

A Vietnamese restaurant in a small city in Finland

“Ha Can Cook” restaurant – In Porvoo, Finland

Ha Vu

Bachelor's Thesis
Degree Programme in International Sales and Marketing
May 2020



Author(s) Ha Vu	
Degree programme International Sales and Marketing	
Report/thesis title A Vietnamese restaurant in a small city in Finland "Ha Can Cook" restaurant – In Porvoo, Finland	Number of pages and appendix pages 33 + 7
<p>As observed, Asian restaurant in Finland is more and more attractive for local people, thanks to the authentic taste of the food itself. In capital area, there is a big competition as well as high operating cost due to renting. So, the author decided to have plan a business in smaller city such as Porvoo.</p> <p>In this report, author will answer the question of how to build a Vietnamese restaurant, which replies with local people demands and needs. Besides, topics related to company legal identity, tax duties, regulations, financial calculation and financial support will be discussed in detail.</p> <p>This work is composed by theoretical and research-based methodologies. In theoretical body, several books, internet sources and literature reviews are used to demonstrate the concept of business model, market research, customer demand and competition research.</p> <p>In another part of the report, qualitative and quantitative methods will be utilized for conducting result. While qualitative method is used to study the current situation of competitor, quantities is used to study about customer behaviour and demands.</p> <p>In the scope of this paper, building plan and plumbing system will not be mentioned due to the lack of expertise in this field. The thesis supposed to be a template or information material for whom interested in having a small restaurant in Finland.</p> <p>The most notable issue in running a restaurant is labor cost, which accounted for 63% of operating cost for a small size restaurant. By apply technology such as automated order kiosk, which will take care of ordering and transaction process, it can minimize the burden of labor effort.</p>	
Keywords Business plan, restaurant, small city, Vietnamese food. Financial plan for a small restaurant, break-even point	

Table of contents

1	Introduction.....	1
1.1	Scope of the thesis	2
1.2	Structure of the thesis and research method	2
2	Business model	3
2.1	Customer Segments	6
2.2	Value Propositions.....	6
2.3	Channel.....	7
2.4	Customer relationship.....	8
2.5	Revenue Stream	8
2.6	Key resources	9
2.7	Key activities	9
2.8	Key Partnerships.....	9
2.9	Cost structure.....	12
3	SWOT analysis.....	10
4	Official regulation, requirement and tax duty	15
4.1	Premise	12
4.2	Food Hygiene.....	13
4.3	Legal Identity.....	13
4.4	Taxation	14
4.5	Employee's health insurance contributions and Unemployment Fund.....	15
4.6	Accounting	18
5	Financial plan	29
5.1	Estimated-financial Calculation	30
5.2	Financial Leverage	31
5.3	Pricing strategy and Menu	31
6	Break-even point	34
7	Conclusion.....	35
	Reference.....	36

1 Introduction

In the first sentence of this business plan, author wants to emphasise, profit margin of Restaurant industry in Finland is tiny to be compared with other industries. Since high competition, restaurant seems to set the price list a bit more attractive than others. By having generous promotion such as by ten lunches get one free or free drinks for lunch, the price battlefield is squeezing profit margin of this industry. In another hand, high cost, which mainly comes from labour factor, and lack of new applicable technology for this industry, F&B might not be attractive to Small and medium size businesses.

When comparing with banking or accounting or legal services sectors, the profit margin is around 20% to 30%, and software is about 15 to 25% while restaurant profit margin is 3 to 9% (Parenteau 13 Apr 2020). In another hand, statistic showed that more than half of new restaurants got smashed down from the first year that bring a lot of pressure on young entrepreneur in this field (Furgison 2019).

So, Restaurant is not an ideal business for whom is driven mostly by profit. Though, it suitable for those has a great personnel interest and passion in food or want to own their own business in this area.

However, in another bright side, Asian cuisine get more and more attention than ever before. Back to 2006, in Finland, people could hardly see a sushi restaurant, however, in 2011, the number of sushi restaurant was expanding tremendously (Helsinki Times 2011). Furthermore, the expanding of Asian food chain reveals the potential of Asian food trend in Finland. Thai Street Food and Monotoko is expanding their stores around South Finland. Regarding to Thai Street Food, it has its first store in Porvoo in 2016, then the next year, a new store was open in Helsinki. In 2018, there were 2 branches open in Tampere and Jyvaskyla. By the facts, author expect that Asian food is alluring food lovers in Finland.

1.1 Back ground of the study

After several years living in Finland and 3 years' experience in working several positions in an Asian food chain in town. It motivates author to establish an authentic Vietnamese restaurant in future. Although Vietnamese cuisine has many similarities with other typical Asian cuisine, there are outstanding factors that makes Vietnamese dishes stand out from the crowd.

As an expert eater, author has been tasted dishes in more than 20 Asian restaurants around Helsinki and Porvoo. The general judgement for Thai cuisine is strong and full flavours, especially has strong taste of oyster sauce and chilli for stirred dishes. In another hand, Chinese food contains humidity from oil and oyster sauce, soya sauce and monosodium glutamate. So, there is a place for authentic Vietnamese food to be highlighted. Main flavour of original Vietnamese dishes is fish sauce, and a balancing flavour, which adopts Ying and Yang theory in cooking. A perfect Vietnamese dish must have 5 flavours and 5 colours. They are sour, spicy, sweet, salty, bitter, white, blue, yellow, red and black (Vietnam Travel News, 2017).

With an insight of the food culture, experience of working in real field as well as personnel demands, they are the motivators to make a first step to create a restaurant.

1.2 Aim of the study

The aim of this thesis is to answer for the question how to be success for a new Vietnamese restaurant in Porvoo, so that a business plan is a must. To do so, a systematic and comprehensive research will be conducted to stress out competitive situation, needs and demands of local people for an Asian restaurant. Besides, topics related to company legal identity, tax duties, regulations, financial calculation and financial support will be discussed in detail. However, due to lack of expertise in engineering aspect, ventilation will be eliminated in this business plan.

Besides, this report could also be a template for whoever concerns to open an Asian restaurant. Customer demand in each region may be vary. Adjusting restaurant style based on local taste will be vital. In another hand, this thesis is a realistic business plan for author to prepare for opening a casual and family style Vietnamese restaurant in Porvoo.

2 The process of creating Business Plan

The process of this thesis includes three steps They are theoretical frame work, market research and Business plan application (Figure 1). This work is composed by theoretical and research-based methodologies. In theoretical body, several books, internet sources and literature reviews are used to demonstrate the concept of business model, market research, customer demand and competition research.

In another part of the report, qualitative and quantitative methods will be utilized for conducting market research. While qualitative method is used to study the current situation of competitor, quantities is used to study about customer behaviour and demands.

Qualitative method is a tool for researcher to study in detail about experience and thinking of other people about a typical issue or a society by focus group interview, depth interview, observation and content analysis. The result of it is used for creating marketing strategy or development strategy (Malhotra, Birks & Wills 2012, 183)

In this case, author will use observation method to study about competitors. Information relates to atmosphere, customer relationship and strength and weaknesses and other will be gather as a table of competitor information.

By analysing in systematically way the numerical data was collected, a phenomenon is explained. That is a method of quantities. The input data must be a number or a tendency, which can be measurable. (Saunders, Lewis & Thornhill 2007, 406- 407)

Finally, A survey was conducted through online form and sent to Porvoo' s residents got 84 responses. The result will be used to conduct the Business plan application of the Business Model Canvas.



Figure 1. Process of this thesis

3 Theoretical framework

Author have conducted several theories related to business plan. A business main concern is about customers. To understand who they serve and how they serve. Besides, understand the competitive environment is vital step to conquer the market. In another hand, Business Model Canvas helps author to point out how the business can run smoothly

3.1 Customer Analysis

Replying to customer demand is a key to be success. To do so, company must understand about customers' s pains and gains. When a company can fulfil customer desires better than its competitors, that company has more chance to success. A concrete and right study about consumers tightens relationship between customers and the company (Kotler & Keller 2012, 245).

Customer behaviour is a study on how a group of people react on consuming, purchasing and disposing a product or service to reply with their wishes. With different background and different situation and natures, the needs are also different. According to Kotler, Keller, Brady, Goodman and Hansen (2009, 224), customer behaviour is separated into three catalogues, which interfere with each other's. They are culture, social and individual.

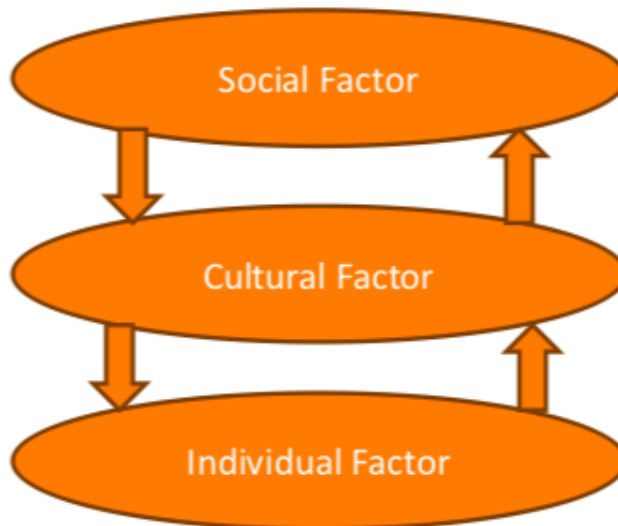


Figure 2. Consumer influencing factor Kotler, Keller, Brady, Goodman and Hansen (2009, 224)

According Kotler, Keller, Brady, Goodman and Hansen (2009, 224), each society not only has culture but also has sub culture, which directly impact on customer decision making. Sub culture is nationality religion, geographic regions and racial aspects.

