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RESTAURANT-BAR STRATEGIC BEHAVIOURS IN OULU CITY CENTRE 2014

Analysis of competitive advantage, performance patterns and success-achievement results

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Restaurant-bar strategic behaviors in
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ABSTRACT

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The objective is to measure direct and indirect competitors' operating strategies, in order to evaluate their performance and make comparisons. The results are essential information for Coyoacán restaurant that will open on November 2014 on the street of Hallituskatu number 27. The 5 companies chosen represent the median values of all the competitors under a 93.75% certainty. The chosen "Subjects of Study" are:

- 1) Burgeribaari Kauppuri 5 (Bar & Grill Kauppuri 5 Oy) Fast-Food/Bar
- 2) Fit Wok (The Wokers Oy)
- 3) Indian Cuisine (Katiusa Oy)
- 4) Kiinalainen Ravintola Flavour Palace (Suo Zi Oy)
- 5) Tuba Food & Lounge (Oulu Tours Gorup Oy) Fast-Food/Bar

Two "Subjects of Study" represent the Fast-Food/Bar business model, which is a trend of business model that many restaurants and bars are adopting, and they seem to be as well the most successful restaurants in Oulu city center area.

Information is collected throughout two main sources researched, interviews and observation. First and second hand sources such as interviews, printed and online materials. All data gathered is spread into two main categories: The Marketing Mix 4 p's and Jim Collin's framework.

With a 93.75% of certainty this research found out that the Business Model of the Fast-Food/Bar is the most efficient. The sales of alcohol, customer service features and logistics result in highly performance numbers. Subjects of study that fit with this business model are close to tripling the Net Sales of year 2013 in comparison to the rest of the companies. There is no evidence that necessarily hamburgers and beer is the key for success. However it is interesting to point-out that there is still not a Fast-Food/Bar in Oulu that wisely uses the same business model and presents a different menu with interesting and new ideas.

Keywords: Certainty, Framework, Measure, Net Sales, Performance, Profit, Success

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1 INTRODUCTION

This thesis aims to gather essential information for Coyoacán restaurant that will open on November 2014 on the street of Hallituskatu number 27. The main objective is to analyze direct and indirect competitors' operating strategies. They will be also referred to as "subjects of study", and this report will examine and categorize them in order to evaluate their performance and make comparisons. The results of this thesis are valuable information to define important details in the operations and business strategies to be included in the business plan of the already mentioned company is planned to be establish. The main interrogations that this research looks forward to provide answerers to are: What makes the difference between regular and successful restaurants nowadays located in Oulu city-center (and nearby areas)? Is it important to sell alcohol? What are the best pricing strategies they follow? What is a good opening-hours schedule? Are there any law-loopholes other companies take advantage of? Is it possible to make something different that concerns to business sustainability and ethics that others are not considering? Perhaps some owners and managers in this business industry already know their particular and commonly shared answers, often based in tacit and practical knowledge. Yet there is not much theory around such business practices which brings them closer to the ground of commonly shared assumptions. In other words, maybe there are ways of doing business that seem to work for many managers and owners in this area in this industry; however they may not be the best solutions and perhaps there are better ways to succeed unknown due to the lack of reliable sources of study about such a specific topic. In Finland, making no exception in Oulu, there is a trend of a business model that many restaurants and bars are adopting. For the latter there is no particular name; however this thesis will refer to it as the Fast-Food/Bar.

Some of the most popular and successful restaurants that recently open in the past four years share many features in common, they sell similar food, on similar prices, same suppliers, and same marketing strategies among other characteristics that they all share. Nonetheless they are competitors among each other and naturally they all look forward to differentiate themselves, to innovate in their fields, to develop their identity to select their marketing strategies and perhaps ultimately to be the best in what they do. Not to forget that there are some restaurants that sell very different food and customer service yet they compete in the same industry and aim to the same target market. This research required a ground in common where all these competing restaurants could be organized. Restaurants can be classified in many ways; diet orientation (vegan,

vegetarian, fish, steak, etc.), cuisine, price, speed, among other differentiations (Wikipedia referred 25.02.2014). The main division to classify restaurants in this thesis is into two kinds of restaurants: Those who fit with the "Fast-Food/Bar" and those who don't. There should be a good reason on why they have been replicating and following as a basic structure this Fast-Food/Bar business model. On the other hand the criteria of selection is further explained.

Back to the Fast-Food/Bar and its importance in this research, here is a brief description of how they operate and sell their products: the customers stand in a line and place an order once they reach the register. Drinks are served and handed to the customer just after placing the order and for the food part, the cashier hands a number to the customer so the food will come to his or her table. These places offer hamburgers, salads, fried food, cakes and a few variations. One customer spends around 20 EUR for a meal and an alcoholic drink. They regularly sell mild alcoholic drinks such as beer, cider and long-drink along with stronger drinks over 4.7% of alcohol. Regarding the last ones, one could say that it is a bar, which happens to offer some food rather than a restaurant. Likely if further service is required; the customer must reach the cashier again. Tips are never expected and customer service rarely makes an effort to deserve any. The general excuse is that in Finland customer-service- quality sacrifices have to be understood as way to reduce the hand labor costs. And one last important detail is that all of these places basically use the exact same suppliers.

Restaurants and bars located in Oulu city center under a business-model that fit with the Fast-Food/Bar concept have better performance and are more successful than those that do not. If the later stamen is proved to be wrong the results must find data that supports the superior performance of those companies that do not operate closely to how the Fast-Food/Bar model describes. Nevertheless data might undertake performance results that are inconclusive around the efficiency or otiosity of the Fast-Food/Bar business-model, yet the qualities of a successful company will be exposed and supported with quantifiable information.

2 RESEARCH PROBLEM AND AIM OF THE RESEARCH

This thesis selects among restaurants and bars operating in Oulu city center in the current year of 2014 that cover the criteria of selection for the subjects of study further detailed. They are analyzed individually and faced into comparison, using quantitative data that explains their performance and the results regarding which one is superior in one or more areas. Also the average performance of those subjects that fit into the Fast-Food/Bar is gathered and confronted to the numbers of those that do not fit into the model.

