, why, where and how); clearly draws goals, values, missions and objectives; and covers strategic plans for possible scenarios that might occur during operations.

Sutton (2012, 14) stated the following functions of a business plan:

- To clarify, focus and research the business prospects.
- To provide a framework for the company.
- To serve as a basis for discussion with third parties, such as shareholders, agencies, banks, investors and the like.
- To measure and review actual performance.

According to Sutton, a business plan is usually comprised of three main categories: the business/ business strategy, the marketing, and the financials. In this theoretical chapter, the author will mention the following subsections in each category: The Business that includes legal structure, business description, product and service description, and location; The Marketing plan that includes markets, competition, distribution and sales, pricing, differentiation and positioning, and advertising and promotion; The Financial. These are the fundamental perspectives that the author will apply when establishing a business specifically in Finland, however, they do not depict the entire intellection of Sutton about “a business plan”.

In addition, the Analysis Tools section determines two (2) major studies of SWOT analysis and Business Model Canvas (BMC) that have been applied to this specific business plan.

4.1 The Business

4.1.1 Legal structure

The legal structure of a business has a significant impact on such matters as taxation, liabilities, administration and so on.

There are different legal structures for business enterprises, of which the most important forms in Finland are: sole proprietorship (yksityinen elinkeinonharjoittaja), general partnerships (avoin yhtiö), limited partnerships (kommandiittiyhtiö), limited liability companies (osakeyhtiö) and cooperative societies (osuuskunta). Limited liability companies are comprised of: private limited companies (yksityinen osakeyhtiö, or Oy), public limited companies (julkinen osakeyhtiö, or Oyj) and European companies (eurooppayhtiö, or Societas Europaea-SE). In addition, foreign companies can operate in Finland through a Finnish branch office.

A sole proprietorship (or sole trader) is the most basic form when establishing a business. The term refers to a business owned and operated by only one individual and the owner is responsible for all acts of the company. Although the Finnish Law requires that a sole trader be registered in the Finnish Trade Register (kaupparekisteri), it is not considered a legal entity.

A partnership refers to the form of a business owned by two or more individuals. There are two types of partnership: general and limited. **The general partnership** proposes that partners act as the co-owners of the business, contribute to the business operation and share in profits and losses. It assumes that profits and management decision are divided equally among partners, otherwise an agreement must be documented for variable distribution. Whereas, **the limited partnership** consists of general partners and silent partners. Only the general partners are responsible for managerial decisions. The silent partners can neither obtain decision making power nor respresent the partnership, however, they are liable for partnership debts only to the amount proportional to their investments. Nevertheless, in some cases there are certain significant decisions that require the silent partners' endorsement.

A limited liability company (hereinafter LLC) refers to the form of a separate and legal organization whereby the owners act as members of the company, and are not individually responsible for the company's debts and liabilities. A LLC can be conducted as either public or private. In Finland, the minimum share capital required is accordingly EUR 80,000 (cash or property) for public limited company and EUR 2,500 (cash or property) for private limited company. The management of LLC is administerred by the Board of Directors, whose members are appointed by the shareholders at the annual meeting. The Board consists of one (1) to five (5) members, and if the share capital of the company is greater than EUR 80,000, the Board of Directors must have more than 3 members (at least half of them must be European Economic Area- EEA resident) and a managing director. The basic difference between a **Private company** and a **Public company** is that only the **Public Limited Company** can trade or transfer the shares. They are both governed by the Companies Act (Osakeyhtiölaki, 21.7.2006/624).

A cooperative refers to the form of a business owned by shareholders and managed by the Board of Directors. Under the Cooperatives Act (1488/2001, FI: osuuskuntalaki) a cooperative (FI: osuuskunta, which is abbreviated osk) is a society whose number of members and amount of capital is not determined in advance and whose purpose is to carry on business operations in order to support the finances or trade of its members by having them use the services of the society.

4.1.2 Business description

A business description is one of the key elements in the business plan. Its purpose is to provide the readers an outline of the company's structure and strategy, including the involving industry, current status, future plans, mission and vision statement, and objectives and goals. This section will create the initial impression of the readers towards the business idea, consequently it cannot hold assumptions or conjectures. A thorough business description requires diligent research, observations and accurate data, in order to clarify such principals of the business as:

- What type of business is it? (service, retail, franchise, wholesale, etc.)
- What products or services will the business provide?
- Who are the target customers? How is the business beneficial to the customers?
- Where will the business be established?
- How is the competition, strengths and weaknesses of the business?
- How are the suppliers, the supporting partners and the like?
- What are the vision and goals of the business? How does the business grow and change in the upcoming years?
- and so on.

In addition, the business description has to be logically and professionally organized, considering it has primary impact on the readers' intentness. Generally, it starts with providing an overview of the involving industry- situations in the past and present, trends, growth, and future projections. This exercise proves the initiator's knowledge of the industry and interprets why the business has been generated and potential. The company basis should be introduced afterwards, concerning the name, location, the form of business, and briefly about products/services and target customers. Subsequently, the company mission statement describes, in succinct, the purpose of the business. The vision statement identifies the company's position in the long-term, along with the determining goals and objectives, will be an effective roadmap for the business operation.

4.1.3 Product and service description

The product/service description addresses the process upon which the business strategy is accomplished. The description varies depending on the type of the business, whether it is product-based or service-based, however it is not valuable to technically mention each and every characteristic. This section highlights the product/service in terms of differentiating perspectives, to help readers achieve an understanding of the business's values. It is critical to focus

on the potential strengths of the offerings, such as competitive price, unique features, effective distributions or so on. If the product or service can differentiate from the current competition, address them in this section. If the product or service is initially introduced to the industry, explain in this section the values it has to offer, why it will be viable and unique.

4.1.4 Location

Given the fact the location determines the foundation of a business operation and creates a long-term impact on every aspect of the business, this is one of the most significant decisions a company has to make. Identifying a proper location that best serves the needs of the business's target market is strikingly valuable. To do so, the company takes into consideration such following matters, according to Scarborough & Zimmerrer (2000):

- Proximity to Markets
- Proximity to Needed Raw Materials
- Labor Supply
- Business Climate
- Wage Rates
- Population Trends
- Competition
- Costs
- Laws and Regulation
- The Community and Quality of Life
- Transportation
- Public Services and the Location's Reputation

In summary, making a location decision requires a massive source of data and fundamental research.

4.2 The Marketing

Kotler (2005) defined marketing as "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with other". The author also illustrated this term by five (5) core marketing concepts that are linked together: needs, wants and demand; products and services; value and satisfaction; exchange, transaction, and relationships; and market.

Figure 2: Core marketing concepts (Kotler)

Marketing is a critical success factor of every organizations nowadays, regardless of its size, scope and type of business. A well-developed marketing system motivates companies to deliver superior value for customers, which in turn maximizes the level of customer satisfaction, and consequently profits and goals will be accomplished. The marketing is a major element of the business plan that describes the current market position of a business and its marketing strategy within a set timeframe. Its purpose is to identify important processes that will be conducted in order to achieve the business plan's goals. Generally, the marketing plan consists of situation analysis, including markets and competition; and a set of marketing mix such as price, distribution and sales, positioning, advertising and promotion, and an actual strategic plan.

Four must-accomplish objectives of a marketing plan, according to Scarborough (2000) are:

1. Determine customer needs and wants through market research.
2. Pinpoint the specific target markets.
3. Analyse the firm's competitive advantages and build a marketing strategy around them.
4. Create a marketing mix that meets customer needs and wants.

4.2.1 Markets

This is the most important part of any marketing activity, because it identifies the target market and ascertains the people who will buy the product or service. A target market is a specific group of consumers, either individuals or organizations, who purchase and use the product or service. Target marketing enables companies to focus its efforts on the group that is most likely to generate the business profitability, consequently this improves the efficiency of marketing strategy. In order to reduce risks associated with determining the target markets, it is essential to conduct market research. Generally, successful market research includes four (4) steps: 1. Define the problems; 2. Collect the date; 3. Analyze and interpret the data; and 4. Act on the data (Scarborough & Zimmerer, 2000).

When identifying the target markets, companies have to decide on a wide range of factors such as age, gender, income, education, lifestyle and behavior, etc. *Generational marketing* studies the customers by social, economic, demographic and psychological factors; whereas *cohort marketing* studies the customers by their past experience and buying behaviors with regard to the according business. In addition, it is essential to understand the overall situation of the current market: What is its size? What are the challenges? How will it grow?

