Building a Business
A Business Plan and Strategy for Jenky’s Café

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Abstract:
This thesis was written to develop a business plan for Jenky’s Café to transition from a part-time operation to a full-time, brick and mortar café. It aimed to determine what business structure best suited the business, what the business plan should include, what marketing strategies are best and whether the plan is viable.

The primary method used was action-based research with a mixed-method questionnaire also used. Action-based research is a method of learning via implementation, this was done by creating the business plan, evaluating and then revising based on said evaluation. The changes were evaluated in the conclusion. The mixed-method survey was used to gather customer data, which informed the content of the business plan. The survey gathered information on consumer demographics, their views on other cafés, product interest and communication styles.

The theoretical review consisted of a comparative overview of business structures in Finland, elements of business plans, marketing strategies and market research. Which were used to create the business plan. The business plan structure which best suited Jenky’s Café included: Executive Summary, Objectives, Start-Up Summary, Products/Services, Market Analysis, Competitor Analysis, Marking Strategy, Sales Forecasts, Financial Plan and Risk Analysis. These were based on the theoretical review and the business plan of a successful café.

It was concluded that the business would remain under sole ownership, but would shift to a sole tradership, allowing the café to hire staff. The thesis also concluded that the best marketing strategy was a client-centered strategy focused on the 4 Cs: Customer Solutions, Cost, Convenience, and Communication. Finally, the thesis determined that the business plan is viable, with the financial projections showing 4-6% growth over a 3-year period and sales/customer growth of 5-7%.

Over the course of the process, and in keeping with the action-based research, the business plan underwent several shifts and changes. These were mainly to simplify the finished plan and reduce redundancy.

Keywords: Business Plan; Café; Marketing; Entrepreneurship; Market Research; Customer Research; Target Marketing

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FOREWORD

This thesis and its subsequent business plan have been years in the making. Jenky’s is my own business idea and my baby. I have been working towards making this café a reality for years. In the abstract, it has been in my head since I was 10 years old and learning to make brownies for the first time, and in the practical sense, I’ve been actively working to achieve this dream for the past four years. So far, I’m partway there, as Jenky’s has, for the past two summers been active as a mobile cookie cart. That experience has been amazing, and most importantly has given me the motivation, information and skills needed to take the business further, through this business plan and thesis.

Writing this thesis has been eye-opening. The amount of research put into the various business structures, business plan types and marketing strategies was very helpful to me as a business owner. One of the most beneficial things to come out of the research was a customer survey, which helped me to define my target market, and to get information about what customers value and also what they dislike in other cafés.

Throughout this thesis process, and in the operation of the cookie cart, I’ve had some amazing and supportive people helping me. I’d like to thank all of my fantastic customers, friend and family, for their support, feedback and input to this project. I’d especially like to thank the following individuals:

Anna, my fantastic intern and even better friend, who has provided unique perspectives and invaluable help throughout this past year.

Cara, my awesome big sister and business role model who provided access to her business plan and data for research, and developing a plan structure.

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Joni, for being supportive throughout this process, being a sounding board and pushing the cart this summer, when I wasn’t able to.

Jenny and Lotta, for being two of my best and most loyal customers, and also supporting the cart business by helping with supply runs, ideas and pitstops. Your product feedback has been great and will be added into the operations of the café.

And finally, Mikael, for being a supportive thesis advisor, and guiding me through writing this. Also for providing thoughtful feedback and actively reading the bajillion page edits I kept sending.
1 INTRODUCTION

Jenky’s Café, legally known as “Jenky’s tmi” is a mobile/pop-up café and bakery, currently operating as a small, sole proprietorship. During the spring and summer season, they operate from a pushcart primarily in the Viikki and Arabia areas of Helsinki, and during the colder months they host occasional pop-ups in Arabia. In addition, Jenky’s does wholesale orders for business clients and private baking orders. The company would like to make the shift from a part-time mobile operation to a permanent location and full-time operation.

The café primarily focuses on ‘American Style’ baked goods like cookies, cakes and pastries. The company has a strong focus on customer service, and one of the main long-term goals is to improve the standard of service that customers expect from Helsinki cafes. Jenky’s wants to create a homemade, small town atmosphere which focuses on friendly, helpful service and high quality, delicious baked goods. When operating on a full-time basis, Jenky’s would like to team up with different small vendors and street-food businesses to provide lunches at the café. In addition to this, the café would feature local artists and products from local craftsmen. It is an important part of the company vision, that the café operations support small, local businesses.

The purpose of this thesis is to create a business plan to determine the viability of moving to a full-time location, and establish an initial marketing plan for the permanent location. The thesis also evaluates whether the company should switch to a different business format, like a limited partnership or a general partnership, instead of a sole proprietorship.

Jenky’s hopes to use this research to make informed decisions on financing, partnerships, marketing and overall operations. The business plan portion of the work will be used for applying for financing, finding co-operative partners and/or getting financiers on board. The hope is that this research will give the company the best possible chances of succeeding as a small-business, by providing invaluable data and analysis.
1.1 Research Questions and Aims

As mentioned above, the aim of this thesis is to create a functional business plan and initial marketing strategy for a small, Helsinki based café. The plan will be used to apply for funding and loans and the marketing strategy will examine how to expand on the café’s existing customer base. In addition, the financial viability of the café will be examined using sales from current activities and projected future sales and expenses.

The goal is to provide a framework in which to move Jenky’s from its current mobile/pop-up format into a brick and mortar location. The key questions that this thesis and business plan seek to answer are the following:

- What is the best business structure for Jenky’s Café?
- What business plan framework best suits this venture?
- What marketing strategies can be applied effectively, particularly in relation to customer retention/gaining new clients?
- Is the business plan practically, and financially viable?
  - What are the 3-year financial projections?

1.2 Research Methods

This thesis employs a targeted theoretical review of a few key concepts, which directly relate to the creation of the business plan and marketing strategy. As this is primarily an action-based thesis, the theory portion is mainly used to define terms and concepts which will later be applied in the plan. The thesis uses secondary materials in the theoretical framework, as well as, primary material in the business plan.

The main material for the theoretical framework comes from books on business structure and plans, internet sources and journals about customer loyalty and acquisition strategies, and also from existing business plans, particularly the business plan of Strange Matter Coffee Company (Nader, 2014), is used, as it is an example of a successful business in the café field. In addition to this, Geo-Informatics System (GIS) data is used for researching marketing and demographic information, along with a target market survey.
The primary material is provided by Jenky’s Café and mainly consists of financial data from current and previous operations, as well as cost estimates and customer data. The customer data is gained via survey created in conjunction with this thesis. The survey uses a mixed-method approach gathering both quantitative and qualitative data, this data will then be applied in the business plan.

### 1.2.1 Action-Based Research

Action-Based research has many formats, but essentially can be boiled down to the concept of learning something via practical implementation. It basically takes a problem, tries a solution, usually one backed up by research, and then evaluates how that solution has solved the problem. If the first solution is not successful, the process is evaluated, altered and implemented. In this way, the pattern of action research can take on a cyclical pattern. (O’Brien, 1998)

This method was chosen due to its applicability to real-world and practical situations. As the business in question is an actual project, not a theoretical or experimental idea, the research must also be from a practical and implementable perspective. (O’Brien, 1998)

The process of action-based research can be seen in the following figure, which is based on the action research process described in Richard Sagor’s 2000 book, Guiding School Improvement with Action Research. (2000)

![Action Research Process](Sagor, 2000)

Using this model as a guide, this thesis focuses on Jenky’s business plan, and will use theoretical material about business forms, business plans, marketing and demographics to answer the questions described under section 1.1 Research Questions and Aims. The theoretical data is then used to create an informed strategy in forming a business plan.
The viability of said plan is evaluated in the conclusion along with changes to the plan over the course of the research.

1.2.2 Mixed-Method Survey

A Mixed-Method research describes a form of data gathering which collects quantitative\(^1\) and qualitative\(^2\) information, and uses them in conjunction with one another to create a more holistic view to what is being researched. (Creswell, p. 2, 2014)

This is applied via a survey created to define and analyze the target market for Jenky’s. The survey uses questions meant to define quantitative customer information, in this case demographic information, as well as qualitative information, referred to as psychographic data here. The demographic data includes things such as: age, gender, income level, area of residence and employment, while the psychographic asks the respondents open-ended questions about favorite cafés, likes and dislikes in the café industry, and opinions of competitors. More details about the survey can be found in 2.5.2 Target Market, and the full survey can be found in Appendix A: Target Market Survey (Pinson & Jinnett, 2006).

The data gathered via this survey is applied in the business plan in the Market and Competitor analysis sections. Data from the survey will also be used in Sales forecast calculations.

1.2.3 Approach

To answer the research questions, the main approach is to examine the secondary research (literature and theory review) and using the primary data from the company, evaluate and draw conclusions based on how those two things relate to one another. The theory section of the thesis provides clear information on the different structures (formats) of business within Finland, and what the benefits and drawbacks of each are, as well as the various aspects of business plans and which elements are most necessary for businesses like Jenky’s Café.

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\(^1\) Quantitative Data: Used to measure things that can be statistically defined and counted. Uses closed-ended questions. (Creswell, p. 2-4, 2014)

\(^2\) Qualitative Data: Collected by observing, interviewing or surveying participants. Uses open-ended questions, behavioral observations and thematic data. (Creswell, p. 2-4, 2014)
Additionally, the thesis explores marketing strategy and research, as well as, target markets.

### 1.2.4 Limitations

As the nature of this thesis is more practical than theoretical, there are certain limitations that apply. As mentioned previously, the theoretical framework is very focused on things relevant to a business plan in a specific context; that of a small café. As such, it is not an exhaustive review of business plans in general, and it does not, by any means include every possible marketing strategy that could be even slightly related. Rather, it focuses, on what elements of a business plan benefit Jenky’s Café and on marketing strategies geared towards customer retention, and gaining new customers, mainly loyalty, and introductory programs. Most of the thesis is the actual business plan and financials, which deal directly with the company.

The thesis explores the customer base and area demographics for the café particularly in the area where there is an established customer base, specifically, the Arabia, Toukola and Vanhakaupunki areas of Helsinki, Finland. It also covers different marketing strategies for small, cottage-industry businesses, and explores the most effective of those options.

## 2 THEORETICAL FRAMEWORK

It is a common trope that most small businesses fail within their first year. Much of this can be attributed to poor or inadequate planning, research and/or unrealistic expectations. Going off this concept, the more knowledgeable, and better prepared a business is before opening, the higher likelihood that they will succeed. Knowledge of business theories, and structures, in addition to a background of finance and marketing can offer a realistic and solid base for a company, which is why this thesis will have a review of business structures, planning and marketing, and will then apply this information into the final plan. (Schaefer, 2017)

The theoretical framework focuses on four main components. First, it explores the five types of business structures within Finland, detailing the benefits and drawbacks of the
three most relevant business formats. Secondly, there is a review of what elements go into a business plan, and what approaches can be taken to business plan creation. Thirdly, marketing strategies for small business, will be reviewed with a specific focus on strategies related to: gaining new customers, retaining existing customers and building a brand image. Finally, marketing research is examined briefly, specifically focusing on determining business locations and defining target markets.

2.1 Business Structures

In a mixed economy, businesses can exist both in the public or private sectors, with different organizational formats. Public refers to governmental or municipal enterprises/organizations and public corporations. (Buckley. p.16, 1997) For this research the focus is only on the private sector, as Jenky’s café would not be consistent with any public-sector formats. Within Finland there are six main private sector business forms, under which a company exist. These are:

- Sole Proprietorships
  - also called private traders or toiminimi in Finnish
- General Partnerships (avoin yhtiö)
- Limited Partnerships (kommandit yhtiö)
- Limited Liability Company (LLC or Oyj)
- Co-Operative Company (osuuskunta)
- Branch of a Foreign Enterprise

(Guide-Becoming and Entrepreneur in Finland, p. 38-42, 2016)

Each of these formats have unique properties, and there are multiple factors that go into choosing the most appropriate for each enterprise. The key factors include:

- How many individuals are creating the business
- How much capital is needed/available
- Who will be responsible, and make decisions
- Flexibility in the operating of the firm
- Opinions of financiers/investors
- Profit sharing/loss coverage
- Taxation
- Minimization of risk (Buckley, p.17, 1997)

(Guide-Becoming and Entrepreneur in Finland, p. 38, 2016)
Limited liability companies and Co-operatives require managing boards and are typically used in larger scale business operations. LLCs have a minimum share capital requirement and have their shares publicly listed, and co-operatives also involve shares. Both forms require a Memorandum of Association. For a small business, it would over-complicate operations and accounting and while it may minimize the financial risk, it would not help with profit maximization. As the subject of this research, Jenky’s Café, is a small operation, these two forms of operation would not be optimal due to expense, difficulty, the requirement of a managing board, and having shares. Additionally, an operational form as a Branch of a Foreign Enterprise would not be appropriate either, as Jenky’s is based entirely in Finland. As such, this section will focus on the various characteristics, drawbacks and benefits of Sole Proprietorships, General and Limited Partnerships.