In terms of social factor, an individual belongs to many different groups such as family, club in a society. Within a society, people is grouped to different class based on their job, salary, degree and social position. People has the same social class tends to purchase similar type of product or service. As Kotler and Armstrong 2004, 183 claimed consuming behaviour of individual relies on their social status, income and healthiness.

Besides, individual factor is a main factor on accounted for consumer behaviour. It includes age, life style, characteristic.

3.2 Competitor analysis

Identifying key rivals process includes get insight of the objectives, strengths and weaknesses, how they are performing, what their customers think about them. So that, business strategic planner can find a suitable strategy to compete and stand out from the market. Clow & James (2014, 565) stated understand your competitors is as important as understand your customers.

Competitive environment is keep changing rapidly, one can lose in the game when he does not keep his eyes on current situation. Thus, competitor analysis should be updated often. In fact, several companies do collect market and competitive data on regular base by their information system (Clow & James 2014, 9)

To conduct competitor analysis, first, a company needs to define who is the competitors and get to know deeply about them. When another companies are offering the same products or services to the same target customer groups with similar price in the same market is identified as your direct rivals (Kotler & Armstrong 2004, 565).

Every companies should have their own objectives, which suitable with their size and capabilities. They can conquer the whole industry, or generate 10% of profitability every year, for example. It is crucial to research on competitor's up to date situation, market share, profitability and goals. When one gets an insight on his competitors' objective and compare with their current situation, he can have a judgment if the competitors is satisfying with their performance or not. It supports to create a strategy to win the game. (Kotler & Armstrong 2004, 568)

The matter of getting insight on competitors' strength and weaknesses is knowing what can or cannot the competitors do (Kotler & Armstrong 2004, 570). Indeed, some information related to financial and strategy of small companies are confidential and inaccessible. However, it is possible to get insight on their customer satisfaction by secondary data, interview or through their social media marketing channels.

3.3 Business Model Canva

Business model is where the owner explain to where and how the money is generated. In another word by Michael Lewis in The New, New Thing (Harvard Business Review 2015) claimed business model is" a term of art", which "all it really meant was how you planned

to make money”. Or in another explanation, Osterwalder (2004, 14) pressed” A Business Model describes the rationale of how an organization creates, delivers and captures value”. Therefore, defining the Vietnamese restaurant’s Business Model is vital for the owner to have a big picture on her business.

There are 9 elements of a business model, which is catalogued into 4 aspects of a business, which are customers, offer, infrastructure, and financial viability (Business model generation 2009, 5).

3.3.1 Customer Segments

It is customer target group. It defines the main target groups that a company wants to serve or want to sell the service for (Business Model Generation 2009, 20). Segmentation is need for an effective marketing strategy and beneficial to develop your product or service to serve for a typical target group based on their needs and preferences. The more specific define about target customer, the more effective for marketing campaign. However over narrow can lead to narrow effectiveness in marketing also, unless you serve to a niche market.

A target is not everybody (Business News Daily 2020). Take Nike as example, in fact, everybody has a need for shoes. However, it is clear to see that Nike focuses on getting attention from people who shares interest with sports and fitness. In another hand, Converse appreciated Sneaker by the Logan “Shoes are boring. Sneakers are Iconic” (Business News Daily 2020). The two companies are having their own target customers even though they are in the same industry.

3.3.2 Value Propositions

Value is a reason why target customer chooses a specific business among others. In another word, it is what make a business stand out from the competition. The value can be a competitive price set or speed of service or customer experience (Business Model Generation 2009, 22). Value is defined differently from perspective of each receiver. However, finding the value proposition that fit best with the target group is high recommended (Restaurant Hospitality, 2014).

There are several value factors that a business or a product or service can offer to users. They are newness, performance, customization, getting the job done, design, brand or status, and the finally is price (Business Model Generation 2009, 22).

3.3.3 Channel

Channel in Business Canvas refers to the way of communication and how a company can deliver their value proposition to the company's target customer groups. Every touch points in communication, distribution and sales Channels occur interaction with customers. (Business Model Generation 2009, 26). In another word, channel connects Customer Segments with Value Proposition (Jagiela 03 Feb 2015). For example, if a company sale milk through market, market is their sale channel. When the milk company advertises in TV, TV is its marketing channel.



Figure 3: Five Channel Phases (Altex Soft 2018)

There are five channel phases (Figure 3). Through channel, a company can delivery:

- Raising brand awareness: Through this phase, a company might want to let the audience notice about their existing and the product, service or experience. There are many different flat-forms and techniques can use for marketing such as SEO, social media marketing, TV ads, billboard or even word of mouth. Depends on marketing budget as well as channels which fit target customers, a company should decide which channel is the most cost effective.
- Evaluating Value Proposition: it prefers the moment when potential customers evaluate the products or service by reading about them or looking and testing. It is the moment when a person decide that they will choose your typical service or your competitors (Business Model Analysis 2019)
- Purchasing methods: It prefers which channel buyers can get you product and do the transaction. The transaction process need to be secure and smooth.

Customers will lose trust and positively will not be a repeat user when their card information leak out.

- Delivering the products: It prefers on how a product or service deliver to customers. For example, Venmo utilize standard iOS and Android app markets to distribute their software to users. In another hand, in their website, customers can track transaction without a payment option (Jagielka 03 Feb 2015)
-
- Post-purchase support: It prefers to which ways customers contacts to business when there is problem for example when they want to cancel and get refund from the product. Nowadays, to cut human costs, many software companies use Chabot's to handle several tasks do not require dedicated personal assistance.

3.3.4 Customer relationship

The relationship a company is having with their customers is impacting widely on customer experience (Ashton McGill 2018). Nowadays, businesses are adapting automation to cut cost in customer relationship. In another hand, some typical industry demands highly personal assistance such as insurance, bank services or fine dinner restaurant. Whatever type of relationship a company choose, it is important to think about what the best type for the target customer in the way is it will be the most cost effective for the company.

Relationships can be catalogued by personal assistance, dedicated personal assistance, self-service, automated service, communities and co-creation (Business Generation Model 2009, 29).

3.3.4 Revenue Stream

A company's revenue stream is defined as the ways a business generates profits from their target customers. A company might earn more than one sources of streams by reply to a question, what value is each Customer Segment happily willing to pay for? Depend on type of business, transactional revue can come from single payment or recurring payment such as subscription model. (Business Generation Model 2009, 30)

Revenue Stream also comes from several ways. They are asset sale, usage fee, subscription fees, leasing, licensing, brokerage fees and advertising (Business Generation Model 2009, 31). In the restaurant, Revenue Stream mainly come from asset sale, where the product is exchanged with cash.

3.3.5 Key resources

It refers to a set of mandatory assets, in which support a business model run smoothly. In any circumstance, a business requires assets to create Value Proposition, to be promoted in the markets, remain and develop relationship with customers and generate revenues. Depends on industry and type of business models, different business highlights different key resources (Business Generation Model 2009, 33). For example, a software company's main key resource in most case is human while a manufacturer requires capital-intensive production facilities.

3.3.6 Key activities

It refers to a set of actions that necessary to execute and run a business. The key activities must contribute in offering Value Proposition, reach the markets and remain Customer Relationship, in the end generate revenue (Business Generation Model 2009, 36).

Production: it relates to a set of activities like design, produce and deliver a product. In restaurant case, it is activities of purchasing raw material, prepare raw material, cooking and deliver to customers.

Problem solving: It refers to activities of analysis and offer a solution to solve customer problems in each individual case (Business Generation Model 2009, 36). It is applied clearly in hospitals, consultancies and other services.

3.3.7 Key Partnerships

As defined by Business Model Generation (2017, 38), the network between companies and suppliers and partners that necessary for running a business is key partnerships. It can enhance business models, minimize risks or even purchase new resources. There are 4 types of partnerships, which are strategic alliances between non-competitors, strategic partnerships between competitors, joint ventures to develop new businesses and buyer/ supplier relationships to assure reliable suppliers (Business Generation Model 2009, 38)

3.3.8 Cost structure

It refers to total fixed costs and variable costs occur during whole process of making profits or running a business. Those costs are related to creating and delivering value, maintain Customer Relationship and generating sale process (Business Generation Model

2009, 41). Beside trying to maximize income, minimize costs is a way to be more profitable.

As defined by Business Generation Model (2009, 42) there are 2 distinguish business model's cost structures. They are cost driven and value driven, however, many businesses lie between the two types.

Regarding to cost driven, the business strives to minimize their bills as much as they can to become leaner business. By applying automation and outsource. It is easy to be seen that most of product, which is selling in Western countries are producing in China thank to low labour costs and lower tax related to release polluted to environment there. However, due to the political and economic tensions between China and America, with a trigger is Corona Virus, America is bringing manufacturing back from China.

In terms of value driven, companies focus on value that they offering to customers rather than try to maximize cost effective. "Premium value proposition and a high degree of personalized service usually characterize value-driven business model" (Business Generation Model 2009, 42)

3.4 SWOT analysis

SWOT analysis is a tool to define internal and external factors that impact directly to a business. This support strategic planner to taking advantage of internal advance to defeat with external disadvantage, while addressing the company's weaknesses. The tool is credited to Alber Humphrey of his work at Stanford University in 1960s and 1970s, when he utilised data from the Fortune 500 businesses (Wang 2007, 2).