As it was pointed out earlier theory is very scarce and ambiguous when it comes to specific cases such as this one. There are many points of view coming from industry experts, for instance business owners, which unluckily tend to be based on merely experience and subjective perceptions. On the other hand the practical use of scholars' advice seems to be very distant from the daily practices. This uncertainty brings an important concern about the credibility of the business strategies taken into companies' practices and measurable correlation with the results. For that reason it is important to undertake a solid explanation that offers measurable data clearly explaining the most essential features from the real life cases of companies.

Data collected is divided into two main categories:

One part is the 4P's marketing mix and the other part is Jim Collin's Good to Great Framework. Each of them has its own subdivisions of features. They direct, organize and integrate the information that eventually results in the evidence which may prove right or wrong the main hypothesis that defends the superiority of the Fast-Food/Bar businesses and most important of all the efficiency of the different approaches that the subjects of study have towards the same challenges correlated at all time to their performances.

3 THEORETICAL BACKGROUND AND METHOD OF RESEARCH

Information is collected throughout two main sources researched, interviews and observation. Some of this data comes from second hand sources: such as printed and online public materials. Also some information is collected through visiting the actual locations and taking notes. These observations are measurements, in other words they are approximations taking into consideration the definition that is offered in the book of *How to Measure Anything: Finding the Value of "Intangibles" in Business* by Douglas W. Hubbard. According to this book Measurement is: "A quantitatively expressed reduction of uncertainty based on one or more observations" (Hubbard 2014, 31). Furthermore all this data finds a ground of understanding on which fair comparison can be exercised. The information gathered is spread into two main categories: The Marketing Mix 4 p's and Jim Collin's framework.

3.1 The Marketing Mix 4 P's and It's Use in This Research

The 4 p's of the Marketing Mix 4 p's are: Product, Price, Place and Promotion. They are the essential bits of information about the companies. Every single restaurant must have a certain food which they offer, a list of prices, they also must have a location and they certainly attract customers using one or many channels of advertisement. Some of that information is easy to obtain by doing simple research and some other is operational costs which are not easy to obtain and its constantly varying. However the adequate measurement brings closer to realistic average numbers. In order to approach to accurate approximations this research finds online information about the yearly financial results that public and private liability companies are obligated to report at least once a year. For that reason one condition of selection for the subjects of study is that they must be established as Limited Liability Companies, known by the suffix "Oy" in Finnish language. All data gathered is in the "Inquirer for Subject of Study Documents" APPENDICES 1-5. The approximations are used to obtain numbers such as: customer flow, break-even point and operational costs.

The information is collected and put directly into the APPENDICES 1.2, 2.2, 3.2, 4.2 and 5.2. These are financial calculation excel sheets taken from the Oulu Regional Business Agency as part of the "Start-up Kit." This paper sheet is practical and efficient containing all the information that is needed to closely calculate costs and income as well as taxes, and it fits almost into any kind of company on any industry. The "P's" aid to separate the main sections of results taken from the excel sheets from each company.

3.2 Jim Collin's Good to Great Framework and It's Use in This Research

Jim Collin is a remarkable author, a "business-guru." Among his very celebrated publications this research takes the one that according to the New York Times is his most notorious bestseller: Good to Great. This research uses the excellent framework that is explained and used in this book. It works to study business not only from the profit-results point of view but also from the success-potential. In other words this framework also evaluates the competitive performance in a long term, building the idea that superior companies must have certain characteristics inside their structure in order to give successful results constantly over the years and throughout decades. They researched 500 companies from United States, covering 10.5 years analysis carried out by a team of 21 field professionals and undertaking 11 companies as the only examples that covered the strict criteria to be considered "A Great Company". The figures of success of a great company are: Level 5 Leadership, First Who Then What, Confront the Brutal Facts, Hedgehog Concept, Culture of Discipline, Technology Accelerators, The Flywheel and the Doom of Loop and From Good to Great to Build to Last (2001, 1-16). Find the *DIAGRAM 1* where the framework components are presented.

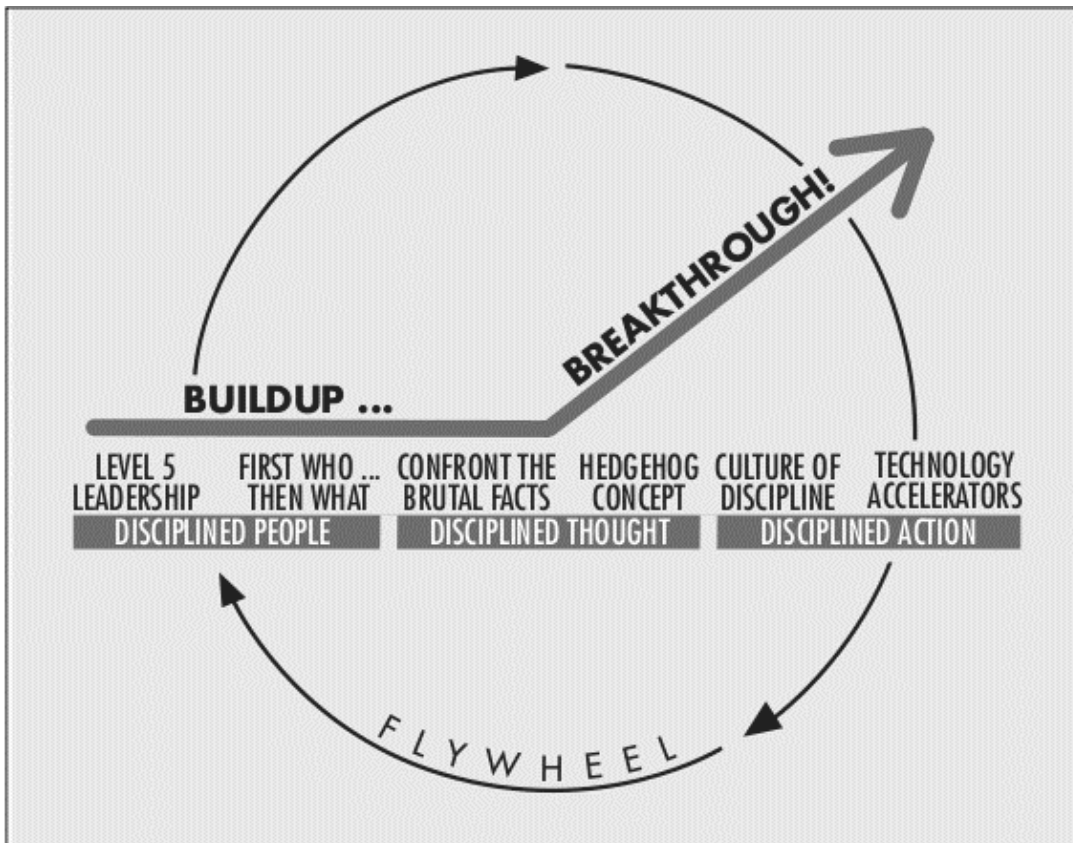


DIAGRAM 1. (Good to Great framework, 2001, 12).