(Guide-Becoming and Entrepreneur in Finland, p. 40-42, 2016)

At the end of 2016, there were over 200,000 sole proprietorships, nearly 10,500 general partnerships and slightly over 29,000 limited partnerships registered in Finland, which account for roughly 40% of all the current businesses registered within the country. (Prh.fi, 2017a) Last year alone, 14,500 sole proprietorships, and over 1,000 partnerships (500 general and 600 limited) were started, accounting for over half of all new businesses. (Prh.fi, 2017b)

Figure 2: Comparative Overview of Formats (YritysHelsinki, p. 29-30, 2015)
As seen in above in Figure 2, the three business formats share some features, like the ability to hire employees, and the personal liability for the active partners/proprietor. The differences primarily revolve around decision making, documentation that is required and accounting practices. (YritysHelsinki, p. 29-30. 2015)

### 2.1.1 Sole proprietor/trader

Figure 2: Comparative Overview of Formats, shows some of the details pertaining to sole ownership of a company, either as a sole proprietor or sole trader. These differ only slightly, and have the same registration process within Finland. The primary differences between a proprietor and a trader is that a sole trader employs others, and as a result should have a double-entry accounting\(^3\) system. A sole proprietor only needs a single-entry book-keeping system, which simply tracks expenses and sales. (Guide-Becoming and Entrepreneur in Finland, p. 38, 2016)

Sole trader/proprietorship is simple in many respects. It is the cheapest option for creating a business, costing only 110€ in 2016. It also is the easiest format to change or quit, as there is only one party involved. The decision-making process is often faster, as there is only one decision-maker and from a cost perspective, it can be beneficial, since all profits after taxes can be kept by the entrepreneur. (Sutherland, p. 31. 2009) (Guide-Becoming and Entrepreneur in Finland, p. 38, 2016)

Depending on the accounting system of the business, and whether there are employees, a sole trader can limit their need of accountants and any related accounting fees. (Sutherland, p. 32. 2009) The lower costs and low entry threshold are two very attractive benefits to being a sole business owner, though there are certainly drawbacks. The largest of these is likely the risk factors. In this form of business, the owner carries all the debt, liabilities and risks of the company personally. This means that any personal assets, such as a home, car or other holdings are at risk should the venture fail, and as such, there is a risk of personal bankruptcy. (Sutherland, p. 31. 2009) (Guide-Becoming and Entrepreneur in Finland, p. 38, 2016)

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\(^3\) Double-Entry Accounting: A system with debit and credit entries for all financial activity. The debit and credit accounts should balance each other out. (Lerner, Fulks and Staton, p. 7, 2004)
A sole proprietor’s business is not taxed as a separate entity. The taxation is calculated by taking the company’s profit\textsuperscript{4} and then taking out any possible losses from the previous year(s) of operation. This leaves the corporate income, which is then distributed between capital and earned income. Earned income is taxed progressively, like any individual income, while the capital income is 20% of the previous year’s total assets. The laws relating to the taxation of sole proprietors is the Income Tax Act 1535/1992 under section §16 of the act. (Verohallinto, 2011) (Finnish Ministry of Finance, 1993) (International Business Publications, 2015)

The entrepreneur is solely responsible for arranging paying for required insurance, pension and unemployment funds, known as YEL in Finland, though these are only applicable when the profit of the company is over 7.645.25€ a year. This payment ensures the entrepreneur will have some income during retirement, sickness or parental leave and in case of unemployment. Paying YEL is not however specific only to sole proprietorships, but in any partnership or company relationship where the individual owns more than 30% and works in the company. (Etera.fi, 2013)

\subsection*{2.1.2 Partnerships}

Partnerships offer an alternative to going it alone in entrepreneurship, with two or more individuals, or entities\textsuperscript{5}, pairing up in a venture. In a partnership of any kind, the members of the group or pair often bring different skills, assets and/or experiences to the team. This allows the burden of ownership to be spread out among the owners, lessening the workload, providing multiple views in decision making. While partnerships are not uncommon in small café/bakery firms, it is more commonly used for family enterprises where spouses make up the partnership members. This is due to the relatively low returns, in the industry that may be enough for a single household, but not necessarily for multiple households. (Sutherland, p. 31. 2009) The cost of registering a partnership with the PRH is a bit more than double that of a sole trader/proprietor, 240€. (Guide-Becoming and Entrepreneur in Finland, p. 40, 2016)

\textsuperscript{4} Profit = Total Revenue – Total Expenses (Investopedia, 2015)

\textsuperscript{5} An entity in this sense refers to a legal person, such as an enterprise or formal organization. (Guide-Becoming and Entrepreneur in Finland, p. 39, 2016)
Taxation in both general and limited partnerships is almost identical to taxation in a sole proprietorship. The partnership itself is not taxed as a separate entity, instead, the business’ profit is calculated, and any losses are deducted. The remainder is allotted to the partners in proportion to their ownership percentage, or in accordance with the profit distribution spelled out in the partnership agreement. This amount is then split into capital and earned income, the same way as sole proprietorships. (International Business Publications, 2015)

All forms of partnership in Finland require legally binding documentation, known as a partnership agreement, though it differs slightly in general and limited partnerships. As mentioned in the previous section, any individual holding more than 30% of a company and working for that company is required to pay into a YEL fund, should the company profits exceed a set amount. (Etera.fi, 2013)

2.1.2.1 General Partnership

General partnerships consist of a minimum of two people or entities who enter into an official agreement. In a general partnership, all the partners share personal liability for the debts or commitments incurred by the company. As such, this kind of partnership requires trust between partners and legal documentation defining the terms of the partnership. (Guide-Becoming and Entrepreneur in Finland, p. 39, 2016)

The partnership agreement should clearly state the location, name and area of business for the partnership, in addition to the names of the partners. It should also include details pertaining to the partnership, such as:

- What the members contribute (assets, skills, finances)
- Who can sign for/Represent the company
- Workload distribution
- Accounting details and period
- How profits/losses are distributed
- Partnership resignation/notice time
- Amendments to the agreement
- Dissolving the partnership/Death of a partner

(Yrityssuomi.fi, 2017a)

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6 Profit/loss distribution is defined in statutory provisions
7 Official notice time is listed as 6 months, but these can be altered in the partnership agreement.
In a general partnership, all partners should bring something to the team, whether it is labor, assets or monetary backing. There is no defined amount for the contribution of a partner. Due to the shared liabilities of a general partnership, and the level of trust required, this business format is well suited for family businesses. (Guide-Becoming and Entrepreneur in Finland, p. 40, 2016)

2.1.2.2 Limited Partnership

Limited partnerships are made up of two or more persons or entities, in which at least one member is the active partner and at least one member is a ‘silent’ partner. Silent partners must contribute either money or assets to the enterprise and do not hold a decision-making role in the company. Additionally, a silent partner does not hold liabilities for the company’s debts or commitments, unless it is specifically spelled out in the partnership agreement. The active partners carry personal risk and responsibility in a limited partnership, including liabilities, debts and other commitments. (Guide-Becoming and Entrepreneur in Finland, p. 39, 2016)

As mentioned above, a partnership agreement should include specific details about the business name, location, field of operation and partners’ names. In addition to these details and the others listed under the general partnership section, a limited partnership should also specify which partners are active and which are silent, and should specify the contribution of the silent partner(s) and the monetary value of said contribution. The agreement should also specify what share of the profits the silent partner receives, how it is calculated, and should clarify if the silent partner can freely transfer their share of the partnership to someone else. (Guide-Becoming and Entrepreneur in Finland, p. 39, 2016) (Yrityssuomi.fi, 2017b)

Overall, the comparisons between sole proprietorship, general and limited partnerships are limited. Partnerships help to spread out risk, and workloads, but also take a significant amount of trust, require profit sharing, more legal documentation and decisions must always be made by agreements. Conversely, sole ownership is riskier, and loans may be harder to obtain, since there is only a single individual bearing the risks and liabilities, but it is cheaper, there is less paperwork, and decisions can be made quickly and easily with a committee of one. (Sutherland, p. 31. 2009)
2.2 Business Plan

“*A business plan sets out your objectives, estimates and financial forecasts. It will help you establish where you are, where you are going, and how you intend to get there. A well-prepared business plan demonstrates your determination to start a successful business. It will help convince your bank manager, suppliers, and contacts, that you know what you are doing.*” -Midland Bank Customer Information Booklet: Starting a Business (1999) (Cited in Butler, p.7, 2013) OR (Midland Bank PLC, p.11, 1999)

2.2.1 Business Plan Defined

A business plan is the game plan that a business works from. It is presented as a written document which fleshes out the business idea into a detailed and inclusive model/plan. A business idea may be great, but until there is a plan to back it up, it is simply a thought, which generates a lot of questions. The goal of the business plan is to expand upon and answer the questions brought forth by the idea. For example, if the business idea is to start a new coffee bar which focuses on high-end, single-origin coffees, then that brings up questions of how the idea will be implemented, what differentiates it from others, and what sort of objectives it has, just to name a few. The purpose of a business plan is to give an answer to these questions. (Pinson, p.2, 2008) (Butler, p.1, 2013)

The creation of a business plan is, in and of itself beneficial to an entrepreneur as it forces them to take a close and honest look at their ideas, capabilities, objectives and the overall viability of the business. The plan is commonly done at the outset of a ventures, but ideally it should be kept up-to-date and reviewed on a regular basis, for example, annually. (Butler, p.1-4, 2013)

As mentioned above, a business plan is used to answer key questions that develop around business ideas, namely: who, what, where, when, why, how and how much. The plan should define the company’s goals, both in the long and short-term, why they are attainable and how they will be reached, and what metrics will be used to measure the success and progress of the venture. It should spell out how the plan will be implemented, what costs are expected, both for the start-up expenses and the general operating costs and what
kind of budget the company will operate on. It should also provide a forecast of profitability, sales estimates, and give a very clear picture of the company’s financials.

The demand for the service/product and the target markets should be defined in the plan and backed up with facts and statistics where possible, and there should also be an analysis of the risk factors facing a company and what the market competition looks like. (Pinson, p.2, 2008) (Butler, p.1, 2013) (Suomen Uusyrityskeskukset Ry, 2011)

In addition to providing a clear blueprint for the entrepreneur, a business plan has other uses. Business plans are often used to seek investments, loans, partners or co-operative partners and in Finland they are necessary when applying for the Start-Up Grant provided by the TE-Office (Finnish employment services). For these reasons, it is vital that the plan be clearly written, easy to understand and detailed. It’s also important that the plan catches the attention and interest of the reader. It should demonstrate whether the venture is a valuable investment, and that it can pay back any loans and debts with interest. (Suomen Uusyrityskeskukset Ry, 2011)

2.2.2 Elements of a Business Plan

Now that the concept of a business plan has been defined, and its purposes explained, it is necessary to consider the structure of a good business plan. There are many resources on the topic, which promise the “ideal business plan” and what the plans should include. As mentioned in the previous sections, plans can be used for several different purposes and by a variety of individuals. As such it is important that the document have a clear layout, and catches the reader’s interest quickly and effectively. (Pinson, 2008) (Butler, 2013)
Despite the large resources available for ideal business plans and their structure, there are many common threads and themes throughout the different suggestions. Above is a chart which compares several of the different models available for business plans, including the layout of a plan for a successful, small, independently owned coffee bar.

As you can see in Figure 3, all the plans seek to answer many of the same questions, the following elements should be included (Sutherland, p.21. 2009)

- About the Entrepreneur
- About the Business Idea
- Who the Customers are
- Demand for Product/Service
- About the Product
- Sale Estimates
- Cost Estimates
- Start-up Costs
- Why/How the Venture Will Succeed
2.3 Structure of the Business Plan

After researching the different structures, and reviewing the plan format for a successful coffee bar (Nader, 2014) it was determined that this thesis will utilize the structure laid out in the figure below. This format combines the common elements of the various plans (See Figure 3) to ensure that it covers the key details of the business.