The tool is useful for strategic planning process. Based on the matrix and factors of SWOT analysis, cooperation can build up competitive strategies (Gurel 2017, 995). SWOT stands for strengths, weakness, opportunities and threat. In which strengths and weaknesses reflects internal abilities and capabilities of a company itself. While opportunities and weaknesses display external business environments that impact positively or negatively on a business.

When strengths and opportunities are favourite for strategic planner, threats and weaknesses are disfavour factors. In fact, the 4 factors are existing in every business. The role of manager is balance the strengths and weaknesses in the light of environmental opportunities and threats. (Gurel 2017, 996)

Strengths: they are competitive advantages that a company own over their rivals. In that sense, it is a positive factor that will generate revenue for a business. “A strength is something an organization is good at doing or a characteristic the organization has that gives it an important capability” (Gurel 2017, 996; Thompson and Strickland, 1989: 109). So, strengths lie inside the business itself. However, without utilizing their advance to become more competitive, it will be a waste of an advance

Weaknesses: They are disadvantages of a company compared to their rivals. Which is a negative factor of a business. In another word, weaknesses mean abilities and capacities of a company are weaker than its rivals (Gurel 2017, 997).

Defining strengths as well as weakness are equally vital for planning company strategies since a strategy should not build upon disadvantages. Although company as an individual have own weaknesses and strengths, minimize impact of weaknesses and strengthen strengths can make a strategy become undefeatable.

Opportunities and threats are two factors that come from external environment. Due to the fact of uncontrollable and sometimes is unpredictable, business only can be actively aware and have a flexible plan to take advantage of opportunities and mitigate or minimize the adverse impact by threats.

Opportunities: They are occasions, which brings benefit for a company or an industry. For the strategic planner, an opportunity is a good chance when the business environment provides to accomplish their goals (Gurel 2017, 998). As claimed by Harrison and St. John (2004, 164) opportunities are situations when external environment supports a business to maximize their own strengths or mitigate their own weaknesses or both ways.

Threats: Opposite to opportunities, they are occasions that lead to disfavoured business environment for a company or whole industry. It turns out to be difficult or impossible to achieve the company’s targets.

4 Legal environment and requirements

Legality issue requires a highly attend to pay before operating and during having a business in Finland. Although there are big number obligations, comply with the rule by rule earnestly is the only way to run a restaurant smoothly. In Yle (2016), Finnish restaurateurs claimed restaurant industry has been over-regulated. Therefore, for the first stage of planning for this restaurant, author needs to focus mainly on appoints and

conditions about Premise's Renting and Building Plan, Food safety, Legal Identity and Tax Duties.

4.1 Premise

Usually, a shop premise is rented for a first contract of 5 to 10 years. It will be prolonged or end after the due date of first contract. It is suggested that first contract should have efficient time for the shop owners earn enough to cover the first investment. However, too long contract can be a burden. (NewCo Helsinki 2018, 9)

In another hand, a back-up plan for get rid of the premise in case the restaurant does not meet an expected profit or other trigger, it is able to sub-rent a premise. However, there are two things need to concern. Firstly, the landlord might review the new tenant before the sub-lease contract has been signed. Secondly, rent sum, the liabilities must mention in detail in a sub-rent contract. Renovation such as plumbing or facade that impacts significantly for a business is mandatory to be informed for the next renter. (NewCo Helsinki 2018, 9)

Due to its nature of a restaurant, regulations related to building plan is strictly controlled and monitored by Building Control Service. Oil and odour released from restaurant is impact directly surrounding environment. A restaurant in Finland needs to meet Food Premises Standard. Renovation such as terraces, serving counters, advertisement signs and fence are required a separate building permit. (NewCo Helsinki 2018, 11) The application can fill each requirement form at www.lupapiste.fi

It is suggested to get help from professional building company. The process of renovation for restaurant purpose requires high standard. Hygiene, noise level regulations, safety obligations and some other detail might need advice from professionals.

It is obligated to have rescue plan in case the restaurant has more than 50 seats, according to Rescue Act (NewCo Helsinki 2018, 16). In another hand, gas release is the most dangerous accident that could happen, so that having a rescue plan is not also obligated, but also a part of risk management action.

One of another factor lead to negative impact is the level of noise. Noise from operation combines with high level sound from music cause noise pollution to the surrounding area. However, with supporting from soundproofing, this issue might be reduced at some level. In another hand, music play in the restaurant need to go through approval of Musiikkiluvat Department because of copyright issue (NewCo Helsinki 2018, 17)

The most important thing that related to building standard is kitchen's hygiene aspect. According to NewCo Helsinki (2018, 18) food preparation, used utensils and disposal areas need to be distinctive from each other's. Especially in the cooking area, a ventilation system must be installed to suck the smoke and grease away. Hygiene area for staff such as washing space and toilet must be separated from customer area.

4.2 Food Hygiene

Finland adopts food hygiene regulation from the European Parliament's regulation. According to the law, before opening a restaurant, the local Environmental Services should be notified. Food hygiene will be inspected by the State's Health and Food Safety authority, in Finland named Evira. There is a judgement system named Oiva, which grade level on hygiene of a restaurant based on their inspection and expertise. It is mandatory that the result is public in their website as well as in the restaurant's premise in a visible place for customers (NewCo Helsinki 2018, 2). In another hand, every worker that directly contact with food must pass and earn hygiene passport.

To be legally to serve alcohol drinks, a license from AVI, which is the Regional State Administrative Agencies need to be acquired. However, the ideal restaurant of author would not sale alcohol beverage. To have more information about this issue, reader might look from Valvira website.

4.3 Legal Identity

Establishing a business in Finland is considered as quick and easy. Legal Entity takes two weeks normally. Finnish and foreign companies are treated equally regarding to benefits (Business Finland). There are 3 initial things to set up a business.

First is decide a name and submit to the Trade Register, which is under control by Finnish Patent and Registration Office (PRH). The name must to be extinctive from other businesses. In addition, the name is not allowed to be related to any illegal actions (The Finnish Enterprise Agencies 2018, 55).

After registering, a unique business ID will be given. It is treated as a legal existence of a business beside the name. This ID is obligated to be visible in documents or bills. The Finnish Enterprise Agencies 2018, 55). So that customers or people who may concern can check information about that business.

Secondly, a business needs a bank account for processing payment or receiving income. Business owner can decide which bank they will open depends on their preferences and

promotions of banks. Last step is fill a form of business notification to the Trade Register and various Tax Administration department. (Business Finland)

According to Wirma, there are 6 types of a business in Finland. They are sole trade, general partnership, limited partnership, limited company (most common), cooperative and branch of a foreign enterprise. Author decided to register as a limited company type for the restaurant because of several facts. While sole trader must have fully responsibility of debt into his or her personal life, limited company can prevent to have a personal debt related to operation of the business.

A limited company is built by one or more people. A share capital of at least 2500 EUR needs to be deposited as shared capital. The register fee is 380 EUR and “a notification of an auxiliary company name using paper forms costs 115 EUR per each auxiliary name” (PRH 2020).

Founder of limited company needs to have legally competent and has no bankrupt status. It is mandatory to notify the Finnish Trade Register three months in advance (Wirma). This type of company is suitable for those who only want to share the company’s liability based on their share.

4.4 Taxation

It has four separate taxes amplified in a limited company. Founder should be concerning to define the net earnings after taxes. First is income tax. This is an earning-based tax for the business owner or every worker who received salary. This income is taxed based on progressive level. In another word, the more a business owner draw salary for themselves, the higher rate of tax they contribute (Foreigner.Fi 2019).

In related to the company tax is advance tax. A fixed rate of 20% is not changed regardless how much profit in annual period. It is paid in advance and based on estimated net profit. In an accounting period, Vero will calculate whether the company must pay more tax or get tax refunds. (Foreigner.Fi 2019)

When the founder wishes to withdraw profit from a limited company. 30% or 34% tax will be applied depend on the amount of withdraw. This is called capital income tax.

The last tax is Value Added Tax (VAT). In Finland VAT of restaurant or food industry is 14% and it is fixed rate disregarding the type of a business. It is convoked from customers and distributed to the Tax Administration. A net sale under 10.000 EUR per year is not

subject to VAT tax. However, net sale over 10.000 EUR must pay tax for the full amount of sale in any circumstance (Foreigner.Fi 2019)

4.5 Employee's health insurance contributions and Unemployment Fund

It is a responsibility of employer to handle several taxes that applies on employee salary. The taxes are reported directly to Income Register every month. There are two separate reports must be drawn and hand to the Department. (Vero Office 2019)

First is Payment Report, which is a set of reports, including payroll details of each staff. Deadline is 5 days after payday. Accurate information such as wages, fringe benefits, fees, non-wage compensations related to job and other incomes should be written in the report. Besides, data related to membership fees for labour unions, capital income of the employee are not included in the report. All data will be stored by Income Register up to 10 years. (Vero Office 2020)

Another report is named Employer's Separate Report, in which total health insurance contribution per month is reported (Vero Office 2019). Employer only must submit one Employer's Separate Report monthly.