4.2.2 Competition

In order to obtain the target markets and customers, companies must be competitive with an in-depth understanding of the industry, as well as business strengths and weaknesses of all operations. Researching the competition enables companies to design better offers than other rivals, and to minimize the risks of conducting unnecessary strategies. Competition is a defining characteristic and it occurs in many aspects: a business might adjust the pricing strategy whether to offer lower price for similar products/services, or to provide more value that justify a higher price; a business might consider the competitors' marketing strategies to comprehend customer's insights; a business might want to exploit competitors' methods of distribution; and so on. According to Kourdi (2015), being competitive provides the following advantages:

- Developing customer loyalty
- Increasing sales to existing customers
- Enhancing the strength and value of the company's brand
- Developing new products and product extensions
- Increasing market effectiveness

In addition, Kourdi (2015) suggested to avoid problems with competitors in order to be competitive. The author claimed key elements that must be understood: major competitors; their strategies, offerings, and marketing activities.

Kotler (2005) also consented to define competitor analysis as the act of "identifying key competitors; assessing their objectives, strategies, strengths and weaknesses, and reaction patterns; and selecting which competitors to attack or avoid" (Kotler 2005, 529).

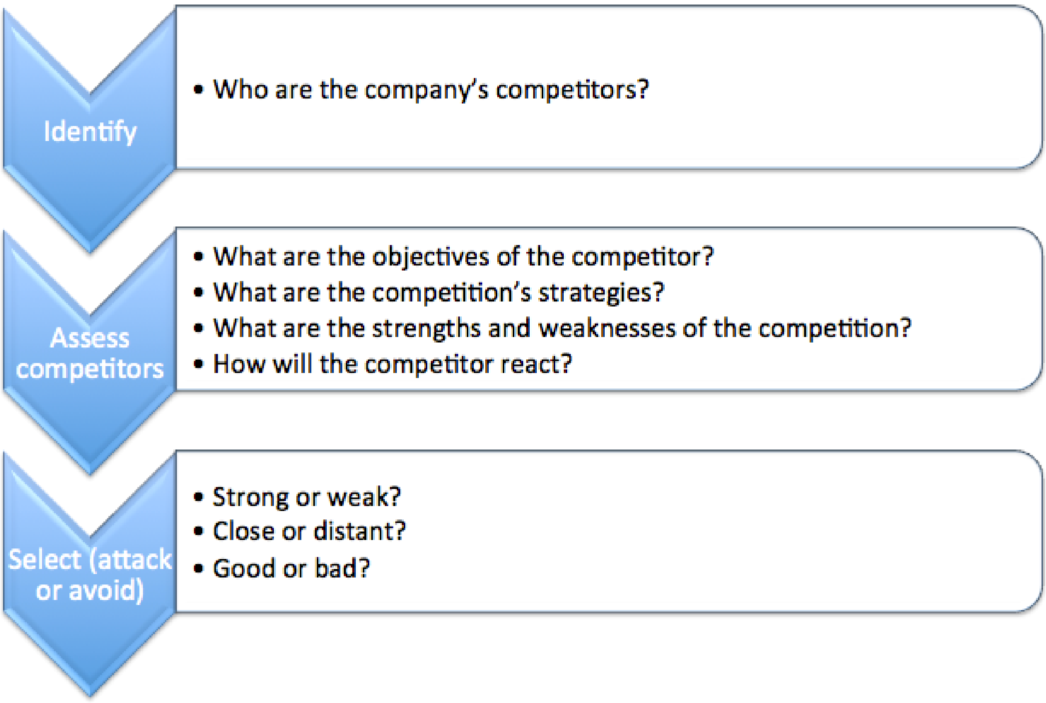

Figure 3 Steps in analyzing competitors (Kotler)

4.2.3 Distribution

Business planning requires developing strategies for distribution and sales. It refers to the methods of delivering the products and services either directly to the final customers, or through various channels such as franchisors, retailers, sales agent, and other intermediaries. It is also known as the "place"- one of a key element in the 4Ps (product, promotion, price, place) marketing mix. A poor distribution channel can significantly impact a great marketing effort, for example a business will not be likely to set up a catalog sales system to conceive that the target customers' preferable channel is the walk-in stores. Therefore, companies must always consider the importance of channel management. Kotler (2005, 919) states that "distribution is an important customer service element. Companies can gain a powerful competitive advantage by using improved logistics to give customers faster delivery, better service or lower prices".

4.2.4 Pricing

If your price isn't right, you can't sell it regardless of fit, quality, or style. –Bud Kowheim

Price refers to the measurement in monetary value of a product or service. Pricing directly affects a company in terms of building a sufficient customer base, and achieving profits and long-term success. Setting pertinent prices that would tailor both business owners and customers' perspectives will require accurate analysis and market research. When determining the final price, a business must consider such elements as production costs, economic status, sales volume, competition, business location, consumer behaviors, and brand image and so on. A price that simultaneously, is customer-oriented as well as profitable for the company, is more essential than an ideal price that theoretically maximizes the profit yet delivers trivial customer value. The figure below illustrates an accepted price range, according to Scarborough and Zimmerer (2000).

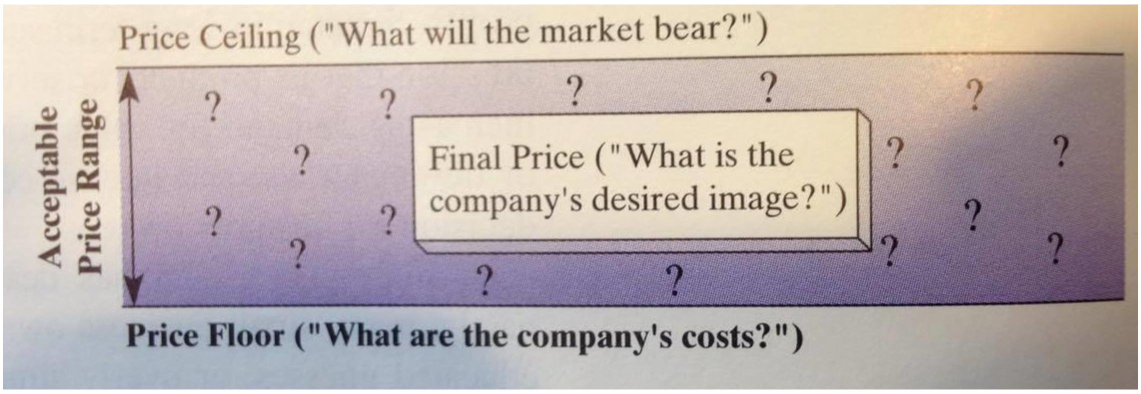

Figure 4 What determines Price?

Kotler (2005, 670) states "costs set the floor for the price that the company can charge for its product", and "a company's costs may be an important element in its pricing strategy". The total costs of a business consist of fixed costs and variable costs. Fixed costs, also known as overheads, are expenses that remain consistent regardless of the production and sales level, such as rent, salaries, or depreciations. On the contrary, variable costs depend on the level of production. When making pricing decisions, company must take into account the direct costs of goods and services, and the sales and the marketing, together with a fixed amount for overheads.

Besides cost, Kotler (2005) indicates other internal company factors as well as external environment factors that affect the pricing decision (see Figure 4).

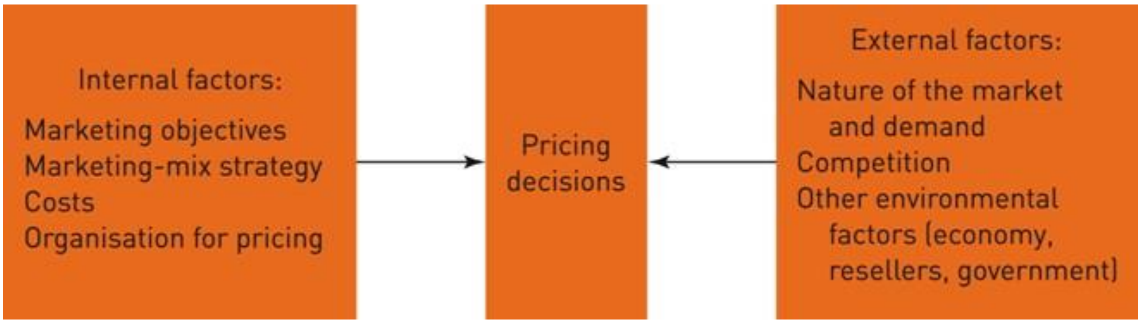

Figure 5 Factors affecting price decisions (by Kotler)

Some of the general pricing approaches are: the cost-based approach (cost-plus pricing, break-even analysis and target profit pricing); the buyer-based approach (perceived-value pricing); and the competition-based approach (going-rate and sealed-bid pricing). (Kotler 2005, 680).