![Jenky's Business Plan Layout](Image)

**2.3.1 Cover page and Table of Contents**

The cover page is the first thing a reader will see when evaluating a business plan. As such, it should grab their attention, be neat, organized and contain relevant information about the company. The cover page should display the logo of the company, and be consistent with the brand image that they are trying to portray. There should also be the company’s address, website and contact information, as well as the contact information of the owner. Some business plans contain a confidentiality statement like the one seen below. (Pinson, p. 18-21, 2008)
Immediately following the cover page, there should be a table of contents. Having this in the plan helps the readers to see the layout, and navigate the document. It gives them an overall look at what they are going to be reading, and shows organization, which is a positive thing to demonstrate when seeking investors or any other support for a business venture. (Pinson, p. 18-21, 2008)

2.3.2 Executive Summary

An executive summary should, as suggested by the name, summarize the business plan. It is meant to be a pitch, something that investors can quickly read and evaluate, to see if they are interested in taking the time to read the whole plan. It is generally meant to be the last part an entrepreneur writes in the plan. (Pinson, p. 22. 2008)

This section should include the most essential information about the business, including:

- The Mission Statement
- The Business Idea
- Founder Information
- Basic Financial Data
- Location
- Timeline Plan

Additionally, it should contain the purpose of the business, why the service or product is needed, and why will people buy it. (Pinson, p. 23. 2008) (Nader, 2014)

An executive summary fulfils a similar purpose to an introduction paragraph, it should catch the attention and interest of the reader, while also preparing them for what will follow in the body of the text. The text should also be clear and easy to understand. (Sutherland, p. 21. 2009)
2.3.3 Objectives

Creating goals and objectives are an important part of writing a business plan, as it gives a road map of where the business wants to go and how they plan on getting there. It is a part of the strategy of the business and is usually closely tied with the company mission statement. (Lotich, 2016)

Goals and objectives are not interchangeable terms, rather they are complementary concepts. Essentially, a goal determines the destination, and the objective then specifies the route. Objectives are meant to provide the means to achieving the goals, and as such are often more specific, containing numbers and dates. There can often be several objectives to support a goal. In a figure taken from the book by Peterson, Jaret and Schenck, from 2010, you can see a flowchart that represents the creation of goals and objectives, using the mission statement. (Peterson, Jaret and Schenck, p 63. 2010)

![Goals and Objectives Flowchart](image)

*Figure 6: Mission, Goal & Objective Connectivity (Peterson, Jaret and Schenck, p 63. 2010)*
When creating objectives for a business plan, or really for any project it is important to consider them critically, and create S.M.A.R.T. objectives. The SMART model is used to ensure that objectives/goals are thorough and clear enough to get results. In Figure 7, below, is the layout of the SMART model, originally put forth by George Doran in a 1981 issue of the Management Review, covered in the online article by Lotich in 2016. (Doran, 1981) (Lotich, 2016)

Lotich states that following the SMART model allows businesses to create achievable and actionable objectives. This is an important part of any business plan as it provides potential investors with an insight into where the business is heading, and how they intend to get there. Having SMART objectives, can provide confidence to readers of the business plan, and as mentioned earlier, give the business a clear roadmap for moving forward. (Lotich, 2016) (Peterson, Jaret and Schenck, 2010)
2.3.4 Start-Up Summary

This section combines features from several of the business plan models, including those above and the Business Model Canvas\(^8\) by Osterwalder and Pigneur. The start-up summary should contain information about the initial investments needed for a business, both financially and in resources and time. The purpose is to provide the entrepreneur and investors with a snapshot of what will get the business off the ground. (Osterwalder & Pigneur, 2010) (Nader, 2014) (Sutherland, 2009)

The first thing that should be covered in the start-up summary is the financials. This should indicate what the initial expected expenses are. It should list the things that need to be bought for the venture, and how much they cost. Additionally, it should indicate what has already been purchased. The estimates should be as clear as possible, and the entrepreneur should also allow a bit of room for unforeseen expenses. (Nader, 2014) (Sutherland, 2009)

In addition to the financials, it is important to list the keys to success for a business, namely:

- Key Resources
- Key Partners
- Key Activities

These keys to success should spell out the main resources a company needs, along with the partners and activities that will help make them a success. Below, Figure 8 explains what is needed in each category. Essentially, the business plan should list any physical, intellectual or human resources needed to start the business. It should point out some of the partnerships that the entrepreneur will build, and what kind of relationships they are and it will list the major activities that need to be done. This is to provide the customers with a strong value proposition, and to reach the objectives of the venture. (Osterwalder & Pigneur, p 7-8. 2010)

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\(^8\) Business Model Canvas: A lean start-up focusing on strategy used when developing business models and plans. (Osterwalder & Pigneur, 2010)
2.3.5 Products and Services

This section of the plan focuses on what is being sold. Things that should be included are a clear description of the product or service itself, price point, what sort of advantages it brings to consumers and the uses of the product/service. The section should also discuss any potential weaknesses in the product, or aspects that may be a turn-off to customers. This portion of the business plan should be part of your value proposition to the customers, telling what you’re providing to them, at what cost, and how it is delivered. (Suomen Uusyrityskeskukset Ry, p 11. 2011) (Pinson, p.36. 2008)

2.3.6 Market Analysis

The market analysis is the section of the business plan which covers the trends of the business’ industry, information about the location, who the target market is and a customer analysis. It should explain who will being buying your products/services, and
where, and it will define whether the market is growing, shrinking or steady. More information about what is included in defining a target market can be found in the Target Market section of the thesis. (Butler, p 16. 2013)

2.3.7 Competitor Analysis

As mentioned above, it is important to define the target market when planning for your business, it is equally important to then define what other companies are serving that market in the same field. Those then make up the competition for the business venture. In the plan, it is good to define not only who the competition is, but also how the planned business differs from them. Often the plan will include a table analyzing the services/product offering and location, and another table evaluating the strengths and weaknesses of the primary competitors, which can also include the business being planned for comparative purposes. A chart with price comparisons is also valuable in evaluating the competition, in most fields. (Bensoussan & Fleisher, p 45-58. 2012) (Pinson, p. 48. 2008) (Butler, p 32. 2013)

2.3.8 Marketing Strategy

The marketing strategy is the explanation of how a company’s products/services will be sold and how they will be promoted. Often the plan will cover what is often referred to as “The Four Ps/ Four Cs of Marketing”. These are product, price, promotion and place.

![Figure 9: The Four 'P's (Butler, 2013)](image_url)

In addition, to this, the marketing strategy can look at customer acquisition and retention, and the overall brand image of the business. (Butler, p 33. 2013) (Pinson, p 50. 2008)
strategy for this thesis will have a strong focus on customer acquisition and retention along with brand image. This will be defined and focused on in section 2.4, Marketing Strategy.

### 2.3.9 Sales Forecast

The sales forecast, or predicted cash flow is the section of the business plan where the entrepreneur should layout their estimate of how much the company will make in sales per customer, per day and per month/year. The entrepreneur must consider what the direct and indirect costs of sales are, to ensure that they are pricing things correctly, and selling the amount needed. It is wise to go into business with a goal of how much must be sold, and how many customers per day are needed. The sales forecast is a way to show whether the business is going to be a viable option for investment or loans. (Sutherland, p 27-28. 2009)

This plan will calculate the average ticket\(^9\) for the venture, the annual totals for the sales forecast and customer projections for the first 3 or more years. Additionally, it will give a calculation of estimated growth, and a basis for it. The direct cost of sales should be estimated, which includes giving a description of what is included in the pricing structure, or how the price is calculated. (Nader, 2014) (Sutherland, p 29-30. 2009)

### 2.3.10 Financial Plan

According to Butler (p. 107. 2013), the financial plan portion of a business plan should include five key elements:

- A personal budget for the owner
- A break-even analysis
- A budget forecast
- A cash flow estimate
- Profit/Loss forecasts

The personal budget can also be included as part of the overall budget forecast, as wages or salary for the owner, but it is vital for the entrepreneur to include it in some way, as it can be difficult to operate a business when one is homeless and starving. Essentially, the

\(^9\) Average Ticket refers to the average amount spent by individual customers in one visit. The calculation is: Total Daily Sales ÷ Total Number of Customers Daily = Avg. Ticket (Investopedia, 2009)
personal portion of the budget should be a reasonable amount to live on, not too meager and not too extravagant. (Butler, p107-108. 2013)

Once the living expenses for the entrepreneur are calculated into the overall budget for the business, it’s possible to create a break-even analysis. The break-even point is the amount of sales it takes to equal the cost of fixed and variable costs combined. The break-even analysis is helpful in determining how changes in selling price or variable costs can affect the overall profit, and can show that lowering prices are not necessarily the best way to generate more sales. (Butler, p.110-111. 2013)

The budget forecast helps entrepreneurs and investors to see where and how money will be spent, and what sort of income will be coming in over time. If the business has previous activity, which has generated income and expenses, those can be used to create a budgetary forecast. Essentially, using a historically based forecast, one simply adjusts the figures from early activities in accordance with the changes the business is expected to experience, for example; changing locations, increase in sales or customers, changes in material costs etc. The budget forecasts should be for several years in advance, to show potential growth, issues and changes overtime. Setting a budget forecast allows an entrepreneur to have a metric for changes in sales, demand, profitability, shifts in costs, impact of different actions, and any other financial changes. (Butler, p.111-113, 2013)

A budget forecast can be a simple excel sheet listing out the sources of income at the top, expenditure below and then calculating the net income\(^{10}\) at the bottom. (Butler, p 114. 2013)

The Profit/Loss estimates can be made using the totals from the ‘income’ and ‘expense’ totals in the budget estimates. The Profit/Loss is also part of the sales and income forecasting covered above, in the previous section.

The cash flow estimate is a way to show investors and partners that the company can pay its debts and liabilities. It is like a budgetary chart, but has a final line indicating the cumulative cash-flow. The cumulative cash-flow simply adds the net income from the previous period to the net income of the current period to show the amount of cash on hand. (Butler, p 119. 2013)

\(^{10}\) Total Income – Total Expenses = Net Income (Bragg, 2013)
Since the financial planning section is heavily based on educated guesses, it is important that an entrepreneur list the key assumptions made, and the reasoning behind them. This adds validity to the forecasts, and reliability to the estimates. (Pinson, p. 12. 2008)

2.3.11 Risk Analysis

Being prepared, well-informed and honest about a business venture is important to success. If an entrepreneur cannot do an honest evaluation of themselves, they are setting up to fail. As such, it is important to do analyses for a business plan. The most common analysis is of course a SWOT\textsuperscript{11} analysis, which can be seen in Figure 10, below.

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{swot.png}
\caption{SWOT analysis (Suomen Uusyrityskeskukset Ry, p. 15. 2011)}
\end{figure}

the entrepreneur has direct influence over, while opportunities and threats are external, and while there may not be direct influence, at least the company can be prepared for what may come along, and take advantage of it. (Suomen Uusyrityskeskukset Ry, p. 15. 2011)

\textsuperscript{11} SWOT: Strengths, Weaknesses, Opportunities, Threats
An additional part of risk analysis can include evaluating the strategic assumptions made throughout the planning and implementation process. Assumptions will always be educated guesses, and as such it is wise for the business owner to be aware of their assumptions and list them in the plan, along with the reasoning behind them. This can include assumptions about the trends in the market, economic estimates, and assumptions about the value proposition as it relates to customers. (Nader, 2014) (Suomen Uusyrityskeskukset Ry, p 15-16. 2011)

### 2.4 Marketing Strategy

Marketing strategy has a varied definition, depending on the resource being used. Paley defines it in ‘The Marketing Strategy Desktop Guide’ as:

> “a unified effort by an individual or a company to reach a target audience with a product that solved a problem or satisfied a perceived need or want; priced so that it conveyed value for services provided; distributed in a convenient form and in a reasonable timeframe to the customer; and promoted through media that informed and educated prospects about the product?”

(Paley, p 3. 2008)

While Fifield simplifies the definition, writing:

> “Market strategy is the process by which the organization aligns itself with the market it has decided to serve.”

(Fifield, p. 16. 2007)

Fifield’s definition is echoed more or less in the Principles of Marketing, by Kotler and Armstrong, where the concept is defined as:

> “The marketing logic by which the business unit hopes to create customer value and achieve profitable customer relationships.” (Kotler & Armstrong, p. 48, 2012)

What is consistent throughout these definitions is the focus on the consumer. Marketing strategy should be consumer centered, with a goal of building strong consumer relationships and providing them with value. The marketing strategy should first and foremost define who the target market or segment is. More about target markets will be covered in
Chapter 2.5.2: Target Market. Once the customer segment has been defined, a company must determine the best way to serve them and keep that segment happy and loyal. A marketing strategy should be built around the Marketing Mix\textsuperscript{12}, or the Four Ps. Surrounding these four Ps, are the elements that go into a strategy. (Kotler & Armstrong, p. 48-50. 2012)

Figure 11 shows how marketing strategy develops around the four Ps. It starts with a marketing analysis, or seeing if there is a demand for the product in the specified place. Then the market planning begins, looking at what price the product should be set at to attract the customers. The marketing implementation brings the information to the public via promotion and differentiates via price. Finally, marketing control insures that the promotion is going to the right place. (Kotler & Armstrong, p. 49. 2012)

\textsuperscript{12} The Marketing Mix is: Product, Price, Promotion and Place (Kotler & Armstrong, p. 53, 2012)
2.4.1 The Four ‘P’s and Four ‘C’s

The four Ps, or Marketing Mix, stand for Product, Price, Place and Promotion. These are definitive tools in marketing strategy. In Figure 12, below the definition of the four Ps can be found. Additionally, the figure contains the four Cs, which take the marketing mix over to the consumers’ perspective. This makes up for some of the weaknesses inherent in the four Ps, namely that it focuses too much on the seller’s perspective and not enough on the buyer. (Kotler, Armstrong & Cunningham, p. 67-70. 2005)

Figure 12: The Four Ps & Cs of Marketing (Kotler, Armstrong & Cunningham, p. 67-70. 2005)

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Footnote: Four Cs: Customer Solutions, Customer Cost, Convenience and Communication (Kotler & Armstrong, p. 53, 2012)
In ‘Principles of Marketing’ Kotler and Armstrong suggest that a business’ best strategy should first take into account the four Cs, and approach marketing strategy from the customer’s perspective, to build a foundation. Once the foundation is there, the company can get into the four Ps. In doing this, the company looks firstly at what solutions or value they can provide to the consumer. Then they can go on to create a product which suits these needs.