According to Health Insurance Act (Vero 2019), health insurance contributions for 16 to 67-year-old employees is paid by employer to Tax Administration. However, with trade income, employer does not obligate to pay this fee. The rate is 1.34% in 2020 of total salary have paid monthly. In 2019, this rate was 0.77%.

Besides, employee is obligated to contribute his or her earnings-related pension insurance when the monthly salary excess 60.57 EUR in 2020 and the staff is over 17 years old. The payment is arranged by employer under Finnish laws. In the case of private restaurant, the pension is under managed of Employees Pensions Act (TyEL). (Tyoelake Fi 2020). The amount is paid directly from withhold of employee's salary. The rate is variety depends on worker's age. The table below illustrates rate.

Pay to your insurance company	2020	2019
Employee's pension insurance contribution (worker's ages 17 to 52)	7,15 %	6,75 %
Employee's pension insurance contribution (worker's ages 53 to 62)	8,65 %	8,25 %
Employee's pension insurance contribution (worker's ages 63 to 67)	7,15 %	6,75 %
An employer with an insurance contract: pension insurance contribution (average rate) An employer with an insurance contract is an employer who constantly employs people.	16,95 %	17,3 %
Employer's pension insurance contribution (seafarers)	11,4 %	12,8 %

Figure 4. Fee to pay for insurance company (Vero Office 2020)

In another hand, unemployment insurance contributions are applied for both employers and employee, however, it is gathered by employers and transfer to Employment Fund (Työllisyysrahasto or Sysselsattningsfoden). The table below shows the rate, which rate is applying on employer and employee in 2020. (Vero 2020)

Pay to the Employment Fund (Työllisyysrahasto/Sysselsäätinningsfonden)	2020	2019
Employer's unemployment insurance contribution	0,45 %, if paid wages no more than €2,125,500 a year 1,70 %, if paid wages go over €2,125,500 a year 0,45 % for partial owners of a company	0,50 %, if paid wages no more than €2,086,500 a year 2,05 %, if paid wages go over €2,086,500 a year 0,50 % for partial owners of a company
Employee's unemployment insurance contribution	1,25 %	1,50 %
The unemployment insurance contribution of a shareholder-employee	0,65 %	0,78 %

Figure 5. Fee for pay to the Employment Fund (Vero 2020)

The employee should get payslip every month that they earn salary. In the paper, all matters related to earning and reduction must be clear. The figure below is a template of information should be included. This template is a typical payslip that author receive from working in a restaurant as part time. In addition, withholding tax and other funds are also written down in the payroll.

Oy	Palkkalaskelma		
<p>Vu Khuc Son, Ha Taidetehtaankatu 1 06100 PORVOO</p>	<p>Henkilötunnus: Tilinnumero: Palkkapäivä: Palkkakausi: Palkkalaskelman numero: Työsuhteen aloitus: Työsuhtemuoto: Verokortin tyyppi: Perusprosentti: Lisäprosentti (%): Rajapalkka:</p>		
<p>Palkkalaskelman nimi: 2020 April</p>			
Palkkalaji	Määrä	Yks.hinta	Yhteensä
Tunipalkka			
Sumuntalutyökorvaus			
Ilalisä, aatto			
Ilavuorolisa			
Sumuntal-ilavuorolisa			
Aattotyö 50 %			
Lomapalkka 11,5% (manuaalinen lask.)			
Ennakonpidätys			
Työntekijän TyEL-maksu			
Työttömyysvakuutusmaksu			
Maksetaan			
Kumulatiivinen yhteenveto	Palkkakaudelta	Vuoden alusta	
Palkat			
Luontolisetu			
Vakuutuslisa			
Vähennys ennen ennakonpid.			
Ennakonpidätyksen alainen			
Vero			
Päivärahamaksun osuus ennakonpidätyksestä			
Veronalaiset korvaukset			
Verovapaat erät			
Työntekijän eläkevakuutus			
Työntekijän työttömyysvakuutus			
Muut vähennykset			
Maksetaan			
Oy	Y-tunnus:	Yhteysthenk ⁰⁰⁴⁴	
PL 00 06101 PORVOO FINLAND		Puhelin: +358 sähköposti: ir	

Figure 6. Payslip template for employee.

4.6 Accounting rules

Beside taking care of entrepreneur's income taxation, owner also is responsible for arranging accounting for the business. Since taxes such as income tax and VAT are withdraw based on the books (Vero Office 2018), it needs to have an accurate accounting action to be transparent for tax issue.

Good news is this task can be outsourced or managed by the owner herself. Digitase company is offering the service for 40 EUR per month. Other companies have similar fee too. In Finland, public corporations are required to draw balance sheet and other accounting under IFRS Standards. However, other businesses such as partnerships, sole traders are obligated under local Finnish Accounting System. (Leinonen)

Although accounting outsource is a smart choice for entrepreneur to save time and focus to grow the business, entrepreneur will be fully responsible for the accuracy of the accounting matter. So, having a basic knowledge about accounting rule in Finland is beneficial.

According to Vero Office (2018) all companies must keep accounts of their business. Accounting separates the company's and entrepreneur's personal assets, income and expenses". Receipts and other documents must be collected and stored for book entry purpose.

Double-entry bookkeeping is required for businesses, which meet 2 out of 3 criteria:

- Total assets are more than 100,000 EUR
- Revenue is over 200,000 EUR
- Over three employees. (Vero Office 2018)

In terms of fiscal year, it can be longer or shorter than 12 months, but no longer than 18 months. And the first day starts when a business is established. In every financial year, having a financial statement is mandatory and it must be ready 4 months before the fiscal year ends. In the report, it must include the profit and loss account, balance sheet with notes and balance sheet specifications. However, it is not compulsory to draw up a balance sheet when a business does not meet two out of three requests:

- Total assets or total liabilities are more than 350,000 EUR
- Total sale is over 700,000 EUR
- Number of employee is over 10 people (Vero Office 2018)

5 Business plan application

5.1 Rival analysis- restaurants in Porvoo

Currently, there are 11 Asian restaurants in Porvoo. Name few are Khukuri and Nepalilainen Ravintola Porvoo (Nepalish), Sakura, Oishi, Otaru sushi (Japanese), An Ngon (Vietnamese), Thai Street Food and Thai Sabai (Thai) and a few more.

When choosing direct competitor, author choose two most popular Asian restaurants, which has similar style, which is casual and family. Besides, the only Vietnamese restaurant in town, which serve buffet also will be studied since it comes from same root of religion. All information is collected through Facebook and TripAdvisor. In another hand, authour also visited these restaurants a few times.

	An Ngon	Thai Street Food	Khukuri
Style	Casual and family	Urban and cool	family
Menu	buffet	A la carte for dinner 3 option dishes for lunch	A la carte Vegetarian friendly
Price	9.5e	Lunch: 10e A la carte menu: 13 – 15e	12 – 19e
Location	Far away from city center, located inside Micro Kulma market	City center	City center
Weaknesses	Bad location Poor decoration Close in dinner time	Quality of food is not stable, according to review from Facebook) Sometimes long queue in peak time	Quality of food is not stable. The price range is considered quite above the average price of Asian food in town
Strength	Super friendly customer service Authentic taste i Cheap food They also own a small Asian food	Fresh food Authentic (Chef team is Thai) Great location	Authentic taste Good location Staff is friendly

	market. It explains how the price can be so cheap		
Atmosphere and decoration	Very casual	Urban and comfortable place to sit be	Nepalish decoration
Promotion	Not often	Collect 10 stamps in lunch for 1 free	Not often

Figure 7. Information about competitors

Result shows that authentic taste is a must factor for an Asian restaurant. There are several things that authors can learn from the competitor's weaknesses and strengths. Long queue waiting may bring the customers away from second visit, so locate a sufficient number of staff in the peaking time is mandatory.

The direct competitor is An Ngon restaurant, they only open in the lunch time. This is a great opportunity for Ha Can Cook restaurant to attract Vietnamese's food lovers in dinner time. From the survey conducted by authors, there is a comment also pointed out the timing issue of An Ngon "Porvoon vietnamilainen ravintola on huonosti auki, supeat aukioloajat. Pitäisi olla iltaisin ja viikonloppuisin myös avoinna (Mikrokulman yläkerrassa), että pääsisimme useammin syömään". Briefly translate, The Vietnamese restaurant in Porvoo has limited time of opening. It should open also in evening and weekends.

5.2 Business Model Canvas

A survey had been conducted to get insight about local potential customer. There are 84 responders, who living in Porvoo had participated. Customer target group had been formed based on statistics on the survey. Their needs and demands are the value proposition that the Vietnamese restaurant needs to offer.

Besides, the answerers gave many hints and tips how the new restaurant can compete with its current competitors. Most of the responders think a good strategy of marketing will make a new restaurant stand out from the crowd.

5.2.1 Customer segmentation

people who usually eat out in lunch is a group of people, who is full time worker and dating or married. The statistic shows full time workers dine out more frequent than other groups (Figure 8). time a few times per weeks or every weekend is full time workers (45%

and 55% respectively), while working part and studying at the same time go out for eating is second group And student rarely go to eat out in restaurant and people who is looking for job response the highest of never go out for lunch (more than 42%).