4.2.5 Differentiation and Positioning

According to Al Ries and Jack Trout (2001), "positioning is about the mind of the consumer: placing a company or a brand in the consumer's mind in relation to the competition". Similarly, Boone & Kurtz (2006) defines positioning as "consumers' perceptions of a product's attributes, uses, quality, and advantages and disadvantages relative to competing brands". Positioning is a major element of a marketing plan, and an effective strategy contributes to the competitive advantage of the business because it focuses on customers' needs and wants. Differentiation is a preceded stage of positioning, by which it develops the strengths of the company; and then positioning strategy provides a perception for customer to recognize the differences. A difference is worth establishing insofar as it satisfies the following criteria (Kotler, 2005):

- Important
- Distinctive
- Superior
- Communicable and visible
- Pre-emptive: cannot be easily copied
- Affordable
- Profitable

4.2.6 Advertising and sales promotion

A company's objective is not only delivering a well-developed product with an attractive price, but also communicating effectively with its targeted customers. This practice is vital in building and maintaining strong customer relationship. Marketing communication is a complex system involving intermediaries, consumers and various publics (see Figure 5, Kotler 2005).

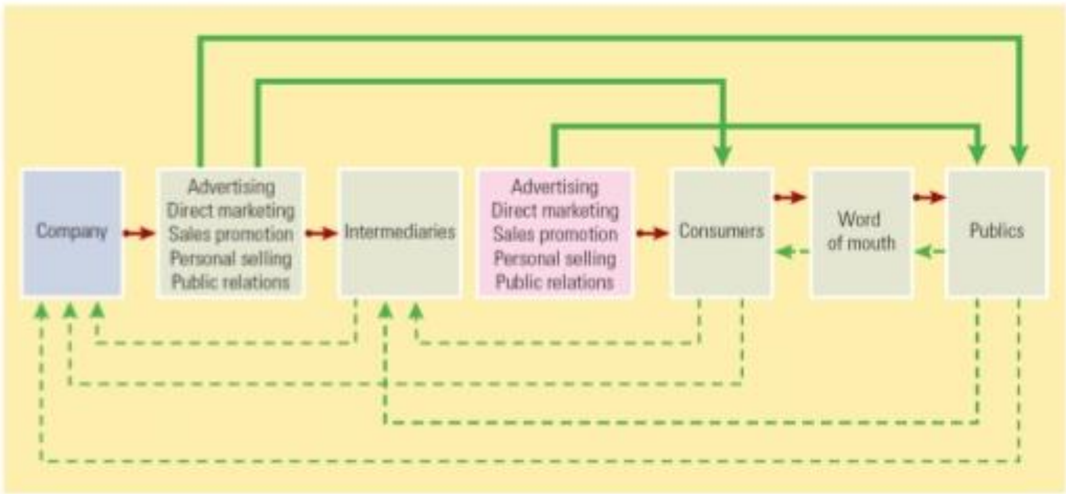

Figure 6 Marketing communications system (Kotler, 2005)

A marketing communication mix consists of marketing tools such as advertising, personal selling, sales promotion, public relations and direct marketing. Each of the tools acquires a different technique for different target customers. Due to advanced technology, the changing environment in communications has shifted companies from mass marketing to segmented marketing. Nowadays, companies are seeking to intensify their close interactions with customers through a "more narrowly defined micro-market" (Kotler 2005). This possesses a challenge with regard to developing an effective promotion mix, as companies have to cope with the media overflow, overwhelming ad clutter, increasingly fragmented audiences, and more-skeptical consumers (Scarborough & Zimmerer 2000). Nonetheless, if marketers can tailor their messages, such rapid growth in information technology can be of great assistance when communicating with customers.

Advertising is defined as "any sales presentation that is non-personal in nature and is paid for by an identified sponsor" (Kotler, 2005). It is an effective means of increasing sales or customer's awareness by providing them with the best of the company's goods and services; or by improving the brand image and position of its products. Scarborough (2000) determines six criteria for an advertising strategy:

- Primary purpose

- Primary benefit
- Secondary benefits
- Target audience
- Audience reaction
- Company personality

Whereas, sales promotion is a form of marketing that quickly and temporarily boosts sales by offering a wide range of short-term incentives such as coupons, discounts, contests, premium offers or special events. Described by the American Marketing Association (AMA), sales promotion is “media and non-media marketing pressures applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product availability”. Given the fact that the proliferation of media and the Internet has pervasively originated the advertising clutter, sales promotion has become an effective solution for competition.

4.3 The Financial

This is one of the most essential sections of a business plan, because the section interprets all the conceptual perspectives of the business with actual figures and numbers. It is a vital tool for entrepreneurs to improve profit by budgeting the business operation, adapting to the changes in financial status and avoiding flawed decision-making at every level. An accurate and credible financial plan justifies a feasible business plan.

The purpose of the financial plan is to determine investments that a business might need to inquire from venture capitalists, angel investors, or any other sources of funding; and at the same time, to ensure those funds a profitable and viable plan based on realistic data. Doing all of this financial forecast eventually enables companies to be well-prepared and be aware of its own overall performance, which is utmost important.

Usually, the financial section for a business plan consists of:

- Use of Funds: capital expenditure and working capital such as rent, wages, inventories, and reserve for any unexpected emergencies, etc.

- Source of Funds: personal savings, angel investors, partners, venture capital, or bank loan, etc.

- Balance Sheet: a summary of the organization’s assets, liabilities and equity at a given point in time. Assets are what the company owns and applies to operate its business, while liabilities and equity are two sources of funding. The purpose of the balance sheet is to give readers an idea of the company’s financial position and to display what the company owns and owes.

- Income Statement: a statement that measures the company's financial performance over a specific accounting period. It is equal to revenues minus expenses for a given period time ending at a specific time.

- Cash-flow Statement: a statement that indicates the stream of cash moving in and out of the company. CFS provides important information about the company’s current financial situation and about the ability to create net positive cash flow.

- Others: break-even analysis identifies the point where the business expense is equal to the sales. This is an important analysis for potential investors.

4.4 Analysis tools

In this section the author discusses about two (2) major tools used for analyzing the business when establishing Nood Oy.

4.4.1 SWOT analysis

The SWOT is an analysis tool that identifies the strengths and weaknesses expose in an organization, the opportunities arise in the business environment, and the threats exist within it accordingly. The first two elements of the SWOT (strengths and weaknesses) address the internal environment, and the remainders (opportunities and threats) aim at the external issues. This methodology possesses various advantages: simplicity, flexibility, effectiveness, accuracy, and low cost. It helps companies build on the strengths; exploit the opportunities; eliminate the weaknesses; minimize the threats; and possibly alter the disadvantages for the advantages.

Figure 7 SWOT analysis matrix

- Strengths refer to internal capabilities and positive factors that assist company in achieving its goals and objectives.
- Weaknesses refer to internal limitations and negative factors that challenge the company's performance.
- Opportunities refer to external favorable factors that offer more value and advantages for the company.
- Threats refer to external unfavorable factors that challenge the company's performance.

4.4.2 Business Model Canvas (BMC)

Business Model Canvas was designed and proposed by Alexander Osterwalder. According to the creator, "a business model describes the rationale of how an organization creates, delivers, and captures value". The objective is to create a simple, relevant and intuitively understandable business model concept that describes the logical structure of a company through four (4) major areas: infrastructure, offer, customers and financial viability. Broadly, these areas develop to nine (9) building blocks, as demonstrated by the formal and official descriptions below, according to Osterwalder & Pigneur (2009).