Customer costs should examine the entire cost of the whole purchase process for the customer, once these factors are identified a price can be determined which will attract and benefit the consumer. Customer convenience deals with how easy it is for them to get a service or product, whether it is the location, delivery options or availability of items, this corresponds to place. Again, once the consumer needs are defined in this category, it is possible to build a strategy for how and where the product/services are available.

The final block of the four Cs or Ps, “Communication” and “Promotion”, respectively, involves looking at how information is delivered to the consumers. From the customer side, it deals with how the conversation between business and client is built and implemented, while on the promotion side, it is about how information is disseminated to the consumers. (Kotler & Armstrong, p. 53, 2012)

Using this consumer-based approach to marketing strategy deals strongly with customer relationship management, particularly gaining new customers, retaining existing customer and building brand recognition. (Kotler & Armstrong, p. 12, 2012)

2.4.2 Gaining New Customers

A.I.D.A. is one of the foundational concepts behind customer acquisition. The letters stand for: Awareness, Interest, Desire and Action and they describe the process of customer behavior. Awareness is how a customer gains knowledge of the product or service on offer, it is the start of the conversation between consumer and company in many ways. Often awareness is sought via advertisements and marketing campaigns, and companies invest heavily in getting the awareness of a product out there. Once the consumer is aware

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14 Customer Relationship Management: “The overall process of building and maintaining profitable customer relationships by delivery superior customer value and satisfaction” (Kotler & Armstrong, p. 12, 2012)
of the product, interest must be generated. With all of the products and services out on the market today, why should a consumer care about one over the other. Interest has to be generated by showing the customer that the product in question will solve their problem, or fulfil a need better than other products. Desire indicates the call to action, and is the point where a business must demonstrate what value the customer will receive. Finally, action will be taken, whether to purchase or not. The point of sales and moment of truth\(^\text{15}\) interaction heavily impact that decision. All of these can be equated with the four Cs mentioned in the previous section:

- Awareness = Communication
- Interest = Customer Solutions
- Desire = Cost and Customer Solutions
- Action = Convenience

(Jaffe, p. 3-7, 2010)

While this is a slightly simplistic view of customer behavior, it does give a starting point on how a person becomes a customer, however in the age of internet reviews and social media, this has changed. Word-of-mouth is stronger than ever, with product awareness coming via social media long before an ad comes on TV. Rather than strictly sticking to the AIDA mentality, customer acquisition has to shift to a modernized version of Carlzon’s Moment of Truth, and become “Moments” instead.

The first awareness or interaction a customer has nowadays may be when they are already looking for a product, which means that online points-of-sale (POS) are just as important as brick-and-mortar POS. The second moment of truth comes after the purchase, and as the consumer experiences the product, which is already past the action point of AIDA. The third moment of truth is one of the most vital though, when it comes to turning a one-time customer into a return customer, and that is when they are reviewing and giving feedback, and potentially how a company deals with that feedback. (Hyken, 2016) Happy customers talk, and more importantly unhappy customers \textit{really} talk. Word-of-Mouth, and as Hyken puts it “word-of-mouse” (2016) can make or break a small business.

\(^{15}\) Moment of Truth: Any customer interaction with a company, which gives the customer a chance to form an impression (Carlzon, 1980, referenced in Hyken, 2016)
Which is why consistent, and quality customer service and care is so vital. Giving customers opportunities for feedback and reviewing allows word of mouth to spread, and as such, turns existing customers into opportunities to gain new customers (Jaffe, p. 8-17, 2010) Acquiring customers via existing customers is a great way for a small business to grow, but the question then turns to how a company keeps customers coming back.

2.4.3 Customer Retention

As mentioned above, retaining customers and using them to gain more is important for businesses, however a business must work to earn a customer’s loyalty, and once earned they should never take it for granted. According to Nash and Nash, the largest reason (68%) customers are lost is due to a poor customer service experience. This reiterates what was mentioned above, that moments of truth matter. In comparison, product dissatisfaction was the second largest reason at only 14%. (Nash & Nash, p. 3. 2003) Obviously, the exact percentages can vary from field to field, but that does not negate the impact and importance of customer service.

Customer service is more than just smiling and being friendly, though of course that is part of it. It is also about recognizing and solving problems, taking ownership of issues that may arise and a big part is about anticipating customer needs. (Nash and Nash, p. 6, 2003)

Now that the importance of customer service has been established in customer retention, it is also important to remember the customer experience. Whether a company produces a product or a service, the experience a consumer has will impact whether or not they remain a customer (and whether or not their network will also). Providing the customers with a sense of recognition and appreciation, can breed a positive experience with customers, and one way to do this is through rewarding customer loyalty. (Hughes, p. 17-18, 2003)

Loyalty programs come in many forms, from having a customer card, which gives the holder discounts and perks, to special inclusion in events or promotions. Loyalty programs use database marketing, which is a form of direct marketing, which uses information about customers to personalize their service. Database marketing can be used for
anything from interacting with customers online, to figuring out their lifetime value as a customer. It should not however be used to generalize, after all, it is about personalized service. Small businesses can even use database marketing, for example, to keep track of loyal customers and reward the most valuable customers with special recognition. Customer retention is about creating an experience which sticks with a customer, and gives them a desire, not only to return, but also to share the experience with others. (Hughes, p. 17-18, 2003)

2.5 Market Research

Finding the right customer demographic, and location are key factors in a business’ success or failure. It is vital to know who and where the right customers are, what kind of competition is in the area, and even the average growth or income of an area. (Schaefer, 2017)

Part of the market research for this thesis will be done using Geographic Information Systems, often shortened to Geo-informatics or GIS. Geo-information systems can have a wide range of business applications, including marketing data, tracking competition and finding out key customer data. (Birkin, Clarke & Clarke, 2005) In the context of this thesis, GIS will be used to evaluate demographics in Helsinki and identify key areas that fit a target customer base. Additionally, it will be used for finding competitor information and potential locations.

2.5.1 Geo-Informatics (G.I.S) and Marketing

Geographic Information Systems are tools that take large amounts of information, like income levels, age and gender demographics and much more, and connects it to maps. (GIS Geography, 2017) It allows an individual to put data into a geographic context, so for example, instead of just knowing that the population of Helsinki is 628,208, it’s possible to see on a map where the people are concentrated, what language how many people speak, and in which areas. (Helsingin kaupunki, 2016)

As mentioned above, this tool is particularly useful for business planning, as a method of finding the best locations based on a business’ target market. Additionally, using GIS
allows a business to evaluate location costs, what sort of competition is in the area of interest and determine traffic patterns. These factors are all key in marketing strategy development, finding a specific customer segment and estimating people flows around the proposed business. (Pinson & Jinnett, p. 41, 2006)

GIS is essentially a layered map system, on which a researcher can see intersections of various factors. For market planning, it is possible, and relevant, for example to take a map of the area being evaluated, and layer on target market information (demographic/psychographics), competitor details, suppliers, and location costs to find an ideal spot for the business. (Pinson & Jinnett, p 40-41. 2006)

An example of how GIS can be used to evaluate regions can be in the maps below. From right to left, the first is of course just a base map of Helsinki, the second has the population growth over time layered on top of the map and the final has the location of all the restaurant terraces in the region. (Arcgis.com. 2017)

![Basic Map](image1.png) ![Population Growth](image2.png) ![Terrace Locations](image3.png)

Figure 13: GIS layering Example (Arcgis.com. 2017)

The example in Figure 14, of the demographic information by area, also shows how the layered information can be viewed from region to region. It shows the entire population of a region, the gender and age make-up and more. (ESRI Finland, 2016)
2.5.2 Target Market

A target market is a group or groups which have shared features and wants that are satisfied by a business. Essentially a target market should identify and define who will be a company’s best or ideal customers, and what needs do they share. The set of traits which define a target market can be split into two categories: demographics\textsuperscript{16} and psychographics\textsuperscript{17}. (Pinson & Jinnett, p19-20. 2006)

The customers defined in the target market are the consumers a company should use as a reference when defining their marketing strategy, as described above in section 2.4 Marketing Strategy. Figure 15: Demographic and Psychographic Metrics (Pinson & Jinnett, p. 20. 2006) shows the various elements which can be used to define target markets.

\textsuperscript{16} Demographics: “statistical information such as age, sex, ethnic background, education, occupation, income, family status and geographic location” (Pinson & Jinnett, p. 20. 2006)

\textsuperscript{17} Psychographics: “Looks at lifestyle, personal behavior, self-concept and buying style” (Pinson & Jinnett, p. 20. 2006)
This information is gathered from both primary and secondary sources. Demographic data is often gathered via official reports and statistics which are provided by different government and non-government organizations. In Finland, for example data on the population can be found via an organization called Statistics Finland (tilastokeskus) which produces the majority of official statistics for the country. (Stat.fi, 2017). This secondary data gives a general idea of a market or an area in which to work, and once it has been used to develop a basic plan, often the next step is to gather primary data which more directly relates to a specific business plan. Often the best approach for this is a questionnaire, which in addition to being a common method, is also a cost-efficient strategy. Surveys can collect both demographic and psychographic information about potential customers, but a researcher should be careful to get a relevant and valid sample, which of course means reaching beyond acquaintances. With the prevalence of social media, sites like Facebook and Instagram provide an important vehicle for survey distribution. (Pinson & Jinnett, p. 21-24, 2006)

Pinson and Jinnett provide a good guideline for producing a questionnaire, which will help define a target market, in their book Steps to Small Business Start-Up. (2006) The guide is referenced in the figure below, defining the key elements of the survey and information needed from the target market.
The survey should present the basic business idea, then ask both open and closed questions to gain information on the respondents’ demographics, interest in the business, preferred communication methods and their view of the competition. Based on this guide, the book also provides a sample questionnaire, which has been modified for use in this thesis. The modified questionnaire can be seen in Appendix A: Target Market Survey (Pinson & Jinnett, 2006)
Jenky’s Café: Business Plan

Jenky’s Café
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Last Updated: November 16, 2017
3 JENKY’S BUSINESS PLAN

This business plan is meant to provide detailed information on the Jenky’s Café business venture. Its primary use will be in applying for support and funding. It will also be used to inform people about the business and to act as a guideline or benchmark for the company. As most business plans, it will be updated as needed, and revisited at least once a year. This will help in viewing the company’s progress and financial situation. It will also keep the values and strategy of the company up-to-date and in focus.

3.1 Executive Summary

Jenky’s is small batch bakery/café with a focus on American baked goods. Products are baked and served on site. It is primarily a business to consumer operation (B2C) with select Business to Business (B2B) contracts. The café has an existing customer base in the Arabia region. It has seen some profitability within the first two years of part-time, seasonal operation.

The goal is to expand within the next year to a full-time brick and mortar location in Arabia/Toukola/Vanhakaupunki area of Helsinki. Expanding to a permanent location would increase operations, and would provide a place for both production and sales. Jenky’s will operate as a sole trader, employing at least one kitchen and sales assistant part time.

3.1.1 Mission Statement

Jenky’s Café aims to bring high-quality, handmade baked goods and beverages to consumers in a friendly, strongly service orientated atmosphere. We aim to change the expected standards for customer service in the food industry, by providing friendly, personalized service to our consumers, as well as, providing added value through customer loyalty programs and special events. Additionally, Jenky’s aims to support local craftsmen and food enterprises by providing space and promotion for them at the café.

Jenky’s plans to rent out wall space for crafters to sell wares. The café also plans to enlist food trucks, bikes, and other small food businesses to provide the lunches at the café on
a rotating basis, thus supporting small businesses while simultaneously creating added value for customers, as a variety of offerings gives them a reason to return more often.

### 3.1.2 About the Founder

Jenky’s Café is the creation of Jennifer Friman, an American expatriate who became a permanent resident of Finland over a decade ago and has been a dual citizen of the country for the past five years. Ms. Friman has a passion for baking and creating new and delicious recipes. She strongly believes in providing high quality products to customers and perhaps even more importantly providing a service experience that is memorable and positive.

Jennifer has degrees in Social Services and International Business where she focused on Finance and Marketing. She began to actively pursue her goal of creating a café in early 2016, though she has also actively been using Restaurant Days and other community events for market and product testing since late 2011. In addition to wanting to build Jenky’s Café into a successful venture, Jennifer also hopes to use the café to support and encourage fellow small business owners, and entrepreneurs. She feels that building a community that supports small businesses is something that will be mutually beneficial to both entrepreneurs and consumers, and will lead to higher quality experiences for all.

### 3.1.3 Financials

The business will need financing to cover the costs of kitchen equipment and supplies, as well as a likely kitchen remodel. The exact amount greatly depends on the location that will be chosen, but the remodel should take about 60,000€ while the equipment and supplies should be about 17,000. A working capital of about 46,000 will be needed to cover the first 6 months of operation, including the wages for one employee, the living costs of the entrepreneur, insurances, permits and furnishing the location. For a detailed breakdown of the start-up costs see Figure 22 on page 53.