Figure 8. Frequency of people dine out based on job

Besides, the result also stressed out Married group and Dating group more likely to go out to eat than single (Figure 9). More specifically, married or have kids and dating group dine out a few times per week accounted for 40% and 48% respectively, while only 15% single group dines out a few times per week. In another hand, people answered that they never dine out is also mainly come from single group (almost 50%)

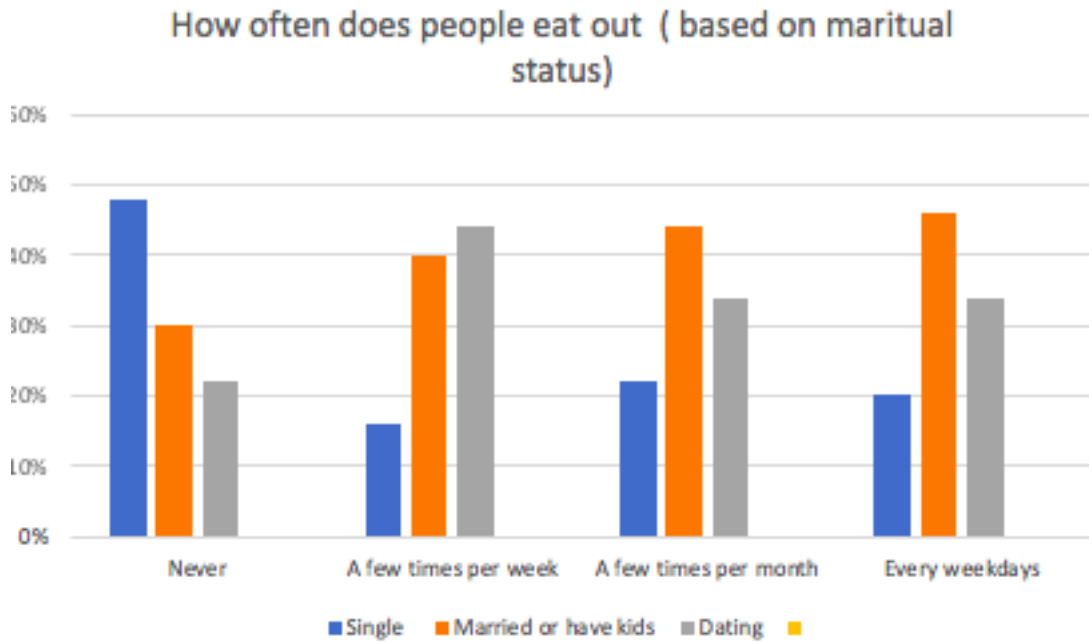


Figure 9. Frequency of people who dine out, based on marital status)

5.2.2 Value proposition

The result from survey showed that appreciate different values through in lunch time and dinner time. Besides authentic and fresh food, which is main value of the restaurant, author also relies to customer demands in different time frame.

In lunch time, customers prefer to choose buffet or casual and family style. Figure 10 illustrates which two types of restaurant local people will go for in lunch time.

Characteristics of buffet is quick to get and big amount. So that, it would be a great idea to offer lunch based on those two factors.

Which types of restaurant will you go for lunch? (maximum of two choices)

84 responses

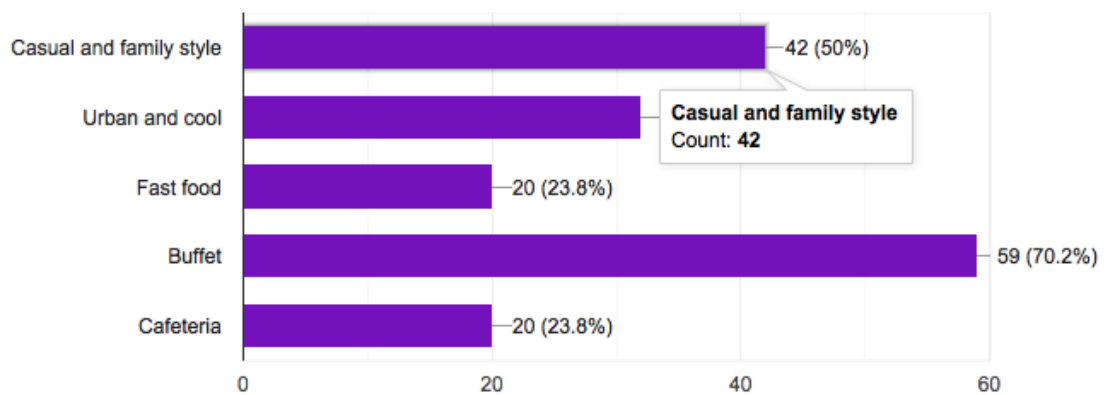


Figure 10. Type of restaurant for lunch time.

Besides, customer also requires for delicious food and good customer service (figure 11). When asked the most two important criteria to choose a lunch restaurant, 75 out of 84 respondents choose delicious factor, and 36 out of 84 chose good customer service. While having delivery service is not important at lunch time, and close to office factor accounted for small portion also.

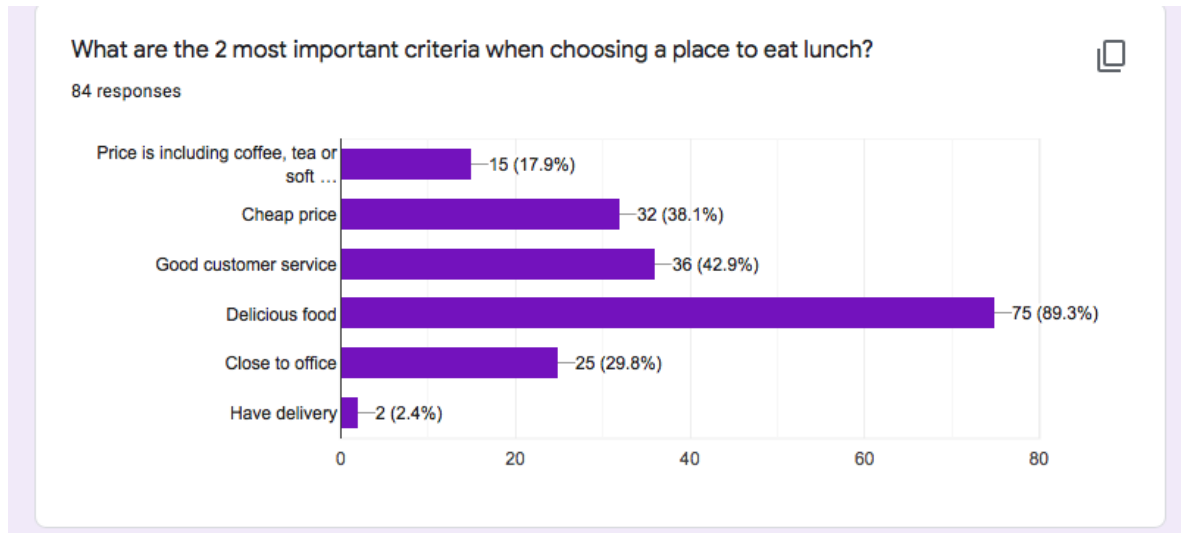


Figure 11. The 2 most important criteria when choosing a place to eat lunch

With the dinner target customer group (Figure 13), they more concern about having a place to hang with friends and family (65% answers) or celebrate some special occasions (63% responses). So that, the restaurant should offer a comfortable atmosphere

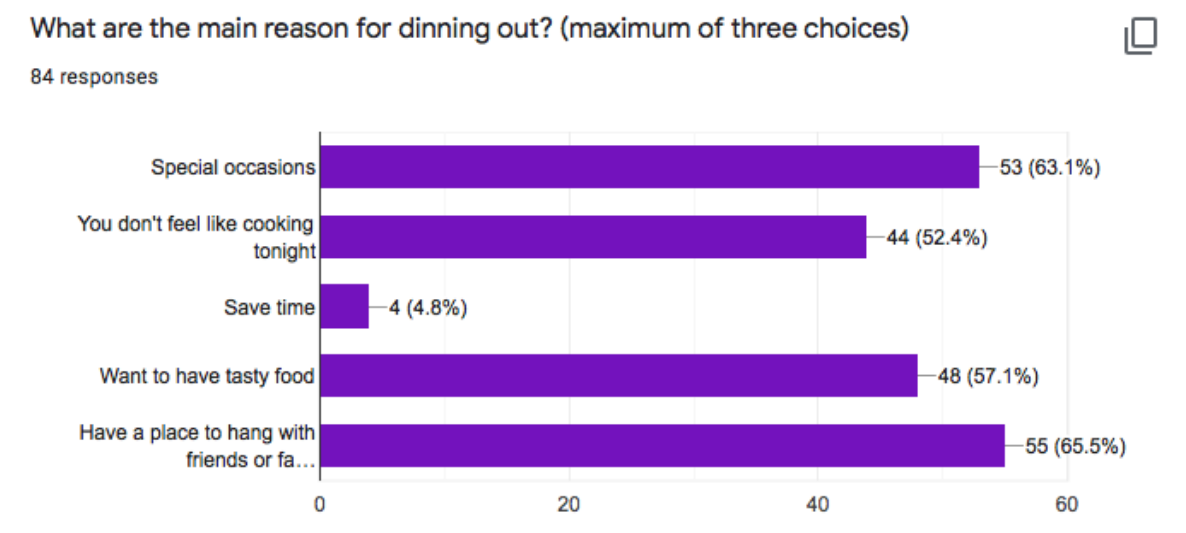


Figure 13. Reason for dining out

The value of quality of the food lies on raw material. Vietnamese vegetable is indeed limited in Porvoo. However, the main ingredient can find in Asian market in Helsinki such as Thai Orchid or Vivion. The green vegetable quality is depending on 2 factors. First is the delivery path and store in the restaurant storage. In the restaurant that the author was working, green Asian vegetable is delivered from Helsinki everyone week. Also, is it crucial to order just in time the ingredient to keep good quality of raw ingredient.