This book understands that success is a correlation of values such as meaningful objectives beyond money, strong company principles and identity, social responsibility, the importance of the right leadership, among others. After all, these features are related to the most important asset in any company, the people. This thesis benefits from this book using its framework adapting it for its own particular interests of study. The framework is divided in 8 different components that are briefly described in the following paragraphs:

3.2.1 Level 5 Leadership

The leader behind each company tells a lot about the company. *DIAGRAM 2* shows the scale from 1 to 5 which measures out of qualitative data a quantitative result of leadership performance.

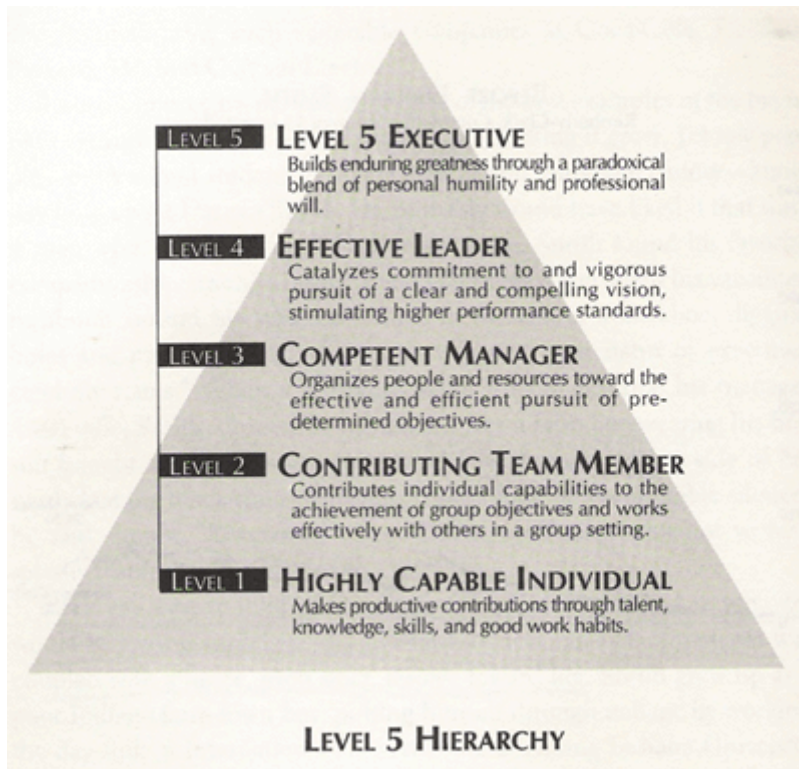


DIAGRAM 2. (Level 5 Hierarchy, 2001, 20)

Level 5 leaders channel their ego needs away from themselves and into the large goal of building a great company. It's not that Level 5 leaders have no ego or self-interest. Indeed, they are incredibly ambitious but their ambitions is first and foremost for the institution, not themselves. (Collins 2001, 21).

3.2.2 First Who Then What

A good boss is nothing without a good team. Assuming that we are choosing among the correct people in terms of professional qualifications, a good selection of employees is made also out of team players that are involved in the company with a strong compromise about success no matter where the tide will take the company. Many good, yet not great, employees will sign in for a position to achieve personal goals. Anyhow great employees are in a company to achieve company's goals. They are the people that stay focused in hard times and don't hesitate into taking sacrifices that the company needs everybody to take together. Drawing a line with each dot, in the part before the leaders are evaluated, and now the team is evaluated as well.

3.2.3 Confront The Brutal Facts

Many times the truth is so harsh that companies' leaders rather stay silent in order to keep the employees calm or happy. However this is not an efficient and definitely not a successful approach towards adversity. Any highly competitive company must prepare itself to confront reality in every single sense. Transparency and communication are essential tools for any firm to keep the whole team using 100% of their energy towards what really matters.

3.2.4 Hedgehog Concept

"More precisely, a Hedgehog Concept is a simple, crystalline concept that flows from deep understanding about the intersections of the following three circles: -- What you can be the best in the world at – What drives your economic engine – What you are deeply passionate about." (Collins, 2001, 95-96). Please find *DIAGRAM 3*.

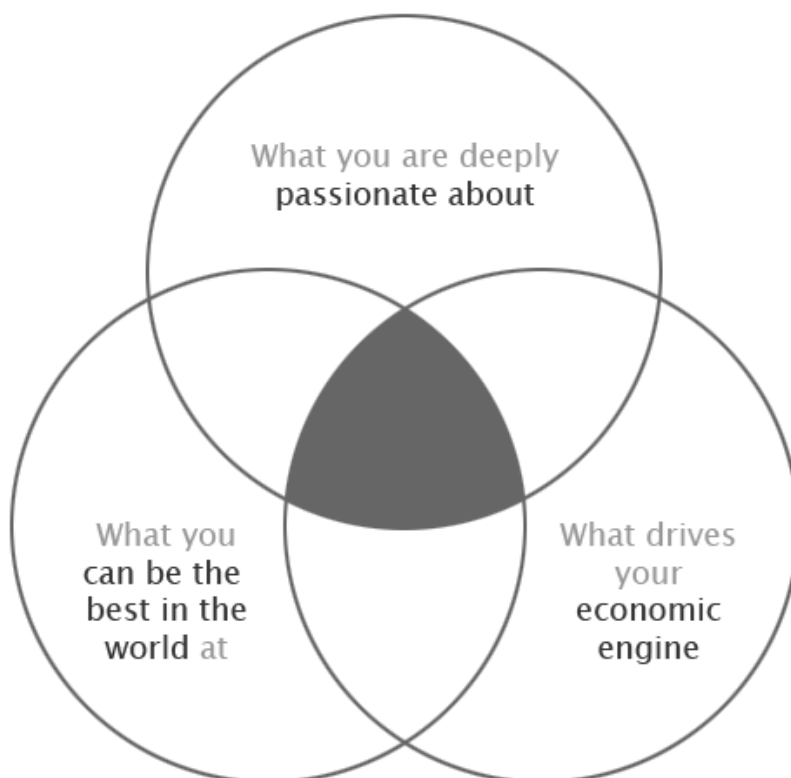


DIAGRAM 3. (Three circles of the Hedgehog Concept, 2001, 96)