As much as possible, equipment and furniture will be purchase second-hand to keep costs lower. It is estimated that Jenky's will need between 100-130,000€ in financing.
In addition to applying for a bank loan, Jenky's will also be tapping into crowdfunding via Indiegogo.com. This was successful in the first phase (cookie cart) of the business, and with the increased customer flow from two seasons of operation, it can be again.

### 3.2 Objectives

As discussed in Chapter 2.3.3 the objectives of a business are a roadmap of where the company wants to go and how to get there. Objectives are created by first defining a goal and then defining the steps and processes needed to reach that goal. Those defined steps are then the objectives of the business. Goals and objectives need to follow the SMART model, which can be seen in Figure 7: Smart Goals and Objectives (Lotich, 2016). The SMART model states that goals and objectives must be Specific, Measurable, Attainable, Realistic and Time Specific to be achievable. (Peterson, Jaret & Schenck, 2010) (Lotich, 2016)

**Goals and Objectives for Jenky’s Café**

- **Open Permanent Location**
  - Find a rental space (31.12.2017)
  - Set-up Crowdfunding (31.10.2017)
  - Apply for bank loans (31.01.2018)
  - Renovate Space to regulations (01.01.2018-31.05.2018)

- **Be a Community Space**
  - Make and sell high quality goods consistantly
  - Create a friendly atmosphere: Decor, space design encourages socialization
  - Host community events; open mic nights, holiday events etc
  - Excel in customer service; know the clients, friendly service, lend a hand

- **Customer Loyalty/Return Clients**
  - Create a reward/loyalty program with low threshold. (31.05.2018)
  - Become familiar with regulars, and what they like to order

- **Support Local Small Businesses**
  - Offer a venue to food bikes and street vendors to have Pop-Up lunches at the café
  - Create rentable sales space for local crafters and artists
  - Host gallery/promotional events for the vendors and crafters

*Figure 17: Goals and Objectives for Jenky's Café*
In Figure 17 above, you can see the four key goals which coincide with Jenky’s mission statement, and also the objectives which will help to achieve these goals. Some of these objectives include a date, in order to be time specific and measurable. The undated objectives are continuous actions which will keep supporting the coinciding goals.

### 3.3 Start-up Summary

As established in chapter 2.3.4 as start-up summary should include detailed information on what a business needs both in finance and resources to get started. This includes the initial expenses expected and the plan for where to get the money, and should also indicate what the business already has, if anything. It should also describe key resources, relationships and activities. (Sutherland, 2009) (Nader, 2014) and (Osterwalder & Pigneur, 2010)

#### 3.3.1 Start-up Financials

Jenky’s will need an initial investment of about 130,000€. A complete break-down of the start-up costs can be found in Figure 22: Start-Up and Working Capital Calculations. These funds will be allocated as follows:

<table>
<thead>
<tr>
<th>Start-up Financials Overview</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital for six months (includes marketing and rent)</td>
<td>47,000€</td>
</tr>
<tr>
<td>Renovation of space</td>
<td>60,000€</td>
</tr>
<tr>
<td>Equipment for the kitchen*</td>
<td>17,000€</td>
</tr>
<tr>
<td>Initial inventory</td>
<td>1500€</td>
</tr>
<tr>
<td>Emergency/Excess fund</td>
<td>6000€</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131,500€</strong></td>
</tr>
</tbody>
</table>

*KKitchen equipment expenses can be eliminated or decreased by renting an industrial kitchen space, which is already equipped.*

*Table 1: Start-Up Financials Overview*

As mentioned on the table above, these costs can be altered or mitigated based on whether the company has a kitchen space on the café premises or they rent a kitchen space elsewhere.
In order to get the funding for the business, Jenky’s will have a crowdfunding\textsuperscript{18} campaign via Indiegogo, where the funding goal will be 65,000€. After fees, taxes and perks the remaining amount of usable funds would be between 30,000-40,000€. Once the campaign is finished Jenky’s will used the campaign funds as collateral to apply for bank funding of about 100,000€. These two methods should provide Jenky’s with the financing needed to get off to a running start.

### 3.3.2 Key Resources

Key resources include the physical, intellectual and human assets needed for a company to succeed. (Osterwalder & Pigneur, 2010) In Jenky’s case, these include:

- Café and kitchen space
- Kitchen equipment
- Payment methods: Izettle, cash, mobile pay, invoicing etc
- Minimum 1 employee for at least 20hr/week. Assisting in kitchen and customer service
- Baking knowledge and planning skills

### 3.3.3 Key Partners

Jenky's will have several co-operative partners, but the key partners are currently:

- Pie Witch tmi
  - Provides savoury pies to the café
  - Potentially a general partner for the business
- Pinecone Solutions
  - Handle brand image and possible website management
- Dry Ice Finland
  - For delivery of dry ice used in the ice cream making process
- Kitty’s Milkshake Bar (Samigo oy)
  - B2B relationship selling wholesale baked goods to include in their shakes.
  - Extends the Jenky’s brand and reach
- Coffee roaster/wholesaler
  - Good coffee is key to a good café
- Tea supplier
  - One of Jenky’s goals is to offer a broad range of teas to our customers. Making the tea a priority rather than an afterthought.

\textsuperscript{18} Crowdfunding: Gaining financial backing sought directly from consumers via small donations often in exchange for special rewards, perks or pre-orders. (The Basics of Crowdfunding, 2013)
3.3.4 Key Activities

Jenky’s key activities are product production and sales. The majority of sales will take place at the point of sales/cafè. They will also accept sales in the form of advanced orders for cakes, catering or wholesale product orders, but these will be evaluated on a case-by-case basis in accordance with the business’ schedule and other orders.

Beyond that, a key activity is becoming a point of gathering, and community center for the area of Arabia, via events and offerings. This will build communication and interaction between the café and clients, which support the customer relationship management and customer retention strategies mentioned in chapters 2.4.1 and 2.4.3.

3.4 Products and Services

Products include a variety of cookies, as well as, ice cream sandwiches, cakes, croissants and other sweet breads. Jenky’s also produces a variety of vegan and gluten-free baked goods. The café will also feature high quality coffees and a wide selection of loose-leaf teas for its client. There will be seasonal coffee and tea drinks available as well. Jenky’s prides itself on offering something for everyone, and the broad vegan and gluten-free selections will a be key element of the café and in keeping with the customer-centric marketing strategy.

Raw materials are obtained from Heino Tukku, Prisma and Lidl, and dry ice for cold storage and production of ice cream is sourced from Dry Ice Finland. Supplies are obtained by car, and transported directly to the kitchen space, where dairy and eggs are placed into refrigerated storage, and dry ingredients are placed into dry storage. Any frozen materials are placed in the freezer (and transported via thermal bags).

In the full-time café, products will ideally be produced in-house and stored onsite. Deliveries will be performed with a normal car, with products heat sealed for freshness and food safety. Before having an on-site kitchen, Jenky's will be renting a kitchen space on a day to day basis, with an opportunity to store products at the kitchen site.
For the part-time mobile operation, the products are produced in a kitchen at Maakaari 1, in Helsinki and then transported in the cart to the point of sale, with sufficient cooling devices to prevent cold-chain failure.

3.5 Market Analysis

In order to gain valuable information and insight into Jenky’s customer and competitor markets we created and implemented a survey, sampling 132 individuals. It was marketed via social media with paid ads on Facebook and links to the survey on Twitter and Instagram. The survey sought to discover both demographic and psychographic information from the respondents. Figure 16: How to Make a Good Questionnaire (Pinson & Jinnett, p. 24. 2006) shows the key areas of interest that the survey covers. It was modified from Steps to small business start-up (Pinson & Jinnett, 2006).

3.5.1 Location

Jenky's is aiming to find a location in the Greater Arabia area of Helsinki, which includes Valilla, Hermanni, Vanhakaupunki, Toukola, Arabianranta, Kumpula, Viiki, Viikinranta, Viikinmäki and Latokartano. This area covers between a 30-40km\(^2\) area of Helsinki.

In 2016, there was a population of 35,203 people ages 25-50 in these areas, which increased to 36,335 in 2017. Of those 36,335 individuals, 52% were women and 48% men. The average income for the area is about 29,915€ (as of 2014). All of these factors fall into Jenky's key demographics. These numbers were found using G.I.S analysis programs described in section 2.5.1, and the Helsinki city maps. (ESRI Finland, 2016)

There are very few restaurants and cafes in the general area, and according to the survey of 132 respondents, and interactions with the people of the area there is a strong desire for more café and restaurant options.

Jenky’s is looking to rent a space that is 56-120m\(^2\). The estimated rent will be between 760-1000€ based on what is currently available in the area. The space will likely need a lot of renovation in order to conform with the needs of the café and the requirements of the city, as there are few rentable commercial spaces which are meant for restaurants or
cafés. If a location without a suitable kitchen is found for an attractive price, then a commercial kitchen space could be rented for production purposes. The Arabia location and proximity to the customer base are very attractive to Jenky’s, along with the proximity to the beach for summer cart sales.

### 3.5.2 Target Market and Customer Analysis

Jenky's will primarily be a B2C business, meaning that we will be serving consumers mostly. We will have at least one steady B2B order as well, supplying baked goods to Kitty's Milkshake Bar on a weekly/bi-weekly basis, in bulk orders. This co-operation is important for building the Jenky's brand and for networking with other business owners.

We found that our customer base is strongly female (70-80%) between the ages of 26-40 (57%) and 41-50 (21%). The majority are either married or living with a spouse and about 43% have children still living at home, while 25% are childless. 62% have full-time employment, while the next largest group, students, only accounts for 24% of respondents. On average 44% of the respondents had an annual income of 25.000-50.000 per year, while 30% reported an income higher than 50.000 and 26% have an income below 25.000.

Of the 132 responses, we found that nearly 70% were concentrated in the Arabia, Toukola, Vanhakaupunki and Viikki areas, with the majority listing Arabia as their residence. This data implies that our key customers are women and couples of working age in the Arabia-area, with full-time employment and an average income of over 25.000 per year. Additionally, we are targeting individual with an interest in trying new products, and who go to cafés 2-3 times per month (on average 39% of respondents go 1-2 times per month, while 27% go 3-4 times per month).

### 3.5.3 Industry Trends

In Finland, Jenky’s café falls under the industry category of café and coffee bars which comprise a relatively small percent of the nation’s catering industry overall, accounting for about 8% of the businesses in the industry and about 4% of the turnover. As of 2014,

---

19 Cafés and coffee bars (Kahvilat ja kahvibaarit) which are establishment serving non-alcoholic drinks, which does not offer meals prepared in their own kitchen. This includes: Cafés and coffee bars, cafeterias, and ice cream parlors. (Jänkälä, p 19. 2016)
there were just under 1000 cafés and coffee bars in the country, and their turnover was a little under 200 million euro during the year. There was a slight decrease in the number of café businesses from 2013 to 2014, however the turnover from the same time period increase by 3.7%. The overall turnover in the catering industry has been on the decline in recent years, however it is turning around. (Jänkälä, p 20. 2016)

3.5.3.1 Outlook

The outlook for the café industry in Finland, according to an interview of operators in the field by the Ministry of Employment and the Economy, shows that most businesses see the industry trending upwards or staying the same, with only about one quarter of the businesses saying that the situation is worsening. (Jänkälä, p 51. 2016)

As the ‘millennial’ generation comes into their purchasing power they will greatly influence the food industry trends. As early adopters, this generation pushes the food industry forward and forces innovation. Key factors influencing the food purchase decisions of the current generation of consumers include freshness, variety and convenience. (Lantmännen-unibake.com, 2013)

According to a study of the European Food and Drink industry, innovation and consumption in the food industry is driven by five factors: Pleasure, Health, Physical Traits, Convenience and Ethics. These can be seen in Figure 18, which describes the elements that go into each driver.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure18.png}
\caption{Five Consumer Motivators & Elements (FoodDrinkEurope, p 10. 2015)}
\end{figure}

\footnote{Consumers born between 1981-1998 (MILLENNIALS: Fueling the Experience Economy, 2015)}
In Figure 19, we can see that the current trend in consumer motivations are pleasure, which include: new and exotic options, as well as fun and sophisticated products and experiences which stimulate multiple senses.

![Consumer Motivators in Europe in Food & Drink Industry (2013-2014, %)](image)

*Figure 19: Consumer Motivators in Food and Drink Industry (FoodDrinkEurope, p. 10, 2015)*

Paying attention to consumer motivators, allows companies in the food service industry to keep up with what the customers want, and provide it to them, which can lead to an increase in turnover and growth in the industry.

### 3.5.3.2 Outside influencers

Like the majority of industries, the food service industry relies heavily on other industries. As such, it is important to follow global trends and phenomenon which may influence the availability and prices of raw materials. One of the key influencers which is outside of the control of small business owners include the effects of climate change on agriculture.