5.2.3 Marketing Channel

Raising brand awareness: author will utilize two main marketing methods: Social media marketing and word of mouth. Since the potential customer think social media marketing is one of the most effective way to advertise new restaurant, which accounted for 80% of Responses, and word of mouth is the second effective way, based on their opinion. (Figure 14)

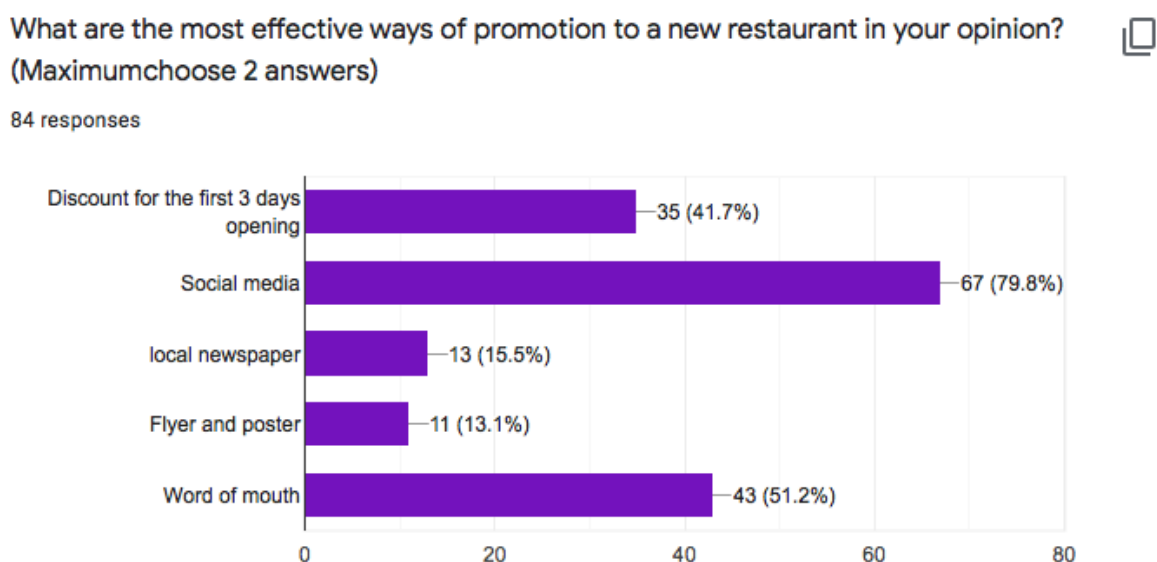


Figure 14. Effective promotion way according to customer perspective.

- Social media marketing: Instead of having a website, a small size restaurant can use Facebook and Instagram to communicate and promote. To maintain a domain for website, there is a fixed cost must spend per month as well as cost and effort for building and create content.

While social media platform facilitates 2 ways communications between the restaurant with customers. In which, organic content still reaches audience in organic way, whereas, paid post widens marketing goals such as reach, interaction and so on. Menu and contact information will be public in social

media channels. An advance of this marketing channel is higher engaging with customer by interaction with the audience.

- Word of mouth: Since Porvoo is a small city, the existence as well as reputation of a business is easier to notice to be compared with capital city. A Marketing strategy for word of mouth will be utilised in Social Media platform. Campaign such as tag your friend in a post to win a dinner free for 2 is consider effective.

With a restaurant using social media platform, pay attention on what people think about your food and improve points that can be improved is important. Besides, every conversation online with customers is value. It is also important to reply negative comment an appropriate manner.

The restaurant eaters pay and receive their food mainly through order kiosk. However, there should be another cashier available in case the technology goes wrong, or customer requires human support. All data secure must be applied to protect customer data.

Due to a small size as well as lack of capacity and location is in Porvoo, where the infrastructure is not ready to be beneficial for delivering service, the restaurant will not offer delivery service. In fact, there was Food Chimps, which established in 2018 to deliver food to doors was crashed down because there was not enough demand. Although in a Covid time, it supposed to be a golden moment for food delivery service, however, in Porvoo it is still not working. So, the restaurant only serves for customer who will pick up the food or eat in.

In practice, it is common that mistakes such as give customers wrong food, wrong preferences. In case of it, when customer eat in, they will contact to staff. It is important to fix the problem as soon as possible. Or when customer have pick up order, and the order is wrong. The solving solution is compensating a free meal for customer. It is always a strategy to over compensate rather under because it is expensive to earn new customer and loose current customers.

5.2.4 Key resources

include tangible and intangible, in which they can be generally catalogued as physical, intellectual, human and financial resources.

- **Physical resources:** although named as physical resources, this type can both intangible and tangible assets. It includes buildings, equipment, tools, machines, transportation and or even distribution networks (Business Generation Model 2009, 33).

In case of the restaurant, physical resources are building, kitchen and electric equipment as well as tables and chairs.

- **Intellectual property** refers to intangible assets which requires huge effort to build and maintain such as brand, proprietary knowledge, patents and copyrights (Business Generation Model 2009, 33). However, once successfully earn the property, its will be a key resource for an edge advantage. A patent, which supports a company to remain a monopoly on producing and selling a typical product will block their competitors. In fact, several giant companies defeat their rivals in the same industry thank to intellectual assets such as Nike and Adidas.

In case of the Vietnamese restaurant, there is not intensive focus on intellectual asset due to lack of capabilities and abilities and unappropriated size. However, the owner plan to register and protect the name of company as “Ha Can Cook”.

- **Human resources:** There hasn't have yet a company run profitably without human effort as an input. In general speaking, human assets are either bodies or knowledge. A stark example would be the case in West Indies Sugar Plantations, where slaves were put to work. The output was related to the quantities of workers, not their willing to work or strength or knowledge (Oakley 2020). In another hand, a bank service uses worker's expertise to generate value for their customers.

Indeed, human has always been main assets for the whole F&B industry so far. Although new technology is implying, human is still a main key to run the restaurant. In 2017, the first Human cuisine robot chef was introduced in China with a vision to replace human labour worldwide in the future (China Daily 2018). It has its potential; however, this is not a case for the Vietnamese restaurant, at least 5 years from now.

- **Financial assets:** Allows company to acquire other assets like human, physical and even intellectual property.

5.2.5 Key partner

In this case of restaurant, author defines a key partnership is relationship with suppliers. The restaurant will need supply with raw material, and other services such as accounting. The table below is a contact collection of suppliers in Porvoo.

Vegetable -Peruna Porvoo	<ul style="list-style-type: none"> • Maalarinkuja 2 • 06150 Porvoo • 019 5219 900 • info@porvoonperuna.fi
Meat market- Herek Oy	<ul style="list-style-type: none"> • 019 524 5924 • Akisallintie 4 B, Porvoo
Thai Orchid - Asian vegetable	<ul style="list-style-type: none"> • Itäkatu 7, 00930 Helsinki • Puh: +358505290573
Accounting - Auto Account	<ul style="list-style-type: none"> • 0600 418 128 (or +358 400 198 154)

Figure 15. Contact info of suppliers

5.2. 6 Cost structured

With the Vietnamese restaurant concept, cost structure might lie between cost driven and value driven. Since the industry has been already a battlefield of price, indeed, it is not a smart move for a new comer fight with prices. However, to be profitable, automation and just-in-time store of raw material will be adopted. Because, value of fresh and authentic cuisine are the main keys.

6 SWOT

Based on the theory, author conduct a SWOT analysis, which tailor for a new small size of Vietnamese restaurant in Finland. In general, the most weakness point of this business is similar than other start-up might face such as finance and lack of experience. In addition, during the Covid time, it is evidence to see how a pandemic can crash down the whole F&B industry.

In another brighter side, competitive advantage of the business itself together with opportunity in the future, when Corona virus is controllable, it promises a profitable development.

	<i>Helpful</i>	<i>Harmful</i>
<i>Internal origin</i>	Strengths <ul style="list-style-type: none"> • Unique Vietnamese kitchen in town • Owner has experience in varieties position in the field – • Apply technology to cut staff cost • Marketing strength thank to owner's expertise and experience in executed marketing campaigns for other restaurants – • Fresh food and authentic taste 	Weaknesses <ul style="list-style-type: none"> • New comer, has no relationship with customers • Tight budget of a start up – • In building planning and other technical issues related to arrange for building premise • Location – • Higher price of raw material of Asian ingredients • Build a team of qualified chefs
<i>External origin</i>	Opportunities <ul style="list-style-type: none"> • Some existing restaurants in town might not bear and go bankrupt during Covid time, which mean less competitors • Demand for eating out after Covid time is significantly increased – • Asian food is up trending • Expanding as a food chain 	Threats <ul style="list-style-type: none"> • High competition on Asian Restaurants in a small town like Porvoo • Pandemic can last longer – • Another pandemic impact to the survival of whole industry and importing of material • Accident during work

Figure 16: SWOT analysis

7 Financial plan

To establish a restaurant or any business from the scratch indeed it drains a big amount of first investment. Ventilation, building cost, decoration, technology tool and other services are the biggest cost. Planning and estimating first cost is mandatory for every business to mitigate stress of overwhelming unexpected circumstances. A stable or strong financial support might minimize the level of stress. Although with a start-up, financial is

not an advantage, there is financial leverage to support the entrepreneur at their first building step.