3.2.5 Culture of Discipline

The most remarkable information that is related to how this part of the framework will aid the research to evaluate the subjects of study is the “Good-to-Great Matrix of Creative Discipline” please find the visual material about it in *DIAGRAM 4*. In the following information it is important to understand the two drivers of evaluation:

- Ethics of Entrepreneurship: Represents the people that built the company in the first place. Including the creative spirit that fuels every member in the company to evolve and develop in order to reach success.
- Culture of Discipline: “Build a culture full of people who take disciplined action within the three circles, fanatically consistent with the Hedgehog Concept.” (Collins 2001, 123,124).

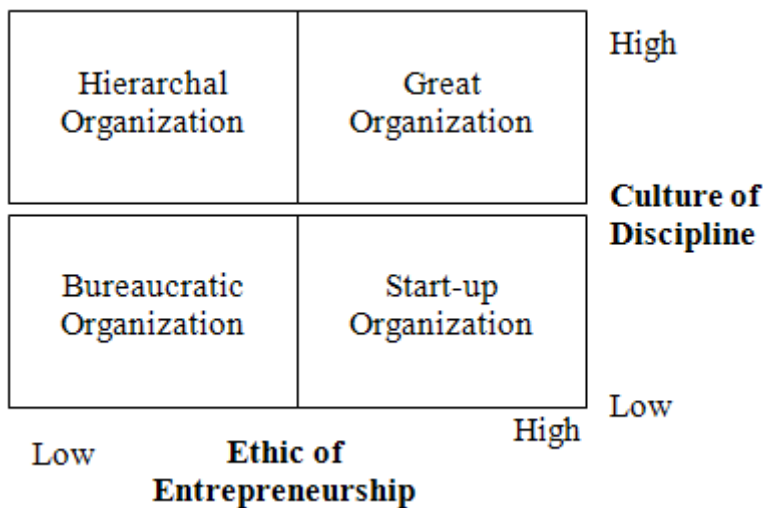


DIAGRAM 4. (Good-to-Great Matrix of Creative Discipline, 2001, 122)

3.2.6 Technology Accelerators

There are two ways companies make use of a new technology when it is available, and it might be pretty obvious: those who accelerate their way to success throughout the use of this new technology and those who do not. Now there is a wide spectrum of those who do not, from the ones that simply ignore it to those who use it as their main engine. In any case those who do not use it

to accelerate are literally left behind. Let's make clear that any company that is using technology as their main engine are doomed to fail as soon as a better technology appears.

3.2.7 The Flywheel and The Doom Loop

This is another concept that relates to the companies that endure and succeed as they stand throughout the years. Every company starts as if someone would push a big stone wheel, and once this wheel is moving it creates a momentum, which is critical to appropriately benefit from. In this case a Level 5 leader would be able to recognize the momentum of those right choices that accelerated the company into growth in the first place and follow his future decisions coherently with this momentum. Otherwise the ineptitude of a leader will create wrong changes in the direction of the company that ultimately stop the momentum and cut the firm's growth.

3.2.8 From Good to Great to Build to Last

This is the Final concept that integrates the whole idea of a company that is properly designed to last forever, and overcome a long path before and after the success-momentum-gaining-happenings.

3.2.9 How This Research Applies The "Good to Great Framework"?

Out of the whole theory background that this work presents, this thesis uses the first 6 components to divide the other 5 areas of evaluation of the subjects of study; however the last three concepts are not considered relevant for this research. The main reason is that these last components require a deeper study of a long term period from each one of the companies in order to truly evaluate these features as is described in the framework.

4 THE SUBJECTS OF STUDY AND THE SELECTION CRITERIA

The subjects of study must fulfil all of the following criteria:

- It is located in the city center or the nearby area that will be delimited by the following streets: From Mannenkatu all the way to Albertinkatu and from the west-coast starting from Kiikelinsilta reaching Rautatienkatu.
- The company must be established as a Limited Liability Company, in Finnish Osakeyhtiö (Oy). The financial report of year 2013 must be available online at the moment on at least one of the following webpages: www.finder.fi, www.kauppalehti.fi or www.taulossanoma.fi.
- The price range is considered no more than 20 EUR per customer. This criteria is designed according to the web page of www.eat.fi, the criteria is expressed in Finnish language as: "Paljonko olet valmis maksamaan? -- 20 €" (eat.fi referred 19.08.2014).
- If their branch of service include coffee-house, fine-dining or a fast-food-chain; it must include regular dining food service, otherwise it is not eligible. This criteria is designed according to the information available in the web page of www.eat.fi as well.
- The restaurants whose line of service includes hotel services are not eligible.

4.1 The Fast-Food/Bar Subjects of Study

As was mentioned in the begging of this thesis the competitors are divided into two: those who fit within the Fast-Food/Bar Business Model and those who do not. This way the average performance of the restaurants that do fit is confronted with the others in order to evaluate the efficiency of the business model in question. The Subjects of study fit as Fast-Food/Bar Businesses if they cover the criteria of selection and also the following three conditions:

- Orders and cash is taken at the cashier. Numbers are handed and customers find themselves a table.

- They offer alcoholic drinks including over 4.7% of alcohol.
- Food offered are hamburgers, fries, and other meals that are derived from British-pub food.