In the past five years, agricultural have been rising which can lead to an increase in flour, egg and dairy products costs, along with many others. Food manufacturing prices have not risen as sharply as agricultural prices, but overall, these changes have led to an average increase of food costs to end users of 2% per year. *(FoodDrinkEurope, p. 11-12, 2015)*

In addition to climate change in general, the cost of food production is set to rise in the coming years and decades as the demand for food grows on a global scale, and the various food industries work to keep up. All this should be taken into account in pricing and cost estimations for any business in the food production industry. *(FoodDrinkEurope, 2015)*
3.6 Competitor Analysis

As mentioned previously, Jenky’s did a customer survey. The data collected not only provided us with valuable customer, location and market information, but also highlighted our main competitors along with their strengths and weaknesses as perceived by the customers. The survey asked the participants to identify their favorite café (in Helsinki) and list what they both like and dislike about the company. From our 132 respondents, we received information on over 40 cafés. The strengths and weaknesses of the four cafés that were most popular with the respondents are listed in the table below:

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bokvillan Café</td>
<td>• Comfortable • Nice atmosphere • Pricing • Homemade goods</td>
<td>• Limited/not enough opening hours • Bad coffee • Noise levels • WC space limited</td>
</tr>
<tr>
<td>Robert’s Coffee</td>
<td>• Décor • Lighting • Location • Accessibility for dogs Broad selection •</td>
<td>• WC space • Cleanliness • Over-crowding • No gluten-free • Pricing • Selection.</td>
</tr>
<tr>
<td></td>
<td>Service • Vegan options • Good products</td>
<td></td>
</tr>
<tr>
<td>Fazer Café</td>
<td>• Good products • Service • Clean • Good quality • Good environment •</td>
<td>• Crowded • Noisy • Expensive</td>
</tr>
<tr>
<td></td>
<td>Gluten-free options • Décor • Consistency • Good coffee</td>
<td></td>
</tr>
<tr>
<td>La Torrefazione</td>
<td>• Quality product • Good surroundings • Warm atmosphere • Good food &amp;</td>
<td>• Poor service • Often crowded • Too busy • Noisy •</td>
</tr>
<tr>
<td></td>
<td>coffee • Décor • Pricing</td>
<td>Not enough seats • Expensive coffee • Non-Dairy milk extra €</td>
</tr>
</tbody>
</table>

Table 2: Strengths and Weaknesses of Top Four Competitors
The strengths and weaknesses of all the cafés mentioned in the survey responses had very similar themes. As such, they have been combined into a simple, comparative list of general positive and negative qualities for cafés. These qualities can be seen in Figure 20, below.

![Positive and Negative Café Qualities](Figure 20: Positive and Negative Café Qualities)

Most of the elements displayed in the figure above, are common sense, however it is important for a café owner to know what draws customers in and more importantly what keeps them coming back. Equally important is knowing what will drive customers away, or send them to the competitors.

### 3.7 Marketing Strategy

As mentioned in chapter 3.5.2, customers are predominantly women and/or couples between the ages of 26-50, mostly based in the Arabia and Eastern Helsinki area. They are active on social media, particularly Facebook and Instagram, and as such, that is a key marketing resource.

Our customers are mid-to high income individuals and families, with disposable income. They expect high quality, and appreciate products that are unique or somehow different from the 'normal' offering. As such, Jenky's will focus their marketing on the quality of
products, and their unique selling points: being homemade, large portions, exclusivity (not available in stores). They will also market through special events, and special offers which will target the customer base: like social media drawings, gallery nights and tasting events. A key marketing goal is to create a base of loyal, return customers, and create a 'Buzz' around the company, as mentioned in chapter 2.4 in the quote:

“The marketing logic by which the business unit hopes to create customer value and achieve profitable customer relationships.” (Kotler & Armstrong, p. 48, 2012)

Marketing will initially be focused on social media outlets, particularly Facebook and Instagram, and also localized advertising, near the location. For example, prior to opening, placing signage and creating an air of curiosity around the location, covering all but a small part of the window, so people can peek in to see what is happening. There will also be a 'soft opening' open to existing customers only, to again create a buzz and also start a precedent showing that the cafe values its clientele.

Estimated marketing costs around 3000€ when the business first starts up, which includes Facebook ads, and placing an ad in the Helsingin Sanomat, Metro and possibly Helsinki Times, and purchasing merchandise for the café. After the initial boost, it will decrease to about 200€/month.

Jenky’s will aim to have a customer focused marketing strategy, focusing more on the Four Cs than the Four Ps (see Chapter 2.4.1). Building the café around the clients’ needs, interests and convenience, while creating meaningful interactions with them via customer service are all strong values for the company.

### 3.7.1 Customer Retention Plan

As mentioned above, Jenky’s aims to create a loyal base of return customers. Return customers add great value to any business through word-of-mouth advertising. (Hyken, 2016)

Jenky’s plans on using superior customer service and excellent products as an incentive to keep customers coming back. In addition to this, they will create and implement a customer loyalty program, which will reward the clients with special event invitations,
product testing opportunities and rewards, such as free coffee or products. The system will be cardless, possibly utilizing an existing application for smartphones, or then a name based system. This is in order to lower the threshold for participation, making it as convenient as possible for the customer. These points are supported by the theories on customer retention found in chapter 2.4.3. (Nash & Nash, p. 3, 2003) (Hughes, p. 17-18. 2003)

### 3.7.2 Gaining New Customers

In addition to gaining new customers via existing customers, Jenky’s will host different events throughout the year in partnership with organizations like IESAF (International English Speakers Association of Finland), Slowfoods Helsinki and with other businesses to gain interest and generate new customers. Also, our plan to involve local businesses and food carts in our operations will bring in customers from other businesses creating a cross-over effect.

### 3.7.3 Brand Image

Finally, Jenky’s brand image will be important to the marketing strategy. The aim is for everything to be individual and personal for the customers, giving them a feeling of comfort and community. The goal is for the customer experience to be like walking into a grandmother’s kitchen rather than walking into a cold, chain café.

### 3.8 Sales Forecast

As stated in section 2.3.9, sales forecasts are estimates of a business’ sales over a given period of time and should also estimate the direct costs of sale, or cost of goods sold (CGS). In addition, to this they should explain the numbers behind the estimates. The direct cost of sales of CGS in this sale forecast include all ingredients, packaging and hours of labor involved in the creation and sale of Jenky’s products.
3.8.1 Daily Customer and Ticket Projections

Based on our calculations for turnover and based on our current customer flow, we estimate that Jenky’s will need to serve 65-70 customers per day, with an estimated average sale of 7€/sales in the first year.

Table 3: Daily Customer Projections year 1-3

According to the survey of our customers over 50% estimated that they spend between 5-10€ when visiting a café, and another 15-25% said they spent over this amount. With these numbers, it is safe to assume an average of 7€ per customer transaction in the first year of operation. Second and third year estimates are based on a modest sales and customer increase of 5% per year, the average ticket price is also adjusted for the current inflation rate in Finland, which is 0.77%. (Inflation.eu, 2017) All of the projected sales amounts include Value Added Tax or VAT.

Table 4: Average Customer Ticket

3.8.2 Total Sales

Based on the numbers in the tables above and estimating 340-350 sales days per year Jenky’s sales projections can be seen in the chart below. These estimates match closely with the numbers presented in Figure 21.
Below is an estimate of the first year of sales, as well as a layout of our products and the cost of goods sold.

![Figure 21: Sales Year 1 Estimate.](image)

The sales estimate for the first year of sales are based off of the previous two seasons of sales with the cookie cart, and the customer survey of average expenditure at cafés. These numbers are also calculated using a ‘Sales Budget’ chart shown in Appendix C: Sales Budget- Sales Estimates and CGS for individual products, which estimates the number of specific products sold, the cost of producing each product and calculates the overall sale margin.

The direct cost of goods sold can also be seen in Figure 21, and is broken-down by product in Appendix C: Sales Budget- Sales Estimates and CGS for individual products. For a more detailed financial breakdown and estimate of yearly sales, CGS and expenses see Figure 24 on page 55.

### 3.9 Financial Plan

The financial plan contains detailed plans, budgets and calculations related to the business’ operational budget, start-up costs, and profit/loss estimates for at least three years. It also contains a break-even analysis, which defines the minimum sales needed to balance costs and expenses with no profit. The budget and start-up costs include the personal budget for the owner of the café as a salary. (Butler, p. 107, 2013)

Many of the sales numbers and product prices are based off of the sales, cost of goods sold and operational costs from the two seasons operating as a part-time, mobile café. These numbers can be seen in Appendix B: Profit/Loss Calculations from Part-time operations 2016 and 2017.
3.9.1 Start-up Expenses

The start-up expenses assume a rent of about 1000€/month. Building estimates are based off of renovation estimates from a local Helsinki architect, and the machines and equipment costs will be purchased second hand when possible in order to reduce costs. More details can be found in Figure 23.

![Figure 22: Start-Up and Working Capital Calculations](image)

<table>
<thead>
<tr>
<th>Financing need</th>
<th>Financing plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land areas, €</td>
<td>Loans from financial institutions, €</td>
</tr>
<tr>
<td>Buildings, €</td>
<td>100 000,00</td>
</tr>
<tr>
<td>60 000,00</td>
<td>Other interest-bearing financing, €</td>
</tr>
<tr>
<td>17 000,00</td>
<td>Public support, €</td>
</tr>
<tr>
<td>30 000,00</td>
<td>Own financing, €</td>
</tr>
<tr>
<td>Working capital, €</td>
<td>46 610,00</td>
</tr>
<tr>
<td>Total</td>
<td>123 610,00</td>
</tr>
<tr>
<td>Excess cost reserve</td>
<td>6 180,50</td>
</tr>
<tr>
<td>Total</td>
<td>129 790,50</td>
</tr>
</tbody>
</table>

Name of financier: Nordea
Amount of loan: €100 000,00

**Detailed description of financing needs**

Security:

Need for financing and grounds for this:

Working capital calculations are calculated using a 6 month period after starting. Jenky's plans to apply for a 100,000€ loan from a financial institution, most likely Nordea Bank, with a repayment time of 7-10 years, and monthly payments. This loan would cover all of the machine costs to build the kitchen facilities, and also allow for working capital, including covering the entrepreneur's personal expenses, rent for the premises and all other start-up costs.
3.9.2 Operational Budget

The labor costs defined in Figure 23 are based on having a part-time worker, paid 1.550/month working about twenty hours per week, and the salary of the entrepreneur is included as well, as 1.800€/ month. Other costs are averages based on research and price comparisons.

![Operational Budget Estimate](image)

*Figure 23: Operational Budget Estimate*
3.9.3 Income & Expense Forecast

The income and expense forecast takes into account rising prices and increases in operations costs over the course of several years, while also accounting for a 4-5% increase in sales over time.

<table>
<thead>
<tr>
<th>Current accounting period</th>
<th>%</th>
<th>Year +1</th>
<th>%</th>
<th>Year +2</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover, €</td>
<td>136 908,00</td>
<td>100</td>
<td>144 000,00</td>
<td>100</td>
<td>150 000,00</td>
</tr>
<tr>
<td>Other operating income, €</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Operating income, total €</td>
<td>136 908,00</td>
<td>100,00</td>
<td>144 000,00</td>
<td>100,00</td>
<td>150 000,00</td>
</tr>
<tr>
<td>Material and supplies, €</td>
<td>28 056,00</td>
<td>20</td>
<td>29 500,00</td>
<td>20</td>
<td>31 000,00</td>
</tr>
<tr>
<td>External services, €</td>
<td>0,00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Personnel costs, €</td>
<td>28 279,12</td>
<td>21</td>
<td>28 300,00</td>
<td>20</td>
<td>28 300,00</td>
</tr>
<tr>
<td>Entrepreneur’s wages</td>
<td>21 600,00</td>
<td>16</td>
<td>21 600,00</td>
<td>15</td>
<td>22 000,00</td>
</tr>
<tr>
<td>Other operating expenses, total €</td>
<td>38 160,00</td>
<td>28</td>
<td>40 000,00</td>
<td>28</td>
<td>42 000,00</td>
</tr>
<tr>
<td>Operating margin, €</td>
<td>20 812,88</td>
<td>15</td>
<td>24 600,00</td>
<td>17</td>
<td>26 700,00</td>
</tr>
<tr>
<td>Depreciation according to plan, €</td>
<td>3 600,00</td>
<td>3</td>
<td>3 600,00</td>
<td>3</td>
<td>3 600,00</td>
</tr>
<tr>
<td>Operating profit</td>
<td>17 212,88</td>
<td>13</td>
<td>21 000,00</td>
<td>15</td>
<td>23 100,00</td>
</tr>
<tr>
<td>Interest and financial income, €</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Interest and financial expenses, €</td>
<td>12 000,00</td>
<td>9</td>
<td>12 000,00</td>
<td>8</td>
<td>12 000,00</td>
</tr>
<tr>
<td>Profit before taxes, €</td>
<td>5 212,88</td>
<td>4</td>
<td>9 000,00</td>
<td>6</td>
<td>11 100,00</td>
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<tr>
<td>Direct taxes, €</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total profit, €</td>
<td>5 212,88</td>
<td>4</td>
<td>9 000,00</td>
<td>6</td>
<td>11 100,00</td>
</tr>
</tbody>
</table>

Figure 24: Profit/Loss Forecast for years 1-3

3.9.4 Break-Even Analysis

The break-even analysis lines up pretty well with the first-year estimates put forth in the Sales Forecast, though it does not leave much room for error. It is expected that profits in the first few years of operation are modest, though judging by the experiences with the cookie cart, Jenky’s does not expect to make a loss.