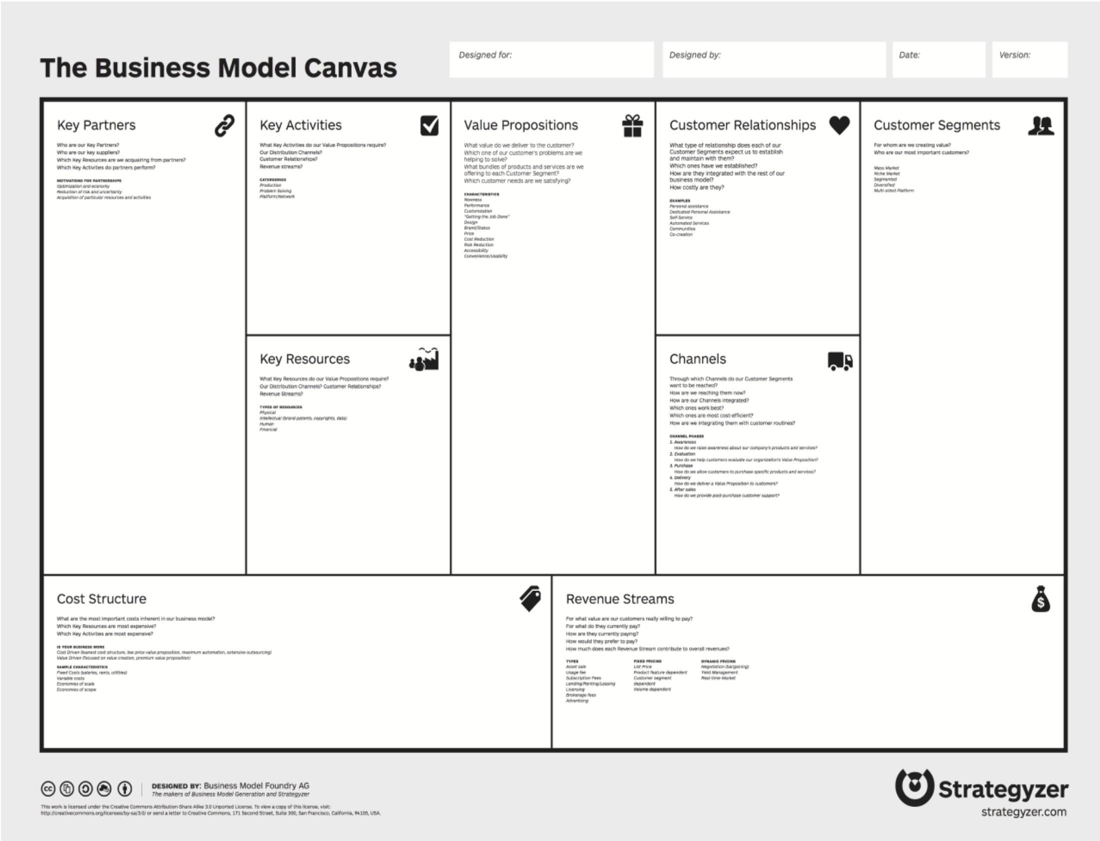

Figure 8 Business Model Canvas (Osterwalder & Pigneur et al., 2010)

Infrastructure

- Key Partnerships describes the network of partners and suppliers that make the business model work.
- Key Activities describes the most important things a company must do to make its business model work.
- Key Resources describes the most important assets required to make a business model work.

Offer

- Value Proposition presents the collection of products and services that provide value to specific customer segments. This section is a stack of benefits that a company offers to its customers.

Customers

- Customer Relationships describes the interactions and relationships between the company and Customer Segments.

- Customer Segments identifies the different groups of people or organizations that an enterprise aims to reach and serve, within which they share common needs, behaviors, or other attributes.
- Channels describes how the company approaches and communicates with Customer Segments in order to deliver Value Proposition.

Financial viability

- Cost Structure describes all cost incurred to operate a business model.
- Revenue Streams indicates cash that is generated from each Customer Segments.

5 Research background

5.1 Research approaches

Depending on the origin of the research project, there are two (2) approaches: deduction and induction.

Deductive approach refers to testing theory, which is defined by the method of developing an established theory or hypotheses through a research strategy that evaluates it. Gulati (2009, 42) states “deductive means reasoning from the particular to the general. If a causal relationship or link seems to be implied by a particular theory or case example, it might be true in many cases. A deductive design might test to see if this relationship or link did obtain on more general circumstances”. Subsequently, Snieder & Larner (2009, 16) concur to claim that this approach “starts with a theory and leads to a new hypothesis. This hypothesis is put to the test by confronting it with observations that either lead to a confirmation or a rejection of the hypothesis”. According to Saunders, Lewis & Thornhill (2009), the following five (5) stages are applied when conducting deductive approach:

- Inferring a hypothesis/hypotheses from the theory;
- formulating the hypothesis in functional indications;
- testing the hypothesis;
- scrutinizing the outcomes of the test for confirmation or rejection of the theory;
- if necessary, standardizing the theory in relation to the outcomes and repeating the circulation.

Inductive approach refers to building theory, which is defined by the method of formulating a theory through studies and observations. Specifically, inductive research collects data and develops a theory upon the ground of the data analysis. Inductive approach “essentially reverses

the process found in deductive research" (Lancaster 2005, 25). Conducting research inductively rather than deductively is more appropriate in a way that a business seeks for the explanation of an occurrence, rather than describes the occurrence.

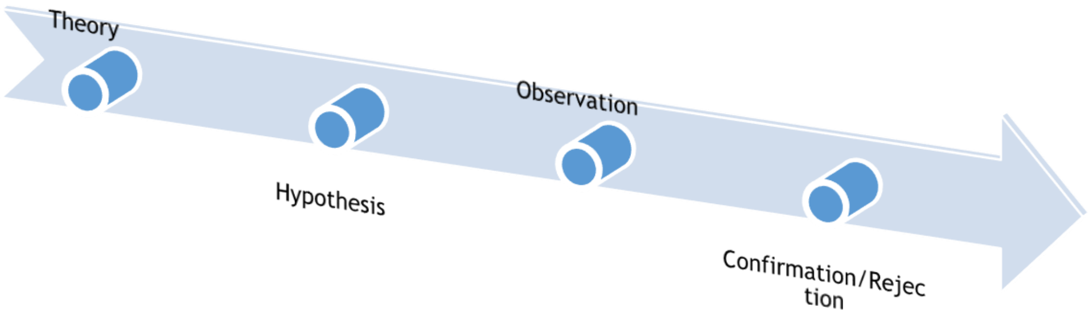

Figure 9 Deductive process

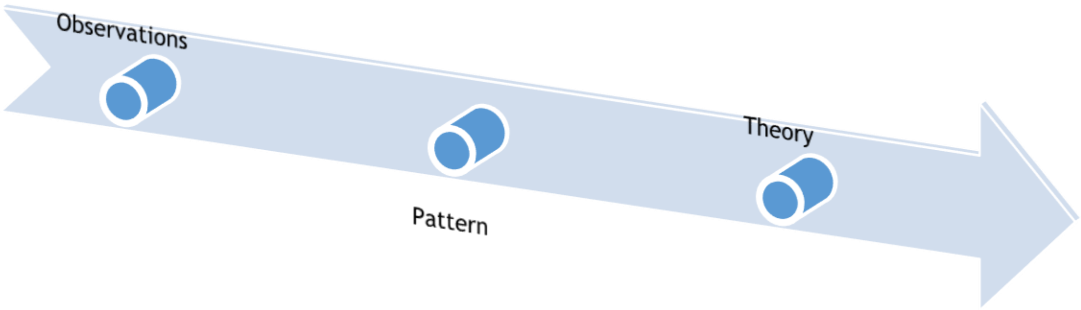

Figure 10 Inductive process

Usually, inductive research adopts the qualitative methods of data collection, whereas deductive research executes the quantitative methods. Particularly, the inductive research will be carried out for this thesis study.

5.2 Research methods

In research, two (2) major types of analysis are quantitative and qualitative methods. The quantitative theorists "believe in a single reality that can be measured reliably and validly using scientific principles", while qualitative theorists "believe in multiple constructed realities that generate different meanings for different individuals, and whose interpretations depend on the researcher's lens" (Onwuegbuzie & Leech 2005, 270).

Quantitative method refers to the use of statistical analysis to examine factual connections and relationships among variables within a set of collected data. Researchers provide and monitor testing instruments to many participants, and the data can then be analysed and visually presented with graphs, plots, charts, and tables. This numerical statistical analysis tests the validity of a generalization and enable researchers to either support or refute the hypothesis, therefore quantitative research is more relevant to deductive approach.

Qualitative method refers to the use of non-numeric data, which is also known as data conducted in a natural setting. Creswell (2005, 39) defines qualitative research as "a type of educational research in which the researcher relies on the view of participants, asks broad, general questions, collects data consisting largely of words (or texts) from participants, describes and analyses these words for themes, and conducts the inquiry in a subjective, biased manner". According to Trochim (2006), in qualitative method the researchers do not attempt to conduct a set of formulated questions; they instead generate questions based on the contexts of the study. Data are collected through observations, interviews, and documentations. "Qualitative researchers gather information from individuals to identify themes which allow them to develop theories inductively" (Creswell & Clark, 2007).

Qualitative methods	**Quantitative methods**
• Emphasis on understanding • Focus on understanding from respondents' point of view • Interpretation and rational approach • Observations and measurements in natural settings • Subjective insider view and closeness to data • Explorative orientation • Process oriented • Holistic perspective • Generalization by comparison of properties and contexts of individual organism	• Emphasis on testing and verification • Focus on facts or reasons for social events • Logical and critical approach • Controlled measurement • Objective outsider view and distance from data • Hypothetical-deductive; focus on hypothesis testing • Result oriented • Particularistic and analytical • Generalization by population membership

Table 1 The difference in emphasis in qualitative versus quantitative methods (Reichardt & Cook, 1979)

5.3 Data collection methods

5.3.1 Secondary data

Secondary data refers to the source of data that has been originally collected and processed by others, for research purposes that might differ from a certain required study (or are possibly relevant). The source can vary from published materials such as journals, libraries, online websites, government departments, or recording organization; to raw data materials such as administrative data from different businesses (customers' intake, payroll details, compensation records, sales, etc. These data might require negotiation in order to access and obtain). A business obtains secondary data because this type of data can be reanalyzed to either answer or partially solve the business's research questions. In addition, researchers can also examine secondary data to supplement the information acquired from their primary data. "Most research questions are answered using some combination of secondary and primary data" (Saunders et al., 2009).