4.2 The Subjects of Study

The following list shows the potential "Subjects of Study" that covered the criteria; they are organized in alphabetical-descending order:

- 1) Beijing (Beijing Oy)
- 2) Burgeribaari Kauppuri 5 (Bar & Grill Kauppuri 5 Oy) Fast-Food/Bar
- 3) Fit Wok (The Wokers Oy)
- 4) Garam Masala Ravintola (Nagraja Oy)
- 5) Gastro 26 (Helgastro Oy) Fast-Food/Bar
- 6) Hagia Sofia (Hagia Sofia Oy)
- 7) Indian Cuisine (Katiusa Oy)
- 8) Juhlatalo Rauhala (Unirestar Oy)
- 9) Kantis (Servis Restaurants Oy) Fast-Food/Bar
- 10) Kiinalainen Ravintola Flavour Palace (Suo Zi Oy)
- 11) New Bombay (Tapon Enterprise Oy)
- 12) Otto K (Otto K Ravintola Oy) Fast-Food/Bar
- 13) Pannukakkutalo (Pannukakkutalo Renesans Oy)
- 14) Pito Pata (Porraslämpö Oy)
- 15) Pizzeria La Festa (Simsekkilä Oy)
- 16) Ravintola 45 Special (Ravintola Zivago Oy) Fast-Food/Bar
- 17) Ravintola Hai Long (Wuhan Oy)
- 18) Ravintola Pannu (Buca-Rest Oy)
- 19) Ravintola Perla (Laguna Street Restaurants Oy)
- 20) Sarkka (Ravintola Tervahovi Oy) Fast-Food/Bar
- 21) Sukhothai (Casper & Robert Oy)
- 22) Suola-Aitta (Ikni Oy)
- 23) The Royal Garden (Michella Oy)
- 24) Thervasohtu (Tervasohtu Oy) Fast-Food/Bar
- 25) Toripolliisi (Kööki Co. Oy)
- 26) Troja Kebab (Best Troja Oy)
- 27) TubaFood & Lounge (Oulun Tours Gorup Oy) Fast-Food/Bar
- 28) Winger Restaurant (Tarina Kapakat Oy) Fast-Food/Bar

Notice that after the name of the subject the “Fast-Food/Bar” title might appear if the subject also fulfilled the rest of the conditions for it. Since this research is interested in the approximate values rather than an extract revision of every single competitor only 5 are needed as “Subjects of Study.” This decision follows the “Rule of Five” that is briefly explained in words of Douglas W. Hubbard from his book already mentioned in the beginning of this thesis:

The Power of Small Samples: The Rule of Five

There is a 93.75% chance that the median of a population is between the smallest and largest values in any random sample of five from that population. – The chances of randomly picking a value above the median is, by definition 50% -- the chances of 5 times randomly picking a value above the median is 1 in 32 or 3.125%; the same is true for getting 5 over.—The chances of not getting all the same is $100\% - 3.125\% \times 2 = 93.75\%$.(2014, 44).

The 5 companies chosen are 93.75% likely to represent the median values of all the competitors. In other words, analyzing all the subjects would give this research 100% certainty that the subjects are representative to the sample; however applying of the “Rule of Five” this research simplifies the task of research and sacrificing only 6.25% of certainty.

4.3 Chosen “Subjects of Study”

- 6) Burgeribaari Kauppuri 5 (Bar & Grill Kauppuri 5 Oy) Fast-Food/Bar
- 7) Fit Wok (The Wokers Oy)
- 8) Indian Cuisine (Katiusa Oy)
- 9) Kiinalainen Ravintola Flavour Palace (Suo Zi Oy)
- 10) Tuba Food & Lounge (Oulu Tours Gorup Oy) Fast-Food/Bar

Two “Subjects of Study” represent the Fast-Food/Bar business model followers and the other three represent some of the main different kinds of ethnical food that are offered in city center.

5 FACTORS AFFECTING BUSINESS PRACTICES

Before the core is presented, please find relevant information about Oulu city center in the following paragraphs. First is presented a list of renewals and big constructions that have been affecting last year and the current year the city, they carried out substantial implications that meant the closing and moving of many restaurants among many other businesses that operate in this area. Following by a brief mention of the basic situation about Human Recourses and Supply Chain Recourses issues that "subjects of study deal with in a general basis."

5.1 Oulu and the urban renewals

Oulu is the most populous city in Northern Finland and the sixth most populous city in the country. It has 193,902 inhabitants (2014). The average age of people living in Oulu is about 34.5 years (Wikipedia referred 06.03.2014). Since the year 2012 three major-construction projects have directly and indirectly affected the city traffic, parking spaces, distribution and urban design. This is translated into, restaurants that went to the bankruptcy, others that benefited and others that changed their locations and with it some important customer flow and behaviors had changed as well. These major-constructions are:

- Kallioparkki which extends under the base of the city center. The entrance and exist points carried out important changes in the avenue of "*Hallituskatu*" and the harbor area "*Tori*."(Kallioparkin työmaa vie parkkipaikkoja Hallituskadulta; Fahim, referred 15.05.2014).
- "*Valkea*" commercial center, located at *Isokatu* and *Kauppurienkatu*. It is touching two of the most important streets of Oulu and it has already created some changes. Besides once it opens it will definitely change the customer flow and the traffic in the city center. Perhaps it will also attract more people living in the suburbs in the surrounding areas of Oulu. (Elykeskus valitti Isokadun rajaamisesta lasiseinillä, referred 15.05.2014).
- "*Kauppurienkatu 9*" commercial center and hospital is also very important, located in the core of the city center, this building has already changed the city. This construction relocated the bar "*Peppers*", the heavy-metal house "*Hevimesta*" and the popular

“Snooker-time” billiard bar. (Peppersin tilalle Mehiläisen toimitilat, referred 15.05.2014). All of these places used to appeal certain kinds of markets, which benefited nearby fast food locals. On the other hand Peppers is the bar with the worst reputation in town; the customers that attracted around the area were unpleasant and disturbing. The other two places had a flow of customers that was not so different from the last one. For that reason two optimistic things happened when these places were removed to farther locations, concerning the restaurant industry:

- *Kauppurienkatu* bars and restaurants keep a better view. After Peppers moved out, there are not many reasons for early disturbances happening in the very core of the city. The locals remaining are restaurants and shopping centers, with the exception of a few bars which are opened once the afternoon is over allowing the day-time flow of people be over by the time the night-time starts.
- *The bars that moved to “Isokatu,” and “Asemakatu”* have benefited some other local restaurants and in fact they have extended the regular fluctuation of people, especially in the weekends all the way to the railway station.

5.2 Human Recourses and Supply Chain Management Regular Issues

The well-known high costs of hand-labor are a good reason for many businesses to low down the amount of employees and sacrifice customer service quality. Also some workers had developed skills that regularly are not related to their profession. On the other hand there are few economic circumstances that require some restaurants to low down their prices as much as possible. TABLE 1 presents the current wages that are valid as the common agreement minimum wages:

TABLE 1 Hotel and restaurant branch 1.6.2013 - (Työsuojeluhallinto, referred 25.02.2014)

Skill Class	I	II	III	IV	V
Wage (€/h)	9,80	9,88	10,38	10,86	11,23

This is important to consider for the "Human Resources Costs" approximation in order to measure the average expenses of the "Subjects of Study." The Average wage that is used to make the costs calculations is: 10,43 (€/h).