Figure 25: Break-even Analysis
3.9.5 Assumptions

The assumptions in the calculations above are based on current sales from Jenky’s part-time operations, and estimating a 5% annual increase in turnover and customer flow. There are also assumptions on rent prices based off of current rental spaces available in the Arabia area. As mentioned previously, building expense estimates are based off of quotes from an architectural firm based in Helsinki.

Estimates of fees are based on the current data available on the tax office, YritysSuomi and Enterprise Finland sites. An effort was made to estimate on the conservative side, using lower spectrum numbers for sales numbers and higher estimates for expenses.

3.9.6 Financial Conclusions

The financial estimates laid out in Figure 24 are, as mentioned previously, conservative. Still there is little room for error between the breakeven point and the 4% profit margin estimated for year one. This however, is not discouraging, but rather expected as the start of a new venture brings with it a lot of expenses. While a 4% profit margin is modest, particularly when compared to the profit margins of the part-time operations which can be seen in Appendix B: Profit/Loss Calculations from Part-time operations 2016 and 2017, the benefits of having a full-time brick and mortar location far outweigh the added expenses and lower profits. It should also be noted that in the part-time operations wages and living costs of the proprietor were not included in the calculations.

3.10 Risk Analysis

As mentioned in section 2.3.11 on Risk Analysis a company’s ability to analyze their risk factors, strengths and weaknesses are key to continued success. Jenky’s risk assessments include the marketing strategies found in Chapter The Four ‘P’s and Four ‘C’s and the SWOT analysis discussed in section 2.3.11. Using the customer focused marketing strategies to analyze potential risk factors has the benefit of keeping the company focused on the clients’ needs and interests. In addition to analyzing the customer risks and solutions and performing the SWOT analysis, it is also important for a company to be aware of any
assumptions that have been made in relation to the business plan, and the reasoning behind them. This can include assumptions about trends, financial estimates and value propositions. (Nader, 2014) (Suomen Uusyrityskeskukset Ry, p 15-16. 2011)

3.10.1 Customer risks and solutions

Risk assessment for Jenky’s will be done on a continuous basis, which will allow the business to be able to adjust quickly to changes, and pivot when needed. Risk analysis is about asking the right questions, and then finding the solutions that answer them. Below are the questions and solutions that will help keep Jenky’s customer focused and ahead of the competition.

Product risks:
Is the café providing what the customers want, is there enough variety, or too much? Is the quality and service what the customers expect and need.

Solution:
Provide a platform for customer feedback. Listen to the customers regarding quality and variety; adjust accordingly.

Price risks:
What is the total cost for the customer? Why will they pay it? Are there enough reliable payment options? Is the pricing competitive with similar services?

Solution:
Analyze customer costs, and figure out what value they place on the products and service. Provide multiple payment options, and have back-ups in case of failure (i.e. broken iZettle). Analyze products and services from competitors, compare and adjust accordingly.

Place Risks:
Is the location convenient for the customer? Ease of locating? Suitable opening hours? Accessibility for disabilities, children, prams and animals? Surrounding competitors? Are there people around, if so how many?
**Solutions:** Find a location that is easy to find, near the customers, opening hours should suit key demographic, if most customers work all day, then being open from 9-17 would be illogical, create a space that is accessible for all. Research the area, competition, populations and demographics.

**Customer Communication:**

Do customers know about the company? How are they informed? What is the reach of the company? How to improve customer experiences.

**Solutions:**

Advertise via social media channels, and via outdoor ads, near the location. Keep customers informed of the company's activities. Expand customer base via existing customers, word-of-mouth, social media likes etc. Quality customer service with a smile, do what is needed to give an exceptional customer experience. Create loyalty through customer rewards.

**Competition:**

What are the customers’ other options in the area? What do they provide, and how do we differ?

**3.10.2 SWOT**

The SWOT analysis as mentioned in section 2.3.11 helps businesses to be aware of both the internal factors which could impact the business (Strengths and Weaknesses), as well as, the external factors (Opportunities and Threats). Jenky’s strengths lie in the skills in the field, as well as a background in business, excellent customer service experience and an existing customer base. There is room for improvement though, as the weaknesses show. Time management, production planning and delegation need to grow and strengthen, so they too can be turned to strengths over time.
There are many opportunities present in Jenky’s plan, including the relatively low competition in the chosen location and the strong interest of the local clients in having more options for cafés. However, the risk of not getting funding, and having a high interest but low turnout are also very real threats, both of which could damage the progress of starting the business. Figure 26 gives a fuller picture of Jenky’s SWOT analysis.

Figure 26: Jenky’s Café SWOT analysis
3.10.3 Strategic Assumptions and Limitations

As stated in 2.3.11 Risk Analysis it is key for a company to be aware of any assumptions made in regard to its value proposition, market trends and estimates. It is also positive to be aware of the limitations of a business plan. Jenky’s has made the following assumptions in this plan. (Suomen Uusyrityskeskukset Ry, p. 15-16, 2011)

- A steady 5% annual sale increase
- Made assumptions based on limited customer feedback
  - Demographic and psychographic data
- There is a demand for better service and better offerings
- Jenky’s can offer something other cafés cannot

These assumptions have been based off of experiences with the part-time operation of Jenky’s, and on the survey conducted with customers from the Arabia area.

It should be noted that business plans are meant to change, grow and shift over time, and they are not meant to be concrete things. This plan has several factors that limit it, the first being the need to estimate and average out the numbers. It is rarely possible to know the exact costs and expenses of building, renovations and rents until a specific location is found and acquired, as such, this plan has had to use educated guesses based on research into the various areas.

Further limiting factors have to do with the customer survey. As it only had 132 respondents, that limits the reliability of the survey. Additionally, while it was distributed via social media and paid ads, the majority of respondents were female, and so it cannot be considered a representative sample of the Arabia area. The survey was not completed by all respondents, as they did not seem to realize that there was a second page. Over all, while the survey has proven to be a very useful tool in creating the business plan, the data from it should be used while keeping the above limitations in mind.
4 CONCLUSION

The goal of this thesis was not only to create a business plan for Jenky’s café, but also to see if said plan was a viable option. The questions we sought to answer included finding the best business structure and business plan structure, examining marketing strategy, and customer retention and looking at the financial aspects to see if the idea is viable.

In chapter 2.1 the various business structures in Finland were presented in detail, and the positive and negative aspects of each were analyzed. Three of the six forms (Limited Liability Company, Co-Operative Company and Branch of a Foreign Enterprise) were discounted immediately as they do not fit the size and needs of Jenky’s Café. They were too big for the scale of the company.

Jenky’s is currently operating as a sole proprietorship, meaning that the business is owned and operated by a single individual with no employees. While the research into business structures provided a lot of insight into the different options available, Jenky’s is planning to remain under the ownership of a single individual, however, with the shift to full-time operations they will need to take on at least one employee. Since they will be taking on an employee, Jenky’s will shift from a sole proprietorship to a sole-trader. This will create a need to switch to double-entry accounting and will likely require the company to hire an accounting firm.

The possibility of a partnership, whether general or limited is not out of the question, but the level of trust and cooperation needed is high, and it is important to find a partner, or partners, which bring something to the business. Most likely, if the café shifts to a partnership at some point it will be by joining two sole-traders/proprietorships in a partnership. The decision to choose sole-tradership over partnership had a lot to do with the ease of transition. There are not additional administrative costs in remaining a sole owner and there is no need to create extra documents and contracts with partners. In addition to that, there are no significant benefits in taxes or in the hiring of staff between the two structures. The only benefit of creating a partnership would have been being able to have an official salary. This benefit was not significant enough to motivate a change of structure.

In the process of answering the research questions, and in keeping with the action research method, the business plan has gone through several phases and changes. These changes
have been to accommodate new information, simplify the plan or to get rid of superfluous information. A business plan should be as streamlined and as accessible as possible, as mentioned in section 2.2.1. Sections like “Keys to Success” was a main heading in the initial plan, but as time went on, it was changed into the Start-Up Summary, since this was more accurate, and more in line with the example plans put forth in the theoretical section of the thesis.

Additionally, the first draft of the business plan was aiming to have a five-year forecast for all the financials and budget sections, however, as the forecasts are merely educated guesses, based on the numbers from a part-time operation, it was determined that five years was too much of a stretch, and that was reduced to three. The further into the future the estimates go, the lower the chances of the numbers being accurate. In addition to this, reducing the timeframe also encourages the company to update the plan more frequently, to keep up with the financial data, and estimates.

The final business plan structure drew heavily from the business plan of Strange Matter Coffee Co. in Michigan and then incorporated elements from the other plans laid out in Figure 3: Business Plan Structure Comparison. Some elements of the plan were also influenced by the meeting with YritysEspoo, and the program that they use for business plan design, most notably the financial forms and the section of customer risks and solutions. The “Customer risks and solutions” section replaced the original section entitled “Competitive Edge” as that section was deemed repetitive, with most of the information in it being a repetition of the “Strengths” and “Opportunities” put forth in the SWOT analysis. A comparison of the first and final business plan structures can be seen in Appendix D: Changes to Business Plan Layout from First Draft to Final Version.

The strong influence of the Strange Matter plan in the business plan present here was threefold: First, the business is on its third successful year of operation, outstripping all of their financial projections by a significant amount; secondly, the owner of the company was directly available for comments and questions when needed and thirdly, because the plan is in the same field of industry as Jenky’s, which allows for more direct comparisons.

A rough draft of the plan was presented to both a business advisor at YritysEspoo and Nordea Bank’s business loans department, and while it received positive feedback, the need for initial capital was pointed out in both, which then launched the idea for using
crowdfunding in order to get some capital to back a bank loan. This plan was then included in the business plan and added to the starting financial projections.

Jenky’s market strategy, laid out in chapter 3.7, is consumer driven, focusing on communication with the clients, and taking action on customer feedback. The customer-centric strategy is in line with the “Four Cs” outlined in 2.4.1. Focusing on the customer needs, and communicating with them aims to create a loyal customer base, and assist not only in customer retention, but also in gaining new clients via word of mouth, and social media. Jenky’s’ business plan highlights a commitment to customer service and the customer experience. In addition to this, it proposes a customer loyalty system, which rewards loyal customers and has a low-entry threshold (not needing a separate card or sign-in).

The marketing strategy put forth in the business plan is able to be applied effectively, and in fact has been applied, to some extent, in the part-time cart operations. Over the past two summer seasons, Jenky’s has seen many return customers and more importantly has received glowing recommendations, positive feedback, and has seen regular customers introducing friends to the café cart. It is clear that the combination of good products and good service create an atmosphere which customers want to return to.

As mentioned in section 3.9.6 Financial Conclusions, the numbers laid out in the business plan are conservative estimates, and while they do suggest a particularly high profit margin in the first few years, they do suggest growth. Many businesses operate at a loss for the first year, if not more. Jenky’s has been fortunate to be operating at a profit for the duration of its part-time operations, however it is not unexpected that moving to a full-time premise with an employee and rent will have significantly larger expenses. This is compensated for, by no longer being beholden to the weather forecast and Finland’s seasonal mood swings, hence allowing the company to operate year-round providing a warm, and comfortable escape from the fickleness of mother nature. Overall, the financial calculations show promise, and seem viable. This makes it an easy decision to carry the plan for Jenky’s Café forward into the next step of seeking funding.
REFERENCES


APPENDICES

Appendix A: Target Market Survey (Pinson & Jinnett, 2006)

ASIAKASTUTKIMUS/CUSTOMER SURVEY

Taustatiedot/ Background Information

When this survey closes, we will hold a drawing, where the winner will receive a free pack of six cookies from Jenky's Café. At the end of the survey there will be an option to add your e-mail address if you want to participate in the drawing.


Thank You! Kiitos!

1. Sukupuoli/Gender
   - Mies/Male
   - Nainen/Female
   - Muu/ Other

2. Ikäryhmä/ Age Range?

3. Elämäntilanne/ Current status?
Välitse kaikki joka kuuluu/ Choose all which apply

- Naimisissa/Married
- Naimaton/ Single
- Asun puolison kanssa/ I live with my partner/spouse
- Asun yksin/ I live alone
- Talossa on alle kouluikäisten lapsi/lapset kotona/Under school-age child(ren) at home
- Talossa on kouluikäisten lapsi/lapset kotona/ School-aged child/ren at home
- Talossa on teini-ikäisten lapsi/lapset kotona/ Teenagers living at home
- Lapset eivät asuu samassa talossa/ Children do not live in the same house
- Lapseton/ No kids
- Muu, mikä? Other, What? Please enter an ‘other’ value for this selection.
4. Työtilanne/ Work Situation?
Välitse kaikki joka kuulu/ Choose all which apply
- Työtön/ Unemployed
- Kokopäivätyö/ Full-time work
- Eläkeläinen/Retired
- Osa-aikatyö/ Part-time work
- Opiskelija/Student
- Yrittäjä/Entrepreneur
- Muu, Mikä/ Other, What? Please enter an 'other' value for this selection.