7.1 Estimated-financial Calculation

The sample calculation below is created for a Vietnamese restaurant, which mainly served for take away option. The restaurant serves lunch, a la carte dishes after 4pm till 8pm, and running 6 days per week. There should be 1 cook, 1 assistant on weekdays and 2 assistants on Friday and Saturday. As experienced of working from a 50m² restaurant, this amount of staff should be sufficient.

All ingredient for cooking whole day might need 4 hours in advanced of opening time to prepare. Besides, after closing time, 1hour is enough for close sale, calculate money and daily cleaning. In total it is 644 hours per month for labour cost to operate.

In Finland, the standard of hospitality working condition is under Collective Agreement. There is no specific requirement on salary of employee. However, the most common salary per hour for restaurant worker is about 10.38 to 12 EUR per hour in Uusima area. So, the cost for staff per month is estimate 7,000EUR

As preference from a restaurant is selling in Porvoo city center, their rent is 1850 per month for 100m². Estimated for a smaller area is within radial of 3km from city center is 1200 per month.

After gathering information about costs, an estimated-financial calculation for the investment is conducted (Table 17). In which, ventilation and building is an assumption number without any references since the costs depend case by case. The financial plan positively might be changed accordingly to the real costs of those factors.

Estimated investment (EURO)		
registration cost		380
Other licenses such as music and food		1000
Decoration		2000
Ventilation and fixing building		20,000
Machinery and equipment		
IT		500
Cashier machine, phone, music equipment, and other		2000

Operating costs for 3 initial months	
Initial advertising and brochure	500
Rent and deposit 2 months	3600
Staff cost per month	5,400
Personal living cost for entrepreneur per month	2000
Initial inventory	3000
Working capital reservation or cash reserve	600
Electricity, water, internet per month	400
Capital required in total	41, 380

Figure 17. Estimated-Financial calculation for the first investment

7.2 Financial Leverage

As calculated above, the restaurant will need around 42000 euro to establish as first phase. Besides share capital 2500euro and personal fund around 6100, bank loan is a source of fund. Depends case by case, loan interest will be different, so author will not discuss on this thesis.

Capital sources (EUR)

Equity	Share capital	2500
	Personal fund	6103
	Entrepreneur grant from TE	673
Loan Capital	Bank Loan	16,000
Total Capital		41, 380

Figure 18. Sources of Capital

7.3 Pricing strategy and Menu

Although the business is a new comer, the owner does not have intention on competing with competitor by price set. As mentioned above in the value proposition part, competitive advantage of the restaurant lies on authentic and fresh. However, it is important to have a set of prices not to overwhelm to the rivals.

In the average, lunch buffet in Porvoo of other Asian restaurant is offering is around 10 to 12 EUR, which including serval extra service such as free coffee or free soft drink. A la carte dishes are around 13 to 15 EUR, with seafood pluses 3 EUR. The prices compared mainly from Thai Street Food Porvoo, Hua Wu and Sakura sushi.

Regarding to menu, dishes are chosen based on the popularity toward international community, quick to make and prepare, easy to take away, and the food ingredient of all dishes should have some common ingredient. It can help with the ordering process and save food waste.

In this Business Plan, author will not focus on menu. However, there are 3 main dishes will be illustrated with purpose of pricing the product. So that, it supports for calculate break-even point.

Three main dishes are chosen to demonstrate the price and variable costs. The costs are estimated by experience. Notice that raw material cost can also be add up due to food waste. Vegetable and meat have short-life storage.

Banh Mi (Vietnamese Bread) is selected because of its popularity and convenient for take away as well as consume as a lunch preference. The variable cost for one unit is about 2e. Sale price is 8EUR



Figure 19. Banh Mi (Ha Noi Free Tour 2017)

Another is fresh summer rolls. This dish will be time consuming as well as high variable costs. However, author predict it will be a signature dish for the restaurant. 1 set of 3 pieces is 3.5 euro for the variable cost. The sale price is 10 EUR.



Picture 20. Fresh Summer Rolls

Next one is Grilled pork noodle, which can use the same ingredient with fresh summer rolls and Banh Mi. The variable cost is 3, which can be priced at 13 euro



Figure 21. Grilled Pork Noodle

The menu will be expanding to 10 dishes. Besides, soft drink and coffee can be a great revenue stream because do not need to prepare. A can drink is sale as 2.5EUR when coffee 1 EUR.

8 Break-even point

To determine an amount of sale unit or sale revenue that can cover expenses of a business, break-even point is an efficient tool (The Balance). Before calculating this indicator, initial step is determining fixed and viable costs Fixed cost is also known as operating cost, which including rent, salaries, electricity bills and others.

Variable costs are related to sale volume. It is an expense of raw material to produce per unit. The formula for break-even is fixed costs divided by the difference between the unit price and variable costs. (The Balance).

$$\text{Breakeven point} = \frac{\text{fixed costs}}{\text{sale price per unit} - \text{variable costs per unit}}$$

Table below illustrates an approximate amount of over-head costs that an ideal restaurant might pay per month. Notice that interest fee is planned to pay within 3 years. Since the interest rate is 7.4% per year, when calculate interest rate as fixed rate, with a principal of 21,000 EUR, every month, borrower must pay 129 EUR for interest fee.

To break down the costs. staff is accounted for 67% of operating cost in this case. As claimed labour cost consume the majority of operating budget, in this case, it clearly proves the preconception. in fact, the labour cost can be accounted for 75% in SME restaurant (Posist, 2016).

Rent	1500
Staff	7,000
Electricity, water, internet	400
Marketing cost	20
Fixing and maintenance	120
Depreciation	1000
Interest fee for loan	129
Health Insurance Contribution to Tax Administration (1.34% in 2020)	93.8

Unemployment Fund for staff (0.45% in 2020)	31.5
Accounting Service	40
Sum	10, 334 EUR

Figure 22: Operating costs per month

The average price per dish of an ideal restaurant is 10.3 EUR without VAT. Since 14% VAT is collected from customers and transfer to Tax office, so the net price received is 8.9 EUR. The average variable cost per unit is 2.83 EUR

In conclusion, to be cover the cost of operating and producing, the restaurant needs to sale over 1704 dishes per month, which means 60 dishes per day. The number of dishes sold under this amount will lead to unprofitable business. And opposite way, the more dishes sold over 60 meals per day, the more profit that restaurant can earn. The calculation excludes the revenue come from drinks. It is calculated as

$$1704 \text{ units} = \frac{10,344}{8.9 - 2.83}$$

9 Conclusion and discussion

Base on author's work experiment, a 40 seats capacity size restaurant in Porvoo, which opened first year can earn 2000 to 2200 EUR per weekdays in average, in weekend is about 2500 to 3500 EUR. With the estimated break-even point that calculated above, it shows a possibility of profitability.

Entrepreneur is under high pressure between keeping the start-up lean and run a business grow fast. As a new comer in F&B industry, where the profit margin has already been squeezed by competition and high labour cost, the burden is even more.

However, from the Financial plan in this report, it shows there is still way to make a small size restaurant become profitable in Finland. Besides, the main factors in contributing for successful restaurant are passion and persistence.

To be compared with other industry related to technology such as software, the first investment on a restaurant can be higher. So, only be persistence, the owner can get the capital back and then generate profit after that.

In the end, author hope this could be a template for future restaurant owners or a source of to-gain-information. The Financial numbers can be varied in different location and size of a restaurant, but the factors on Financial plan will suitable or a bit different for most of the restaurant in Finland.

In fact, labour costs more than a half of operating cost. Besides salary, other expenses related to staff such as insurance, pension and other fund are minimizing net profit. Another plan for human resource and maximize productivities would be beneficial.

There is one important factor in the successful of this business that a business plan cannot cover. It is a qualitative factor – food taste. I have known some restaurant have lousy customer service, worst marketing campaigns but their sale is still incredible high, just because of excellent food.

Chef team is vital. The thing is the team of chef needs to be trained well to have same taste by all chef members. In practice, this is hard to achieve even the restaurant have a strict recipe for each dish. Because cooking is an art.

Reference

Barmak 30 Jun 2014. Restaurant Hospitality. Does Your restaurant have a clear Value Proposition? URL: <https://www.restaurant-hospitality.com/blog/does-your-restaurant-have-clear-value-proposition>. Accessed 2 May 2020

Business Finland. Do Business with Finland. URL: <https://www.businessfinland.fi/en/do-business-with-finland/work-in-finland/setting-up-a-business/>. Accessed 3 May 2020

Business News Daily 2020. To market successfully, your customer can't be everyone. URL: <https://www.businessnewsdaily.com/5202-to-market-successfully-your-customer-cant-be-everyone.html>. Accessed 1 May 2020

Carlson 2020. How to Calculate Breakeven Point. URL: https://www.thebalancesmb.com/how-to-calculate-breakeven-point-393469_ Accessed 6 May 2020

China Daily 2017. World's first Human cuisine robot chefs debut in Changsha. URL: <http://www.chinadaily.com.cn/a/201805/17/WS5afd263fa3103f6866ee9050.html>. Accessed 17 May 2020

Desmarais 2018. McDonald New Self Ordering Kiosk Ring Death Knell for Many Fast Food Jobs. <https://www.inc.com/christina-desmarais/mcdonalds-new-self-ordering-kiosks-ring-death-knell-for-many-fast-food-jobs.html>. Accessed 2 May 2020

Foreigner. Fi 2019. The Tax Obligations for limited liability companies and cooperatives. URL: <https://www.foreigner.fi/articulo/business/the-tax-obligations-for-limited-liability-companies-and-cooperatives/20190510180718001877.html>. Accessed 4 May 2020

Gürel, E. and Tat, M., 2017. SWOT analysis: a theoretical review. *Journal of International Social Research*, 10(51). URL: http://www.sosyalarastirmalar.com/cilt10/sayi51_pdf/6iksisat_kamu_isletme/gurel_emet.pdf. Accessed 13 May 2020

HARRISON, J. S. & St. JOHN, C. H. (2004). *Foundations in Strategic Management*, (3. Baskı), USA: South Western.