Few companies, are presumed to manipulate the current market situation, public opinion have pointed out the existence of a quasi-monopoly. Almost every good that a restaurant, bar and hotel need in order to operate, are supplied by an unfairly spared variety of companies. Mainly two Companies that share around 80% of the food-market business industry in Finland: S-group and Kesko-group. (Tamminen, 30.03.2012; S-ryhmän ja Keskon valta paljastui – tuore luku yli 80%, referred 25.02.2014). The prices are virtually controlled by these companies. Every restaurant, coffee or bar must struggle in their selection of chain of supplies and pricing, if they want to avoid buying their goods from Kespro (Kespro Oy). There are few alternative options such as Metro (Wihuri Oy), and local produces. Anyhow one could say that in any case the list of choices is very short and the variety of products is very small as well. It is also true that there are many other reasons supporting and affecting this to happen, regarding many factors such as history, topography, anthropology, etc. In the end any new idea that involves outsourcing different products from somewhere else gets more complicated than it should be, resulting in a wide variety of restaurants that offer the same food menu which is simply cooked differently.

6 SUBJECT OF STUDY ANALYSIS

In the following pages present a summary of the analysis and results about each one of the "Subjects of Study" as well as some remarkable comparisons. The data in detail is extended in the APPENDICES 1, 1.2, 2, 2.2, 3, 3.2, 4, 4.2, 5 and 5.2 Interview materials are not to be found in the APPENDICES for confidentiality reasons.

6.1 Burgeribaari Kauppuri 5 (Bar & Grill Kauppuri 5 Oy)

- Place: Kauppurienkatu 5. 90100, Oulu. It is about 6,500.00 EUR per Month plus taxes.
- Product: Hamburgers which they have marketed very good as their original and main objective, focusing on one thing. Along with the sales of beer, Kauppuri 5 registered 1,486,000.00 EUR been the company which had the largest Net Sales.
- Price: In words of one of the industry expert: "Their price is really good because they sell to the 80% and they sell good" (Interview 20.08.2014).
- Promotion: They use multiple media and their website was just recently renewed making their use of technology correct.
- Level 5 leadership: According to the interviews Aki Mursu is a man of a great vision and good leadership who knows very well all his business. However his ego sometimes remains his biggest challenge to overcome. He qualifies as a Level 4 leader in all the senses of his actions and the numbers available in the web.
- First Who then What: He has just very recently made some changes during this year (2014). However the data of the accounting results we are using in this research belongs to year 2013 and according to the interviews, during that time the company still operated under Aki's leadership which sometimes overruled his head-chef and head-restaurant. These situations time to time created chaos on whose leadership to follow from the employees' point of view. To say that a company has a good staff the head of the company

must be in the restaurant and stay close to assure the good development of the staff. (Interview, 20.08.2014).

- Confront the Brutal Facts: They are known to be a company of good people and friendly environment; however in our expert's opinion when interviewed: "the staff tends to be distracted with all sorts of matters that aren't truly important and avoid the real challenges such as the lack of discipline." (Interview 20.08.2014).
- The Hedgehog Concept: They have it and they exploit it well.
- Culture of Discipline: They were qualified as a "Hierarchical organization", however this is a recent change, if the consideration is done that few months ago there was still few measures not taken and they were not as disciplined as they should be. Also it is important to consider that the discipline recently taken may not last if the current staff is gone and they have to go all over again with new people.
- Technology Accelerators: As it was evaluated before they demonstrate to use wisely and efficiently social media, and specifically Facebook. They have 14 391 Likes. Again the largest Number in Comparison with the rest of the Subjects of Study
- Overall Evaluation: They are the strongest subjects and perhaps they truly are if compared with the rest of the other subjects from the pre-selection. Yet it is a mystery exactly how they manage to have a -62,000.00 EUR as their Net Income by the year 2014, if they actually had a 20% growth in sales compared with year 2012 (finder.fi, referred 20.08.2014). If the expenses would work as the approximation they should be having a Net profit near 661,918.00 EUR, and this means that somehow they are even much far from it due to the fact that the real difference between their real Net Income and the Net Income they should have is 723,918.00 EUR (661,918.00 + 62,000.00). Please find the APENDIX 1 to observe the details of the measurements. There is many chances that they are not making loss in real practice, yet it is known that last year of 2013, Aki had to shoot down another branch of the business and slow down on other ambitions he had for Kauppuri 5 due to the lack of success this projects had and also for medical reasons as it is pointed out on the journal job of Emilia Saarela "Aki Mursu on kiireellinen mies" (referred 20.08.2014).

6.2 Fit Wok (The Wokers Oy)

- Place: Hallituskatu 10. 90100, Oulu. Approximate rent is 5000
- Product: Wok food. Been healthy, strongly oriented and well positioned, one of the owners is also very much into sports and the idea that the company itself is into.
- Price: Price is good, yet it really makes it hard that they compete with lunch restaurants that sadly offer a lot of food, poor in nutritional content for very cheap prices. If their target market behaves as expected that should not be a problem, but in practice they seem to be in the line. Reflecting a small deficit in the income which is further discussed in the last paragraph of this section.
- Promotion: They promote fine enough to cover what they need. Perhaps it is too tied to Hukka GYM making it a bit hard for other people with the same interests that do not belong to Hukka to whom this restaurant should rather just embrace and look for as much as it does for the customers of the GYM already mentioned.
- Level 5 leadership: Rauli is the head and engine of the company, but he is not that smart as a business owner due to the fact that he is not fully committed and he has other job and other interests. His business partner could cover for him, but reality is different and they seem to be like an arrow that once went very fast and high but now the weight is bringing it down (Interview 20.08.2014). Level of leadership is 4 but their internal conflicts shadows it even more.
- First Who then What: The staff is "OK" but not a great staff. The problem is that some people are not so committed and this company is so small that this is very big topic because the customers can detect it easier. (Interview 20.08.2014).