5. Mikä aluella Helsingissä asutte? /Where do you live in Helsinki?

6. Mikä tuloalue parhaiten kuvaa teidän taloustilanne (vuositulot)? What yearly income bracket best describes you?
- Alle 5000€/ Under 5000€
- 5000-9999€
- 10.000-14.999€
- 15.000-19.999€
- 20.000-24.999€
- 25.000-29.999€
- 30.000-34.999€
- 35.000-39.999€
- 40.000-49.999€
- 50.000-59.999€
- 60.000-79.999€
- 80.000-99.999€
- 100.000€ +

Asiakastiedot/Customer Information

7. Miten usein käyt kahvilassa kuukaudessa?/ How often do you visit cafés in a month?
- Käyn vähemmän kun kerran kuukaudessa/ I go less than once per month
- Käyn 1-2 kertaa kuukaudessa/ 1-2 times per month
- Käyn 3-4 kertaa kuukaudessa/ 3-4 times per month
- Käyn useimmin kun 4 kertaa kuukaudessa/ I go more often than 4 times per month
8. Kun käyt kahvilassa, paljonko ostoksesi maksavat per käyntikerta? When you go to a cafe, how much do you spend on average, per visit?
   - Alle 3€/ Under 3€
   - 3-5€
   - 5-7€
   - 8-10€
   - 10-15€
   - 15-20€
   - 20€+

9. Mikä on teidän suosikkikahvila Helsingissä täällä hetkellä?/ What is your favorite café in Helsinki at the moment?

10. Mitkä asiat miellyttä sinut tässä kahvilassa?/ What do you like most about this cafe?

11. Mitkä asiat epämiellyttä tässä kahvilassa? Mitkä asiat voisivat kehitää?/ What do you not like about this cafe? What could they improve?
12. Miten todennäköisesti kokeilet sinulle uusia tuotteita kahvilassa tai ravintolassa? How likely are you to try new or unfamiliar products at a café or restaurant?

- Todella epätodennäköistä / Very unlikely
- Epätodennäköistä / Probably not
- Ehkä kokeilen / Maybe I'll try
- Joo, miksei / Sure, why not?
- Totta kai!! / Of course!!

13. Mitkä ominaisuudet ovat sinulle tärkein kahvilassa? / What features are most important to you in a café?

- Enter your answer here.

14. Puuttuuko vaihtoehtoja kahviloissa ja ravintoloissa sinun asumisaluella? Do you feel the area where you live is lacking in options for cafés and restaurants?

- Kyllä / Yes
- Ei / No
- Muu / Other Please enter an 'other' value for this selection.

15. Miten kiinnostunut olisit kahvilasta, joka on erikoistunut amerikkalaistyylisiin leivonnaisiin kuten keksihin ja kakkuihin? / How interested would you be in a café specializing in American-style baked goods like cookies and cakes?

- Ei kiinnosta / Not at all interested
- Ei kiinnosta / Does not interest me
- Kiinnosta vähän / Somewhat interested
- Kiinnosta / interesting
- Sound
- Erittäin kiinnostunut! / Very interested

E-mail address (optional)

[Enter your email address here]
Appendix B: Profit/Loss Calculations from Part-time operations 2016 and 2017

![Profit and Loss Statement 2016-2017](image)

### Profit and Loss Statement 2016-2017

<table>
<thead>
<tr>
<th></th>
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<td><strong>Sales Revenue</strong></td>
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</tr>
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<td>January</td>
<td>-</td>
<td>663.57</td>
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<td>February</td>
<td>-</td>
<td>781.65</td>
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<tr>
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<td>-</td>
<td>572.78</td>
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<tr>
<td>April</td>
<td>151.61</td>
<td>460.53</td>
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<td>1258.87</td>
<td>1,266.95</td>
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</tr>
<tr>
<td>June</td>
<td>1149.30</td>
<td>1,694.90</td>
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<td>2055.53</td>
<td>2,587.79</td>
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<tr>
<td>November</td>
<td>90.35</td>
<td>-</td>
<td>-100%</td>
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<tr>
<td>December</td>
<td>83.53</td>
<td>-</td>
<td>-100%</td>
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<tr>
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<td><strong>Cost of Sales</strong></td>
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<td>256.74</td>
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<td>526.59</td>
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<td>November</td>
<td>0.00</td>
<td>-</td>
<td>-100.0%</td>
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<td>39.53</td>
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<td><strong>Total</strong></td>
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<td>-2.2%</td>
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<td><strong>Gross Profit</strong></td>
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<td>6,468.05</td>
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<td>46.0%</td>
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<td><strong>Operating Expense: Sales and Marketing</strong></td>
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<td>908.36</td>
<td>182.19</td>
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<td><strong>Operating Expense: General and Administrative</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Outside services</td>
<td>200.00</td>
<td>-</td>
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<td>Supplies/Equipment</td>
<td>602.45</td>
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<td>1465.40</td>
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<td><strong>Operating Expense: Administrative costs</strong></td>
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<td>Other (meals and meetings)</td>
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<td>Total</td>
<td>0.00</td>
<td>91.36</td>
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<td>Total Operating Expenses</td>
<td>2373.76</td>
<td>928.84</td>
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<tr>
<td>Income from Operations</td>
<td>2070.96</td>
<td>5,661.21</td>
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<tr>
<td>Other Income</td>
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<tr>
<td>Taxes</td>
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<td>Income taxes</td>
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<td>0.00</td>
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<tr>
<td>Total</td>
<td>0.00</td>
<td>0.00</td>
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<td></td>
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<tr>
<td>Net Profit</td>
<td>2070.96</td>
<td>5,661.21</td>
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<tr>
<td>Gross Margin</td>
<td>52.0%</td>
<td>61.8%</td>
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<tr>
<td>Return on Sales</td>
<td>24.2%</td>
<td>53.9%</td>
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### Appendix C: Sales Budget - Sales Estimates and CGS for individual products

#### Sales budget

<table>
<thead>
<tr>
<th>Product</th>
<th>Cookies Regular</th>
<th>Cookies Vegan/ Gluten-free</th>
<th>Ice cream Sandwiches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the product or service</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Unit price (exclusive of tax), €</td>
<td>1.72</td>
<td>2.15</td>
<td>3.44</td>
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<tr>
<td>Tax-exempted material, substance and supply purchases per unit €</td>
<td>0.32</td>
<td>0.35</td>
<td>0.90</td>
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<tr>
<td>Tax-exempted external services per unit €</td>
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<tr>
<td>Estimated sales volume per month</td>
<td>800</td>
<td>400</td>
<td>150</td>
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<tr>
<td>Sales period in months</td>
<td>12</td>
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<tr>
<td>Total sales (exclusive of tax)</td>
<td>16 512.00 €</td>
<td>10 320.00 €</td>
<td>6 192.00 €</td>
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<tr>
<td>Total purchases (exclusive of tax)</td>
<td>3 072.00 €</td>
<td>1 680.00 €</td>
<td>1 620.00 €</td>
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<tr>
<td>Sales margin, €</td>
<td>13 440.00 €</td>
<td>8 640.00 €</td>
<td>4 572.00 €</td>
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<tr>
<td>Sales margin, %</td>
<td>81%</td>
<td>84%</td>
<td>74%</td>
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<td>The VAT percentage of a product, product category or service</td>
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<td>14</td>
<td>14</td>
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<tr>
<td>Total sales (inclusive of tax)</td>
<td>18 823.68 €</td>
<td>11 764.80 €</td>
<td>7 058.88 €</td>
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#### Additional sales budget

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<thead>
<tr>
<th>Product</th>
<th>Cakes</th>
<th>Coffee/Tea regular</th>
<th>Specialty coffee/Tea Latte</th>
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<tbody>
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<td>Name of the product or service</td>
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<tr>
<td>Unit price (exclusive of tax), €</td>
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<td>1.72</td>
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<tr>
<td>Tax-exempted material, substance and supply purchases per unit €</td>
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<td>0.25</td>
<td>0.40</td>
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<tr>
<td>Tax-exempted external services per unit €</td>
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<tr>
<td>Estimated sales volume per month</td>
<td>400</td>
<td>800</td>
<td>550</td>
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<td>Sales period in months</td>
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<td>12</td>
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<td>Total sales (exclusive of tax)</td>
<td>12 384.00 €</td>
<td>16 512.00 €</td>
<td>17 028.00 €</td>
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<tr>
<td>Total purchases (exclusive of tax)</td>
<td>1 104.00 €</td>
<td>2 400.00 €</td>
<td>2 640.00 €</td>
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<tr>
<td>Sales margin, €</td>
<td>11 280.00 €</td>
<td>14 112.00 €</td>
<td>14 388.00 €</td>
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<tr>
<td>Sales margin, %</td>
<td>91%</td>
<td>85%</td>
<td>84%</td>
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<tr>
<td>The VAT percentage of a product, product category or service</td>
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<td>Total sales (inclusive of tax)</td>
<td>14 117.76 €</td>
<td>18 823.68 €</td>
<td>19 411.92 €</td>
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<table>
<thead>
<tr>
<th>Product</th>
<th>Savoury baked goods</th>
<th>Wall/Shelf-space rental</th>
<th>Weekly Wholesale order</th>
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</thead>
<tbody>
<tr>
<td>Name of the product or service</td>
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<td>Unit price (exclusive of tax), €</td>
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<td>470.00</td>
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<td>220.00</td>
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<td>Tax-exempted external services per unit €</td>
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<tr>
<td>Estimated sales volume per month</td>
<td>500</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Sales period in months</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Total sales (exclusive of tax)</td>
<td>25 800.00 €</td>
<td>9 600.00 €</td>
<td>22 560.00 €</td>
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<tr>
<td>Total purchases (exclusive of tax)</td>
<td>4 500.00 €</td>
<td>480.00 €</td>
<td>10 560.00 €</td>
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<tr>
<td>Sales margin, €</td>
<td>21 300.00 €</td>
<td>9 120.00 €</td>
<td>12 000.00 €</td>
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<tr>
<td>Sales margin, %</td>
<td>83%</td>
<td>95%</td>
<td>53%</td>
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<tr>
<td>The VAT percentage of a product, product category or service</td>
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<td>14</td>
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<tr>
<td>Total sales (inclusive of tax)</td>
<td>29 412.00 €</td>
<td>11 904.00 €</td>
<td>25 718.40 €</td>
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</table>
Appendix D: Changes to Business Plan Layout from First Draft to Final Version

<table>
<thead>
<tr>
<th>Version 1.0</th>
<th>Final Version</th>
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<tbody>
<tr>
<td>• Executive Summary</td>
<td>• Executive Summary</td>
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<td>• Mission Statement</td>
<td>• Mission Statement</td>
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<tr>
<td>• Business Idea</td>
<td>• About the Founder</td>
</tr>
<tr>
<td>• About the Founder</td>
<td>• Financials</td>
</tr>
<tr>
<td>• Financials</td>
<td>• Objectives</td>
</tr>
<tr>
<td>• Objectives</td>
<td>• Start-Up Summary</td>
</tr>
<tr>
<td>• Keys to Success</td>
<td>• Start-up Financials</td>
</tr>
<tr>
<td>• Start-up Summary</td>
<td>• Key Resources</td>
</tr>
<tr>
<td>• Start-up Financials</td>
<td>• Key Partners</td>
</tr>
<tr>
<td>• Key Resources</td>
<td>• Key Activities</td>
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<tr>
<td>• Key Opportunities</td>
<td>• Products and Services</td>
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<td>• Market Analysis</td>
</tr>
<tr>
<td>• Key Activities</td>
<td>• Location</td>
</tr>
<tr>
<td>• Products and Services</td>
<td>• Target Market &amp; Customer Analysis</td>
</tr>
<tr>
<td>• Market Analysis</td>
<td>• Industry Trends</td>
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<tr>
<td>• Industry Trends</td>
<td>• Competitor Analysis</td>
</tr>
<tr>
<td>• Location</td>
<td>• Marketing Strategy</td>
</tr>
<tr>
<td>• Target Market</td>
<td>• Customer Retention Plan</td>
</tr>
<tr>
<td>• Customer Analysis</td>
<td>• Gaining New Customers</td>
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<td>• Competitor Analysis</td>
<td>• Brand Image</td>
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<td>• Marketing Strategy</td>
<td>• Sales Forecast</td>
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<td>• Customer Retention Plan</td>
<td>• Daily Customer &amp; Ticket Projections</td>
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<td>• Total Sales</td>
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<td>• Brand Image</td>
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<td>• Sales Forecast</td>
<td>• Start-Up Expenses</td>
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<td>• Daily Projected Customers</td>
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<td>• Financial Conclusions</td>
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<td>• Financial Plan</td>
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