One of the advantages of secondary data is fewer resource requirements, since most of the data are collected by reliable and specialized organizations. However, finding a suitable source of secondary data requires a detective work of researchers, as there will be an enormous volume of unwanted or unnecessary data.

5.3.2 Primary data

Primary data is also known as raw data, which refers to the source of new data that is specifically collected and processed by the investigator conducting the research. Therefore, one of the advantages of primary data is the solidity in relation to research questions and objectives. Nonetheless, primary research will require more time and expenses to carry out effectively.

Generally, the researchers originate own data through observations, interviews, and questionnaire.

5.4 Means of collecting primary data

In this section, the author discussed only about two (2) of the various means of collecting primary data, which are observation and interview. These will be further applied specifically to the thesis study.

5.4.1 Observation

Observation is defined as “a systematic description of events, behaviors, and artifacts in the social setting chosen for study” (Marshall & Rossman 1989, 79). Observation has been used as a major tool for collecting data about people behaviors, attitudes, and different social situations in research studies. According to Saunders et al., (2009), there are two (2) methods of observation when conducting research: participant observation and structured observation. Another study suggests one (1) additional method, which is naturalistic observation.

Structured observation, also known as controlled observation, includes a set of predetermined and standardized processes that will be carried out in accordance with the researchers’ plan. It focuses on the frequency of events, thus is more quantitative-oriented.

Naturalistic observation is unstructured method that involves studying participants’ behaviors in a natural setting. Researchers are able to observe a spontaneous flow of behaviors and record it. This task encourages them to perceive knowledge in a more comprehensive scope, which might in turn lead to the exploration of new ideas and theories.

Participant observation is an alternative form of the naturalistic method, however “the researchers participate in the lives and activities of those whom they are studying” (Saunders et al., 2009). By directly involving in the inquired environment, researchers gain a better understanding of behaviors and cultures within that society. This particular method is qualitative-oriented.

5.4.2 Interview

There are two (2) types of interview when collecting primary data: standardized and non-standardized interview (Healey 1991; Healey & Rawlinson 1993,1994)

- Standardized interview (or structured interview) includes a set of standardized questions being presented and given to participants in an uninterrupted order. This ensures that answers can be reliably aggregated and that comparisons can be made with confidence between sample subgroups or between different survey periods (Wikipedia). This method is used to “collect quantifiable data” (Saunders et al., 2009, and is usually referred to as quantitative research, although in certain cases it can be employed for qualitative approach.

- Non-standardized interview includes a set of questions that are not predetermined. Exploring is a part of the process and the questions might develop basing on the interviewee’s responses. This “will add significance and depth to the data you obtain” (Saunders et al., 2009). This is referred to as qualitative research, which is comprised

of semi-structured and in-depth interviews that enable researchers to examine and develop the ideas with regard to the nature flow of conversations. Nonetheless, these two (2) forms of non-standardize interview can be used in quantitative research as well.

5.5 The reliability of research findings

The credibility of research aids in evaluating whether the findings are reasonable and appropriate. It is concerned with three (3) major aspects: reliability, validity, and generalizability.

Reliability refers to the extent to which the data collection techniques or analysis procedures will yield consistent findings (Smith et al., 2008, 109). According to a study of Saunders et al. (2009), there are four threats to reliability:

- Subject or participant error: participants may provide random and inconsistent responses under certain circumstances, for example in time pressure contexts, or losing attentions, or misunderstanding the questions.
- Subject or participant bias: participants may intentionally provide responses that are not their characteristics, yet beneficial for them at some points.
- Observer error: research that involves several observers with several ways of conducting measurements, might be complicated and misleading.
- Observer bias: subjective comprehension of observers can also threaten the reliability.

Validity determines the origin of the findings, whether it justifies all of the research methods' requirements. In addition, generalizability is referred to as external validity- the extent to which research results are generalizable, according to Saunders et al. (2009).

5.6 Ethical issues when conducting research

A number of considerable ethical issues emerge during the implementation of research project, which pursuant to Saunders et al. (2009) includes:

- Privacy issues of possible and actual participants
- The willingness and the right of participants during the process
- Approval and possible fraud of participants
- Confidentiality of data
- Participants' reactions during the process of collecting data (embarrassing, stressful, uncomfortable, etc.)

6 The research findings for Nood business plan

In the beginning, secondary data is applied when scrutinizing the food service industry in Finland, as well as the awareness towards Asian cuisine. These factors, which have been discussed earlier, formulate the ground for developing the Nood business plan.

In this particular study, the author conducts qualitative research with the use of observation and interview methods for data collection. Two (2) major cases for this study are: Bar Laurea and Asian Noodle Bars

Additionally, another source of secondary data is the interview with the head chef of Bar Laurea, considering it was already conducted a few years ago by the author, with the aim to study the logistics performance of Bar Laurea. By reanalyzing the data, the author gains significant understanding about the logistics of a restaurant, thus is able to apply specifically to the Nood business plan.

6.1 Case study: Bar Laurea

Bar Laurea is the restaurant of the University of Applied Sciences Laurea Leppävaara. It was founded in 2001 and is comprised of the restaurant Bar Laurea, an A la Carte Restaurant Flow, Café Beat and lobby service. In addition, the restaurant receives catering orders for meetings and different kinds of events within the organization. Bar Laurea's management is comprised of the Restaurant Manager Miia Vakkuri and the Head Chef Ilari Paananen; and the students in Hospitality Management and Restaurant Entrepreneurship degree programs administer the daily operations. The restaurant provides about 200 seats on-site and serves over 600 customers daily, therefore lunch hours are arranged between 10:45 to 13:00.

The aim of Bar Laurea is not to be profitable, but to be an institution mentoring and teaching students for future working life in restaurant industry. Two (2) of the important functions of Bar Laurea, of which the author considers valuable to examine, are managing the waste in foodservice, and managing the orderings.

Bar Laurea aids in minimizing the food waste, and simultaneously, qualifying the hygienic and safety food issues. As a result, food that is prepared but not yet served on the food line, can be stored overnight basing on certain standards, and will be served the next day along with the new menus. Whereas, leftover food which consists of waste and remaining food that is served on the line, will be processed wholly as waste.

In terms of managing the orderings, Bar Laurea minimizes the costs by “just-in-time” purchasing for one (1) to two (2) days consumption, from local suppliers such as HK (meat products) and Valio (dairy products). Specifically, suppliers receive the orders through email, mobile phone, and direct contacts; and then deliver them to Bar Laurea within 24 to 48 hours. Before the delivery, suppliers are requested to inform the amount and quality of orders, so the staffs can ensure adequate storage places. When the orders are arrived, responsible students check and sign invoice from the suppliers. The invoice is important not only to control the costs, but also to confirm that right orders have been fulfilled. Then, the storekeepers must check the quality in accordance to hygienic food safety. Temperature of foods is divided into three (3) categories: frozen foods, cooled foods and raw foods. Correspondingly, it could not be higher than -12˚C, +6˚C and +4˚ C. Return shipments can also occur when damaged or faulty items, or over expiration dates are detected. Afterwards, in order to store, foods are classified for the cafeteria, perishable foods (meat, fish, vegetable, and fruit), frozen foods and dry foods. Unnecessary packaging such as plastic bags and paper boxes has to be removed, and foods are stored followed by a storing map conducted by the restaurant. In order to increase an efficient use of the inventory, the restaurant employs stock rotation- a system that prioritizes older food ingredients to be used first. It emphasizes that all stored foods are in the rotation, first in and first out. New stocks have to be placed in the back of the older ones, and from the left to the right side.

Besides the important functions above, the author also recognizes the strict requirements of health, hygiene and safety when making food. Observation has enabled the author to notice:

- Raw and cooked foods must be kept in separate shelves;
- shrivel fruits and vegetables or foods dropped to the floor must be removed immediately;
- equipment must be cleaned with anti-bacteria cleaner;
- the chef must regularly change the gloves when preparing different food;
- hands must be disinfected before entering the production area, hair and beard must be covered to avoid contact with food.

6.2 Case study: Asian Noodles Bar (ANB)

Asian Noodle Bar (hereinafter ANB) is a restaurant located in Espoontori shopping mall, Espoon Keskus. Established in December 2015, the managing director- Johnny Lam claims to be the first restaurant in Finland to ever provide a unique service concept featuring the Asian street food characteristics. Specifically, foods displayed to the customers in the restaurant’s reception are not ready-made. Instead, the fresh raw materials are presented in independent

food trays, and it will be made-to-order in response to the customers' choices of different ingredients. This, in fact, demonstrates part of the Nood's concept. The author has acquired knowledge about this restaurant during the research for Nood's concept.