- Confront the Brutal Facts: They in fact have had some law suits because they did not said things right (under the law standards) and former employees took advantage of it before saying good-bye. (Interview, 20.08.2014)
- The Hedgehog Concept: Both entrepreneurs may have the passion but it is not exactly in this restaurant and in some case the economic engine does not seem well defined (Interview, 20.08.2014).
- Culture of Discipline: They would have to be qualified as a "Start-up" but the general view was that they are actually a bit out because the entrepreneurship is not even that up anymore. (Interview, 20.08.2014).
- Technology Accelerators: Nothing remarkable.
- Overall Evaluation: They have a roughly good performance with a Net Sales of 359,000.00 they are clearly very small compared to our first subject. Anyhow their costs are also smaller and in comparison with the other subjects they are fine. It is clear that the sales of alcohol represent a huge impact in the revenue, due to the fact that those restaurants with bar services tend to make nearly the double of sales, yet they keep expenses pretty close for example: Indian Cuisine with 565,000.00. If the Numbers are right according to the APENDIX 2, their main 3 expenses are: Employees, Rent and Taxes. Perhaps if the owners would push a bit more they could easily split the difference to the positive numbers fare from zero. There are the lack of discipline that was pointed in the interviews and also the missing passion from the owners.

6.3 Indian Culsine (Katiusa Oy)

- Place: Kajaaninkatu 38, 90100, Oulu. Well located, even though some people still feel they are far from the heart of the city center.
- Product: They offer Indian food and those who know about Indian food, know that there is nothing like it, but they live out of the ignorance aiming for the simple guys in Oulu (Matthan, interview, referred 20.08.2014).

- Price: During year 2013 and lately, they simply have followed the pricing of the competitors reflected in quick price changes in their menu that create incoherence. (Interview, 20.08.2014).
- Promotion: They promote pretty good and in the right places, in fact one of the owners is a software expert and he is very clever in the use of technology. (Interview, 20.08.2014).
- Level 5 leadership: they are a couple of competent people and perfectly fit in level 3 where the both of them have their areas of confidence which brought them into business in the beginning. On the other hand they are not truly leaders or business people which makes the company a piggy bank for them rather than a passion and a source of success. Interview, (20.08.2013).
- First Who then What: "Their staff is mediocre and just cheap. No flag of compromise. They stand in thin ice, even though the company is doing good that used to be a good restaurant and the last 2 years it has been living from the good reputation that the former owners made, but little by little it is losing popularity and it will be reflected in the upcoming years." (Interview, 20.08.2014)
- Confront the Brutal Facts: The business partners and couple that lead this company, are in their position of incompetence of "The Peter Principle" which is basically a blinding point in which: One does not realize that things are going wrong, or to be more exact, have already been going wrong for a long time, one is in the idea that things could not be better. These results might be clear in the reports of year 2014, unfortunately the report is not yet available online. (Interview, 20.08.2014).
- The Hedgehog Concept: They have no passion, and no intention of quality service or production, these are owners merely driven for the economical interest.
- Culture of Discipline: Redundant with the last sentence but the grading was as a Start-Up, or even less.

- Technology Accelerators: They are very well and helped by the use of technologies, perhaps better and cheaper than the rest of the competitors in this thesis, however that is a bit harder to measure.
- Overall Evaluation: In general terms they are doing very good. With Net Sales of 565,000.00 EUR and an approximate amount of Fixed Costs that stands close to 427,432.00 EUR they are doing good. Nevertheless the last year other direct competitors in the same field and kind of food have grown, popularized and dragged customers, so perhaps 2013 was a good year, according to the interviews, 2014 was not so easy on them. Find the rest of the figures and approximations in APENDIX 3.

6.4 Kiinanlainen Ravintola Flavour palace (Suo Zi Oy)

- Place: Saaristonkatu 5, 90500, Oulu. Apparently they own the local, if so they are doing better than calculated, yet that was not possible to assure and the calculations are made as if the local is rented under the average prices of the area.
- Product: Chinese Food. Poor in quality and lacking of any interesting features this restaurant survives as the rest of the mediocre restaurants that exist in city center or Oulu. (Interview 20.08.2014).
- Price: "It is like if all of the Chinese restaurants are all in general agreement about the food, the prices and everything" (Interview 20.08.2014) Truly somehow they all are exactly the same.
- Promotion: They seem to have the right amount of flow on the street so they would not even bother to have a Facebook page.
- Level 5 leadership: This is a couple of "Hard working" people. They are definitely level 3 of leadership, and even though they own 3 restaurants, it is clear that they need to have their feet in each of them otherwise things simply cannot operate properly. (Interview, 20,08.2014)

- First Who then What: Perhaps there is no real staff, one could say they don't have staff to analyze. On www.taloussanomati.fi they report to have 4 employees, but they seem to be just themselves and some family-members. Working altogether, packed, with a very unclear table of duties.
- Confront the Brutal Facts: "Maybe they would or maybe they actually do, but what ever happens in their mind is never properly communicated to the few formal employees they have for a good reason: they barely speak English, and their Finnish is even worse" (Interview, 20.08.2014).
- The Hedgehog Concept: They have lastly focused more on their own needs and also in the company. Even though they do not fit into this concept, because they neither have passion nor interest of being good at it, they at least have a clear and formal vision of how to continue for now.
- Culture of Discipline: They live in continuous and perpetual start-up. A lot of work is put in to it to keep it going and that is good enough for them.
- Technology Accelerators: None.
- Overall Evaluation: This is the supreme example so far of "Great mediocrity" please find in APENDIX 4 the details of the company's calculations, and consider that there is a big reason why this company keeps profit: The owners overwork so much and so hard they sacrifice themselves to keep this ship afloat, and they are so good at it they even have other 2 restaurants that according to one of the experts interviewed they are in the exact same situation. If Salaries would pay hour-by-hour the owners would make the company go in debt with themselves and the equilibrium would be lost. This is very dangerous, because even though they make it according to law, in theory it should be illegal. One good reason is that they keep a certain rate of prices that are too cheap on their own expense, but this perverts the market and makes it unfair for those that do things strictly under the law.