Harvard Business Review 2015. What is a Business Model? URL: <https://hbr.org/2015/01/what-is-a-business-model>. Accessed 1 May 2020
Helsinki Times 2011. Sushi is on a roll. URL: <https://www.helsinkitimes.fi/eat-and-drink/524-sushi-is-on-a-roll>. Accessed 30 April 2020

Jagielka 30 Feb 2015. Value Channel User Business Model Canvas. URL: <https://divante.com/blog/value-channel-user-business-model-canvas/>. Accessed 13 May 2020

Leinonen. Business in Finland. URL: <https://leinonen.eu/fi-en/business-in-finland>. Accessed 12 May 2020

McGill 2018. The Business Model Canvas Series: Customer Relationship and Channels. URL: <https://www.ashtonmcgill.com/introducing-business-model-canvas-customer-relationships-channels/> Accessed 15 May 2020

NewCo Helsinki. 2018. Restaurant business: Advice for starting a cafe or restaurant ABC. Helsinki: NewCo Helsinki. URL: https://newcohelsinki.fi/app/uploads/2018/10/Ravintolaopas_2018_en_02.pdf. Accessed 2 May 2020

Oakley. What are the key resources needed to deliver the Value Proposition? URL: <https://www.denis-oakley.com/business-model-canvas-course/key-resources/>. Accessed 16 May 2020

Osterwalder, A., 2004. *The business model ontology a proposition in a design science approach* (Doctoral dissertation, University de Lausanne, Faculté des hautes études commerciales). URL: <https://scholar.google.com/scholar?q=Osterwalder%2C%20Alexander.%202004.%20The%20Business%20Model%20Ontology%3A%20A%20Proposition%20in%20a%20Design%20Science%20Approach.%20PhD%20Thesis.%20Lausanne%3A%20Universite%20de%200Lausanne>. Accessed 8 May 2020

Papandrea 2019. Pros and Cons of Restaurant Self-service kiosks. URL: <https://upserve.com/restaurant-insider/pros-cons-of-restaurant-kiosks/>. Accessed 3 May 2020

Parenteau 13 Apr 2020. Medium. Why Restaurants are so fucked. URL: <https://medium.com/@joelleparenteau/why-are-restaurants-so-fucked-ca07c4624745>. Accessed 30 April 2020

- Pereira 2020 The Business Model Analyst. Distribution Channels. URL: <https://businessmodelanalyst.com/distribution-channels-business-model-canvas/>. Accessed 14 May 2020
- PRH 2020. Start-up Notification of a limited liability company. URL: https://www.prh.fi/en/kaupparekisteri/yrityksen_perustaminen/osakeyhtio.html. Accessed 9 May 2020
- TE-Palvelut. Services New Entrepreneurs 2020. Startup Grant. URL: https://www.te-palvelut.fi/te/en/employers/for_entrepreneurs/services_new_entrepreneurs/startup_grant/index.html. Accessed 4 May 2020
- The Finnish Enterprise Agencies. 2018. Becoming an Entrepreneur in Finland. URL: https://www.uusyrittyskeskus.fi/wp-content/uploads/2018/04/SUK_perustamisopas2018_ENG_verkkoon-1.pdf. Accessed 2 May 2020
- The Restaurant Times. 7 Proven Ways to Effectively Reduce Restaurant Labor Costs. URL: <https://www.posist.com/restaurant-times/editors-pick/7-lesser-known-ways-to-reduce-labor-costs-in-the-restaurant-business.html>. Accessed 7 May 2020
- Trip Advisor 2020. Restaurants. URL: https://www.tripadvisor.com/Restaurants-g315777-Porvoo_Uusimaa.html. Accessed 2 May 2020
- Tuan 2017. Banh Mi Vietnamese Bread. URL: <https://hanoifreetour.com/banh-mi-vietnamese-bread/>. Accessed 10 May 2020
- Tyoelake.fi 2020. Employer's obligations. URL: <https://www.tyoelake.fi/en/employers-obligations/>. Accessed 12 May 2020
- Vero 2019. Filling reports on wages and employer's contributions. URL: https://www.vero.fi/en/businesses-and-corporations/about-corporate-taxes/being_an_employer/how-to-report-wages-and-employers-contributions/. Accessed 11 May 2020
- Vero 2020. Report data on paid wages to the Incomes Register. URL: <https://www.vero.fi/en/incomes-register/companies-and-organisations/employers/earnings-payment-data/>. Accessed 12 May 2020
- Vietnam Travel News. Theory of Yin and Yang In Vietnamese Cuisine. URL: <http://vietnam-travelnews.com/theory-of-yin-and-yang-in-vietnamese-cuisine.html>. Accessed 30 April 2020
- Wang, K.C., 2007, July. A process view of SWOT analysis. In *Proceedings of the 51st Annual Meeting of the ISSS-2007, Tokyo, Japan* (Vol. 51, No. 2). URL: <http://journals.issss.org/index.php/proceedings51st/article/viewFile/470/242>. Accessed 13 May 2020
- Wikipedia 2019. Online Research Method. URL: https://en.wikipedia.org/wiki/Online_research_methods. Accessed 7 May 2020
- Wirma General Information About Entrepreneur. Types Business Company Form. URL: <https://www.wirma.fi/en/general-information-about-entrepreneurship/types-business-company-form>. Accessed 3 May 2020
- Clow, E.K. & James, E.K. 2014. Essentials of marketing research / putting research into practice. New Delhi: Sage Publication.

Kotler, P. & Armstrong, G. 2004. Principles of Marketing. New Jersey: Pearson Education Ltd.

Kotler, P. & Armstrong, G. 2016. Principles of Marketing. Harlow: Pearson Education Ltd.

Kotler, P. & Keller, K.L. 2012. A framework for Marketing Management. Harlow: Pearson Education Ltd.

Kotler, P., Keller, K.L., Brady, M., Goodman, M. & Hansen, T. 2009. Marketing Management. Harlow: Pearson Education LTD.

Malhotra, N.K., Birks, D.F. & Wills, P. 2012. Marketing Research/ An applied approach. Harlow: Pearson Education LTD.

Saunders, M., Lewis, P. & Thornhill, A. 2007. Research methods for business students. Harlow: Pearson Education Limited.

Appendix

Market Research - Vietnamese restaurant in Porvoo

*Required

Your age?

- Under 18
- 19-30
- 31-49
- over 50

What is your employment status?

- Part time and study
- Student
- Full time
- Looking for a job

What is your marital status

- Married or have kid/ kids
- Single
- Dating

How often do you eat out in lunch time?

- Every weekday
- A few times per week
- A few times per month
- Never

How much you willing to pay for a lunch?

- Under 6 euro
- under 10 euro
- Under 14 euro

Which types of restaurant will you go for lunch? (maximum of two choices)

- Casual and family style
 - Urban and cool
 - Fast food
 - Buffet
 - Cafeteria
-

What are the 2 most important criteria when choosing a place to eat lunch?

- Price is including coffee, tea or soft drink
 - Cheap price
 - Good customer service
 - Delicious food
 - Close to office
 - Have delivery
-

How often do you dine out

- Almost everyday
 - A few day per week
 - A few day per month
 - not often
-

How much would you like to spend (for dinner)?

- Under 10
 - 11 to 14 euro
 - under 20 euro
-

What are the main reason for dinning out? (maximum of three choices)

- Special occasions
- You don't feel like cooking tonight
- Save time
- Want to have tasty food
- Have a place to hang with friends or family

What elements make you become a restaurant repeat customer? (maximum choose three answers)

- Affordable Price
 - City-center location
 - Having parking place
 - Delicious food
 - Comfortable atmosphere
 - Outstanding customer service
 - Cleanliness of whole restaurant
-

What type of restaurant would you like choose for dinner?

- Casual and family style
 - Fine-dinning
 - Cool and urban atmosphere
 - Fast food
-

What are the most effective ways of promotion to a new restaurant in your opinion? (Maximum choose 2 answers)

- Discount for the first 3 days opening
 - Social media
 - local newspaper
 - Flyer and poster
 - Word of mouth
-

Have you ever tasted Vietnamese dishes?

- Yes
 - No
-

Would you like to go to Vietnamese restaurant?

- Yes
- No
- Maybe

The motivations to choose an Asian restaurant (choose maximum two answers)

- Authentic taste
- Exotic food culture
- Tasty
- Curiosity
- Healthy
- Casual and affordable

In your opinion, what could make a Vietnamese restaurant stand out from its current competitors?

Your answer _____