ANB is targeting on customer group aged from 20 to 44, including office workers, students, couples without children, and families. The restaurant offers on-site eating, take-away, as well as home delivery. Johnny Lam- the managing director, refers to the service concept and high-quality of the dishes as key winning factors. He states "We are the first in the market. Once the customers get familiar with the concept, they will be interested in broadening their own choices. We focus on delivering every best possible dish with delicate preparation and an absolute service, at the same time, fitting in every basic food standard. Once the customers are satisfied with the choices they make, they will be definitely coming back for more". He addresses to the restaurant's recipes as an outstanding competitive advantage. The restaurant has been receiving numerous of confident feedbacks from customers, concerning the flavors of the food. "We have also been increasing our ratings and getting recommendations from several local websites specializing in reviewing food stores"- he said.

According to Johnny Lam, after six (6) months of operation he considers lack of brand awareness the major obstacle. In addition, deficit budget for marketing and promotion is stressing the issue. ANB is wholly capitalized by Johnny Lam; and due to his limited budget, currently the owner is not able to allocate more resources on human and marketing. For now, the owner utilizes Facebook page as the only marketing tool for the restaurant. Nonetheless, words-of-mouth generated by Facebook and thorough on-site interactions with customers, is expected to be temporarily sufficient for a short budget.

The restaurant is also short in staffs. There are just the owner and the chef running the business. "There were days that ANB received a long-queue of customers. Partly because the customers were confused with the ordering process, partly it was only me (the owner) processing all of the orders. We try to compensate the customers with the best dishes we provide. We have to operate low-cost, but we also have to minimize the risk of dissatisfying customers". Although home-delivery is now available, the restaurant will be further developing this service as the business is growing.

ANB is in partnership with local suppliers in the central region. The restaurant usually purchases for one (1) week consumption. Because all of the ingredients are not ready-made in the day, it can be appropriately stored and still fresh for the next day. "While other restaurants have to manage 15 to 20 percent of daily waste including mostly leftover food, we only

manage about 5 percent of waste because we are not producing leftover". Generally, the logistics process and the inventory storage are similar to those of BarLaurea, which have been earlier studied.

For where ANB is located (Espoontori), the restaurant does not encounter intense competition with any major restaurant services. The owner intends to expand this operation model, once they are able to build a strong foundation and gain a stable customer base.

Lastly, Johnny Lam provides certain insights about financial enquiry for the establishment, which will be useful when planning the budget particularly for Nood.

7 Empirical business plan: Nood

7.1 Mission statement

Nood's mission is to offer a wide range of noodle dishes with a blend of new fusion style, by combining unique elements of Asian cultures. Our goal is to promote not only a plain healthy lifestyle, but also a twist in dynamic flavors. Comfort and excitement will be encompassed as customers experience our unique service design.

7.2 Executive summary

The 2 co-owners contribute 70,000 euros in personal funds to establish Nood, a restaurant specializing in Asian noodles.

The restaurant's recipes are confidential, and it focuses on providing noodles dishes that come with dynamic flavors and fresh local ingredients. Nood will cater the trend of growing Asian cuisine popularity and offer an outstanding service concept that will differentiate the restaurant from its competitors. The target customers will be within the age of 20 to 45 years old, including close-by students, business people, local residents, and affluent shoppers in the shopping mall. Surrounded by a chain of common fast-food restaurants, Nood expects to create a new trend with its fresh-made meals provided by a comfortable, interesting, and unique service.

Various significant market research has been carried out in order to scrutinize Nood's position. It suggested that Nood restaurant be potentially located in Sello shopping mall, one of the most hectic residential areas in Espoo- the second largest city of Finland. Being clearly aware of the challenges affiliated with the opening of a new restaurant concept, Nood proposes to be proactive in enhancing brand awareness in local regions, as well as building a

thorough customer service to effectively manage customer issues and optimize the satisfaction.

We believe in the high feasibility and validity of Nood's operation, should there be any parties interested in partnering with us. The restaurant commits to provide the top standardized dishes, additionally provide more jobs to the community and be socially responsible.

7.3 The Business

Legal form

Restaurant Nood is formed by a general partnership between Tri Tran and Chucky Bui. The 2 co-owners contribute sources of funds and are liable for the legal operations of the restaurant. An agreement is documented in terms of profits and loss liability, as well as management decision.

Business description

Nood will operate in a rented retail space in Sello shopping mall, located in Leppavaara, Espoo. The restaurant will provide the top dishes with fresh ingredients purchased from local suppliers. The food will be available on-site and to-go, and the establishment will be serving lunch and dinner every day as following:

- Mon-Fri: 11:00-21:00
- Saturday: 11:00-18:00
- Sunday: 12:00-18:00

Apart from the recommended menus, our restaurant operation strategy will assure customer's comfort and excitement by enabling them to be "the chefs". In order to do so, the restaurant implements two (2) methods: taste awareness (customers testing ingredients) and taste preference (customers picking ingredients).

Specifically, by addressing "a blend of new fusion style", customers at Nood will be able to pick ingredients from a wide variety of options and create their own dishes based on individual taste preferences. Customers will most likely be confused with "*Where are the taste preferences coming from?*" Nood is comprehensively aware of the situation and the restaurant offers an outstanding solution. One of our most unique service features and competitive advantage, is that, we will be offering an ingredients testing counter. The so-called Tasting Corner offers all of the flavors of the restaurant's main dishes. In order to test, customers are requested to pay one (1) euro in advance, which will then be subtracted as they proceed to the

final orderings. Details about “taste awareness” strategic plan will be further discussed in “The Marketing” section.

Product description

Nood will be providing made-to-order noodle dishes with the freshest ingredients being directly displayed at the reception. We base our recipes on insights of dynamic Asian flavors and careful studies of creating a tempting blend. At Nood, customers will be served with 7 finest type of Asian noodles: Soba, Udon, Ramen, Cellophane, Rice noodles, Lo mein, and Wonton. The main dishes come with 6 different flavors, 4 main ingredients (chicken, beef, pork, and shrimp), and plentiful of supplement ingredients to add to (several types of wok vegetables, mushrooms, onions, paprika, and tofu). Altogether, Nood presents to customers a tempting wok mix.

Drinks will be widely offered, including bottle juice; soft drinks; dairy products. Being aware of serving one of the world’s largest coffee consumption countries, Nood is contented to offer free coffee, likewise water. In addition, traditional Asian teas are also available free of charge, for an absolute and healthy appetite.

Ingredients are fresh and local-based. All dishes will be made upon the customer’s orders; and will be prepared on-site by an Asian food specialist, who has been trained to fully master the recipes. Once the customer base is broadened, the restaurant will employ more specialists to ensure a persuasive service.

Nood provides a moderate range of on-site seats, which is appropriate for the proposed location’s capacity. The restaurant estimates the average time spent per meal to be reasonable, given the fact that students and office workers are only in short-break time. Take-away orders are available, and home delivery will be considered in the future.

Location

Nood is located in Sello, Leppavaara for several reasons. Initially, Leppavaara is in the Suur-Leppavaara region, one of the biggest districts of Espoo- which is on the other hand, the second largest city and municipality in Finland. According to the Espoo city’s report, the district solely attributes to the largest population of 64,314 in the city by January 2014. It is also a major traffic hub to the Greater Helsinki region, the Coastal Railway, and Keha I- the busiest road in Finland. In Leppavaara, a swimming complex has been renovated and reopened at the beginning of January 2016, and it is anticipated to attract 400,000 visitors annually. Along

with the Leppavaara sports park and the new adventure park Huippu, it will be likely to encourage a large crowd of visitors throughout the year. Consequently, the proposed location for Nood- which is in Sello shopping mall, will be likely to increase their customer base as well.

Secondly, Sello is among the largest shopping centers in Scandinavia, with over 160 shops and 2,500 customer parking spaces, in a total area of 97,000 square meters. The mall is comprised of two (2) supermarkets, three (3) banks, a city library, a concert hall, a music academy, a cinema, gym, and many other recreational stores. Therefore, Nood's proposed location demonstrates a high-density, high-traffic, and high-visibility area. In addition, the shopping mall is overwhelmed with common food chains such as Burger King, Hesburger, Subway, and Rax buffet. Instead, Nood strives to offer customers a twist in flavors.

Most importantly, the location is in close distance with three (3) of the biggest universities which are: Metropolia University of Applied Sciences, Laurea University of Applied Sciences, and Aalto University. Whereas the first two (2) universities are within walking distance to Sello shopping mall, the Otaniemi campus of Aalto University is within 15-minute of public transportation. Together, the community includes about 20,000 students- a significant target customer group of Nood.

SWOT analysis and Business Model Canvas (BMC)

Briefly, the foundations of Nood's strengths are mainly dependent on flavors, visual appeal and service design. We provide customers with flexibility and excitement when openly choosing from our healthy and appetizing ingredients, supported by the ingredients testing counter and the "partly-buffet" model. However, brand awareness will be initially considered the main weakness. In addition, being a foreigner establishing food service business in Finland, there will be obstacles in terms of administration and legislations, and communication.

The proposed location for Nood business, which is in Sello shopping mall, provides opportunities as well as threats to the company. With numerous occasions and events being organized in the area, Nood expects to increase recognitions and qualifications towards its food line. On the other hand, the company must consider the high competition here, and further external factors affecting the business such as economic stagnation, fluctuation in the Finnish food industry, or seasonal effects.

Strengths	*Weaknesses*
• Fresh, quality ingredients with dynamic flavors • Unique service concept (taste awareness & taste preference) • Low start-up costs • Know-how of the recipes • Visual appeal effect	• Lack of brand awareness as being a start-up business • Beginner in Finnish food service business • Legislations • Language barrier
Opportunities	*Threats*
• Proposed location with numerous events and high-density of visitors • Increasing awareness towards a new food line	• Proposed location with tense competition • Taxation • Economic stagnation and recent fluctuation in food industry • Seasonal factors

Table 2 SWOT analysis (Nood)

Table 3 illustrates the Business Canvas Model (BMC) analysis for Nood business plan. Details of the elements in BMC are studied throughout the plan.

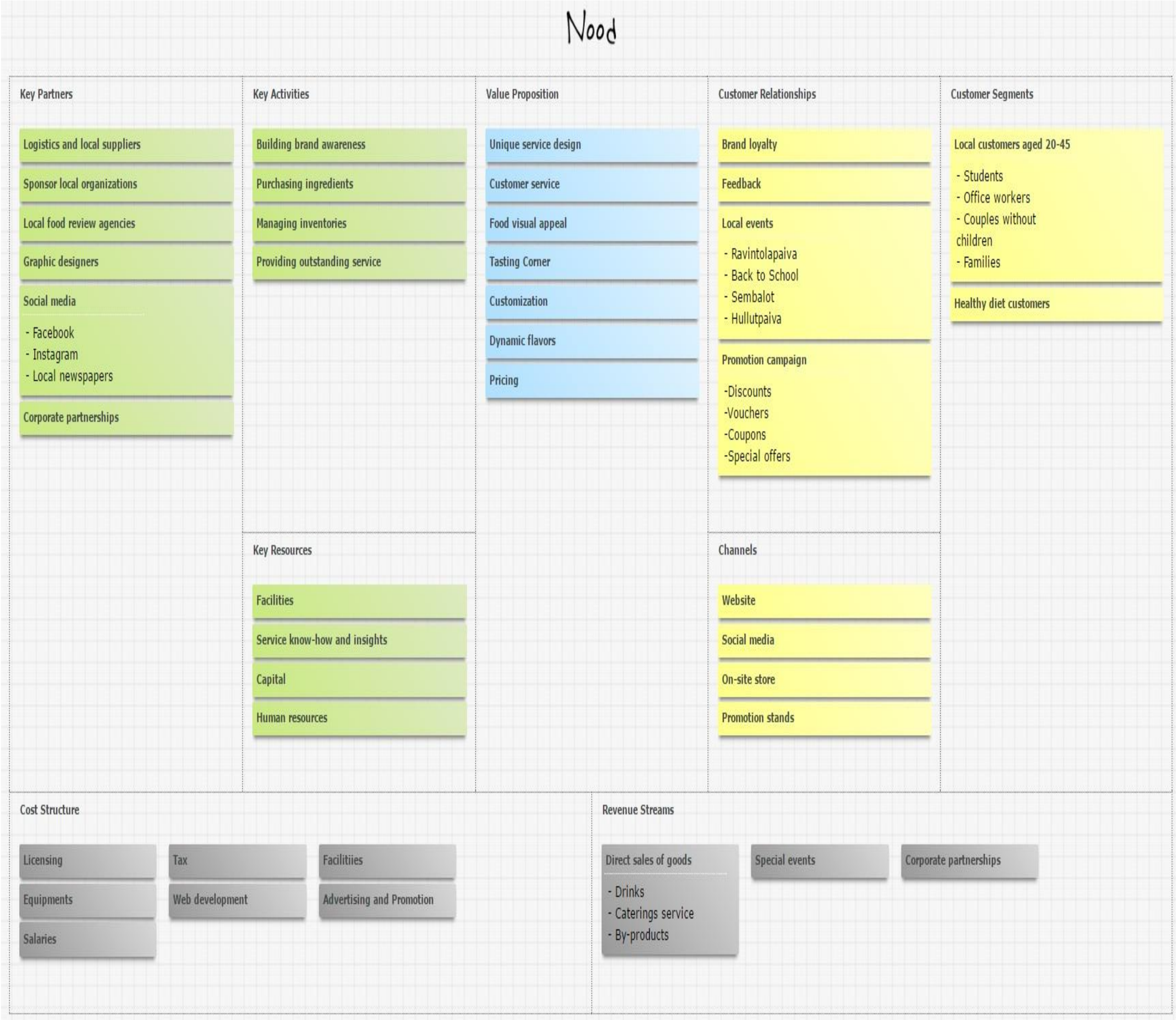

Table 3 Business Model Canvas (Nood)

7.4 The Marketing

Market research

Market research enables the author to collect secondary data on the Eating out habit of Finnish people, which was studied and provided by Statistic Finland. As discussed earlier in Chapter 2, many external environmental factors have shifted eating out to become more often, a daily routine for many Finnish nowadays. Supremely, scientific data has also confirmed the rapid growth of Asian cuisine worldwide; the competitive health advantage of Asian diet over Eastern diet; as well as the increasing awareness of consumers considering fresh local ingredients and healthier diets. Nood, therefore, strives to fulfill this potential market.

The restaurant will be fascinating to various customer segments. College students who are in close distance with the shopping mall, will be among the most significant targets. Nood is attractive to students not only because of its tempting flavors and affordable price, but also because students will be interested in a new twisted fresh taste, rather than a meal at the cafeteria every day. Likewise, nearby office workers will be ensured to enjoy a quick healthy lunch effortlessly. The restaurant will also establish a relaxed eating on-site design in order to appeal to shoppers in the mall, including singles, couples, and families; those who are in need of a short-break during the shopping. In addition, the take-away option will be ideal for those who prefer a quick meal, yet not fast-food-based.

It is anticipated that Sello shopping mall and the nearby communities (offices, hospitals, schools, recreational places) will provide an enormous and stable customer base. Nood will be customer-oriented and cater the best service in order to reach them.

The location where Nood is proposing provides visitors with various eating out options. However, currently the Sello shopping mall as mentioned before, is overwhelmed with fast food stores and common food chains such as Hesburger, Burger King, Subway, Rax buffet, and so on. Nood will be entering the niche market, as the restaurant promotes a healthier diet with locally fresh ingredients. According to the National Restaurant Association, a survey has been conducted for nearly 1600 professional chefs concerning food, cuisine, beverages and culinary themes. Among the top 20 food trends in 2016 indicated in the survey, Nood considers the following factors to be utterly fit with the restaurant's concept:

- Locally sourced meats
- Chef-driven concepts
- Locally grown produce
- Ethnic condiments
- Authentic ethnic cuisine
- Food-waste reduction
- Street food

Competitor analysis

Being located in one of the most hectic area of the Espoo city, the competition is expected to be remarkably harsh. Currently, there are about 20 different food chains competing in and out of Sello shopping mall. Nood identifies 3 main competitions, which are namely 3 Amigo, Subway, and Kungfood Panda. These are the 3 restaurants that will be located in the same zone with Nood, and will most likely be exposing potential threats.

- 3 Amigo is a Mexican-featured restaurant offering gourmet Tacos, Burritos, and Nachos filled with customer's choice of ingredients, including various traditional Mexican fillings and sauces. The restaurant has been operated for several months, yet gained a massive attention from visitors to Sello. 3 Amigo claimed its flavors, new fresh taste from Mexican culture, and competitive price as key winning factors. Price ranges from 8 to 10 euros for the main dish, which according to many customers, comes with great size portion and great taste.

- Subway offers sandwiches/baguettes filled with customer's choice of ingredients. The Subway has gained national brand recognition for over a decade, since the first store was opened in Finland in 2000. Thereupon, Subway in Sello is receiving massive number of customers every day. The restaurant commits to deliver a full range of great tasting with the highest quality and safety standards, as well as nutritious and customer-oriented food choices. Price ranges from 5 euros for a small baguette, to 10 euros for the doubled-sized one.

- Kung Food Panda is a Chinese restaurant operating in Sello since 2014. The restaurant offers 10 different main courses featuring Asian food theme. Kung Food Panda is growing rapidly as a result of its appealing Asian culinary taste. Shortly after the opening of Kung Food Panda, another close-by Asian restaurant so-called Wrong Kitchen had failed in attracting more customers, consequently this restaurant's establishment was later on replaced by the 3 Amigo's. With the recent opening of one more Kung Food Panda shop, it further claims a profitable operation. The restaurant's price ranges from 8 to 10 euros for a large-portion main dish.

- Due to the structure of the Sello shopping mall, all three restaurants provide moderate eating on-site areas.

Besides, there are other competitions to consider, such as Hesburger and Burger King; Rax buffet; and Fuku sushi buffet. These are among the most popular brands in the region, and they have spacious eating on-site areas in Sello, compared to the three major competitors. However, these food lines are different from Nood's. Nood pursues a strategic plan that will focus on the quality and creativity of food, the competitive prices, and the caring service.

Distribution and sales strategy

Menu will be offered as lunch and dinner, both for eating on-site and take-away orders. The eating on-site service will be provided by Nood's wait staff. The Tasting Corner is designed to

introduce different types of meat products (cooked) and sauces available, with verbal descriptions presented on each dish, together with recommendation for the best mix from the chef. Our main counter will separately and visually store all of the fresh ingredients, which the model is similar to a buffet's model. Once customers move from the Tasting Corner to the main reception for picking raw ingredients, the wait staff proceed and deliver orders to the chef for preparation. Customers will be informed about every single price items as it automatically appears on the cashier screen, corresponding to the wait staff entering which items to the internal network system. Finally, the dishes will be hand-delivered to the customers at their seats. Free drinks, including water, tea and coffee, are self-service.

Customers will be requested to pay 1 euro in advance for the Tasting Corner. If they wish to order the main meals, 1 euro will then be subtracted from their bills. Otherwise, customers pay 1 euro for testing all the meats and sauces. Price will range from 8 to 10 euros for the main dish, including noodle, meat, and other added ingredients. Additional drinks cost from 1 to 3 euros.

The restaurant purchases inventories from local suppliers for 1-week consumption. Everything will be stored and preserved accordingly to the standardized warehouse, including freezers and dry-storages. In addition, Nood will employ stock-rotation, followed by the research study of Bar Laurea. We minimize the cost by producing the lowest amount of leftover, and rotating stocks effectively.

Pricing strategy

Nood implements the direct-costing method, in which the restaurant estimates the cost production per unit and then add in a certain amount of profit. Considering all of the internal and external factors, the restaurant aims to set a pricing strategy that is within the standardized range exposed by the major competitors. Therefore, Nood must examine and adjust an appropriate percentage of profit. Desired profit margin for the first year of business will be moderate 10 percent, and it is also important to identify the break-even point. By minimizing the production cost with ultimate use of inventories, Nood will be able to raise the profit margin.

Differentiation and positioning

In general, our service concept design will be outstandingly and solely competitive. The Tasting Corner is a supplement of the broader "partly-buffet" concept, which provides customers with freedom of ingredient choices. The corner enables customers to get an initially refreshing taste of all available options in the restaurant, thus best support them in the personal

choices when ordering the meals. We aim to not only provide a healthy tempting dish, but also create comforts, pleasures and excitements when customers are engaged in a more open atmosphere than in a traditional way of ordering from a classic menu.

Customer service at Nood will be considered one of the main focuses. Nood will employ dedicated and responsive assistances. Apart from encouraging feedbacks from the customers, all the staff are also obliged to acknowledge complaints and promptly report the issues to management. Training program will solidly address on the service attitudes, customer perception and complaint issues.

Advertising and promotion

According to the Interactive Advertising Bureau Finland (IAB Finland), a research study based on data from TNS Ad Intelligence indicates printed media, online advertising, and TV as predominant marketing tools in Finland. Nood advertising strategies will thereupon allocate resources to print advertisement as well as exploit the potential of online media. The restaurant anticipates that with a high population density in the proposed location, printed materials should be initially established in campus newspapers and the local events calendar. In the first few publishes, coupons for a discounted menu items will be given out to Sello's visitors and train commuters. In addition, menus and discounts will also be directly delivered to households living in close-by area through postal service, and to students who will most likely be commuting from Sello to schools. The objective is to announce Nood's opening to nearby businesses, universities, and residential areas, as well as to ensure the restaurant's readiness in providing an attractive service. Nood will employ a local ad agency for the design of printed advertisement. The restaurant expects contents and layouts be appealing and well-defined, that the readers will be able to visualize the outstanding concept.

A "like and share" campaign will be held on Facebook and Instagram, two of the most powerful social networks. These competitions will be purely launched to gain more attention from Internet users. In order to boost participation of the campaign, Nood offers several rewards as incentives. Participants are encouraged to like Nood's page, share the restaurant's photos, and attach certain hashtags for a better search optimization. Random participants will be selected for winning prizes.

Additionally, Facebook page and the restaurant website can also be applied for a content marketing strategy, in order to attract and retain more audiences. By delivering consistent and valuable information, it is more likely that the customers will reward Nood with their business and loyalty. Rather than pitching and selling our service, the pages will interact with audiences through such contents as:

- Asian cuisine appeal
- Health and taste consideration
- Ethnic food culture
- Video surveillance
- Story behind the restaurant

A loyalty program is designed to reward the customers for their continued patronage. Specifically, for every 9 euros paid customers will receive a loyal point, and for every 9 points they get 90 percent of discount for the lowest-price menu of the orders. The program require that customers create a Frequent Eating Card, which on the other hand, enables the restaurant to build a more comprehensive customer database and better understand to whom we are serving.

Throughout the year, several major campaigns will be incorporated, such as Back to School, Sembalot, Christmas, and Mid-Summer. Nood will include different promotions, discounts and happenings during these days, of which the strategy is similar to Stockmann's Hullutpaiva.

7.5 The Financial

Nood estimates 70,000 euros for start-up costs, including leasehold improvements, equipment and furniture, operation permits and licenses, and other working capital expenditures.

Uses of Funds

Capital Expenditures	
Leasehold Improvements	**15,000**
Equipment and Furniture	**20,000**
Total Capital Expenditures	**35,000**
Working Capital	
Rent (first 4 months)	**14,000**
Salary	**8,000**
Legal (Permits and Licenses)	**3,000**
Website	**1,000**
Printing	**500**
Advertisement	**5,000**
Working Capital Reverse	**3,500**

Total Working Capital	**35,000**
TOTAL USE OF FUNDS	**70,000**

Table 4 Use of Funds (Nood)

Sources of Funds

Tri Tran	**40,000**
Chucky Bui	**30,000**
Total Sources of Funds	**70,000**

Table 5 Sources of Funds (Nood)

Income Statement

INCOME			
	First year	Second year	Third year
Sales			
Food	€ 350,000	€ 440,000	€ 530,000
Beverage	€ 90,000	€ 105,000	€ 130,000
Total	**€ 440,000**	**€ 545,000**	**€ 660,000**
Cost of Sales			
Food	€ 140,000	€ 176,000	€ 212,000
Beverage	€ 36,000	€ 42,000	€ 52,000
Total	**€ 176,000**	**€ 218,000**	**€ 264,000**
Gross Profit	€ 264,000	€ 327,000	€ 396,000
OPERATING EXPENSES			
	First year	Second year	Third year
Payroll salaries	€ 100,000	€ 130,000	€ 150,000
Payroll taxes	€ 15,000	€ 18,000	€ 19,500
Advertising	€ 15,000	€ 15,000	€ 13,000
Rent	€ 42,000	€ 45,000	€ 48,000
Maintenance	€ 2,000	€ 2,200	€ 2,400
Equipment and Furniture	€ 35,000	€ 3,000	€ 3,000
Coupon discounts	€ 3,500	€ 2,500	€ 2,500
Insurance	€ 1,500	€ 1,500	€ 1,500
Postage	€ 500	€ 500	€ 500
Miscellaneous	€ 2,000	€ 2,000	€ 2,000
Depreciation	€ 5,000	€ 5,000	€ 5,000
Total Operating Expenses	**€ 221,500**	**€ 224,700**	**€ 247,400**
Net Income Before Taxes	**€ 42,500**	**€ 102,300**	**€ 148,600**
Taxes on Income (14%)	**€ 5,950**	**€ 14,300**	**€ 20,800**
NET INCOME AFTER TAXES	€ 36,550	€ 88,000	€ 127,800

Table 6 Income Statement 3-year periodic forecast (Nood)

Break-even Analysis

Break-even analysis			
	First Year	Second Year	Third Year
Net Sales	440,000	545,000	660,000
Cost of Sales	176,000	218,000	264,000
Gross Profit	264,000	327,000	396,000
Percentage	60.00%	60.00%	60.00%
Total Operating Expenses	221,500	224,700	247,400
Divided by Gross Profit Margin Percentage	60.00%	60.00%	60.00%
Break-even Sales	€ 369,166.67	€ 374,500.00	€ 412,333.33

Average price per meal	€ 8.50	€ 8.50	€ 8.50
Break-even Meals	43,431	44,059	48,510
Number of meals per day required to break-even	119	121	133

Table 7 Break-even analysis (Nood)

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