6.5 Tuba Food & Lounge (Oulu Tours Group Oy)

- Place: Mannenkatu 2, 90130 OULU yet it is far from the core of city center, it is located in a new building in an easy-to-access area. Approximately 6,500.00 EUR rent.
- Product: "They have a concept but they do not have a clear product" (Interview, 20.08.2014).
- Price: "Their prices are high and in fact they aim for the same market as Kauppuri 5 but they have a range of prices and a concept that fails to reach it. Mostly it is the prices that are definitely not for a student to afford often." (Interview, 20.08.2014).
- Promotion: This is the competitor that used the most channels of promotion and the approximation in fact is very hard to reach due to the fact that the prices are highly variable as their marketing budget.
- Level 5 leadership: Level 4 leader, Anne Maria Mikkola has her hands on many things and somehow she is still too much in her own mind and perhaps for that reason a bit far from the ground of realization. (Interview, 20.08.2014).
- First Who then What: The staff is not right, it's not that they are incompetent but for one or another reason they are allowed to just act incompetent. They fail in the details. Those are the big details that make a difference between forgettable restaurants as Tuba is, into a Good restaurant.
- Confront the Brutal Facts: Communication inwards and how it works is not well known for the group of people interviewed.
- The Hedgehog Concept: "They claim to have a concept, yet they try to do everything and sell all they can to everyone they can reach. But this attitude demonstrates they have not found "The thing" that Aki has for example" (Interview, 20.08.2014).

- Culture of Discipline: They are very new still and perhaps that is a good reason why they should not be ashamed of lacking of a good Hedgehog Concept. As a consequence is obvious they don't have much of the Culture of Discipline.
- Technology Accelerators: Yes they use technology. But sadly their own imperfections in the kitchen makes it ironical that in their Facebook page they clearly have many complaints about the quality of the food. Luckily for them, people still keep coming.
- Overall Evaluation: Another big mystery, this company may have many other functions else than restaurant that sadly this report has no time to go though. It is evident that the APENDIX 5 is far from the real numbers, however it is loyalty figured-out according to the same data that was used for the rest of the companies. On the other hand it is also very unclear how it is possible that out of 1,082,000.00 EUR of Net sales, there is -148,000.00 EUR as the Net Profit. Perhaps these companies (considering the case of Burgeribaar Kauppuri 5) are truly the strongest and for that reason they are in total expansion, constantly reinvesting and retrieving the money faster than it is possible to appreciate in the public reports.

7 FAST-FOOD/BAR BUSINESS MODEL EVALUATION

In the TABLE 2 the Subjects of Study appear, along with their Net Sales and Net Profit Results.

Subject of Study	Net Sales 2013 (EUR)	Net Profit 2013 (EUR)
Burgeribaari Kauppuri 5	1,486,000.00	-62,000.00
Fit Wok	359,000.00	-7000.00
Indian Cuisine	565,000.00	29,000.00
Kiinalainen Ravintola F. P.	256,00.00	11,000.00
Tuba Food & Lounge	1,082,000.00	-148,000.00

As it is possible to appreciate the two Fast-Food/Bars by double and almost triple the Net Sales of any of the other results. In practice and according to the analysis they had their own managing issues and every restaurant has very big problems to deal with. Besides it is a normal thing that happens anywhere anyway, there are always problems that people and businesses have to deal with. The high Negative numbers in the Net Profit are not the results of incompetent management in the verge of bankruptcy, and that is clear because the interviews, and the reality tells that they both are good and fairly successful companies that currently operate and keep operating pretty fine. In one of the interviews it was pointed out that these big movements of money are in fact the result of a more "company growth oriented" vision. Because these are pro prove that the two most successful subjects not only belong to the Fast-Food/Business model, but to the two youngest companies as well as Fit Wok when the whole list of potential competitors is included. These are emerging companies that will still have to develop over the years to see their true success and the whole analysis would fairly apply with the rest of the Framework that was not applied. (Interview, 20.08.2014).

Without going to the conclusions, it is wise to point out that this business model is fairly stronger and more loyal to the real "business-doing-practices" that it seemed to be when the research started. The background from both of the entrepreneurs, Mursu and Mikkola and their respective companies, tells that these are companies with better structure. They are better built to succeed. Let us repeat, built to succeed; yet success in practice goes way beyond as one can appreciate from the facts and draw into the future of these and other companies.

8 CONCLUSIONS

With a 93.75% of certainty this research suggests that in fact the Business Model of the Fast-Food/Bar is highly efficient and results are superior to the rest of the competitors. It works, however it is as good as it can be dangerous when put into practice. It is positive because it does in fact amplify the profitability due to the sales of alcohol. Nevertheless it is also negative because the operational costs substantially increase, meaning that the cash flow required is harder to achieve for any start-up, therefore risk is high.

There is no evidence that necessarily hamburgers and beer is the key for success. This was not a matter of study, however it is interesting to point-out that there is still not a Fast-Food/Bar in Oulu that wisely uses the same business model and presents a different menu with interesting and new ideas. All the evidence suggests that the city center location is important, that the price range must stay around 10 EUR. Kauppuri 5 strongly suggests that lunch is not the most essential part of "making business," it is highly competed with restaurants that offer food for little prices. Fit Wok case shows that it is very important for the owner to be fully committed to the company. Indian Cuisine case shows that the use of technology is very important and it really pays off in customers. Flavour Palace proves how much weight the work of the owner in his own company can have when the resources are minimum. Finally Tuba Food & Lounge provides a good example of try and error that does not necessarily means the end for a company to keep searching for the improvement to ultimately achieve success.

Finally it is clear that there are the possibilities of innovation and success to go beyond this thesis results. Coyoacán restaurant and any other upcoming company in Oulu city center certainly could reach new, higher and better performance results. This research proposes the reader turn ordinary into extraordinary. "Never doubt that small group of thoughtful, committed citizens can change the world. Indeed, it's the only thing that ever has" (Michelli, J. 2007, 180).

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Appendix 1

	3	4	3	4	3	4	4	5	4	5	4	5	4	5
A.N.W.H.	24	32	24	32	24	32	32	40	32	40	32	40	32	40
T.C.A.	5089.84													

X8
X10.43

hrs
488

13
38.5

29,537.368 (€/M) only staff This must be higher if there were

*K = Kitchen

**C.S. = Customer Service

*** A.N.W.H. = Average Net Working Hours

****T.C.A. = Total Cost Approximation

11 employees roughly
the owner
they would make 1887 per month
(which is a very realistic average)

Alcoholic Drinks:

Name	Beer		Sidere		LD		Water					
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Kind	> 5%		> 5%		> 5%							
	5.50	5	6.5	6	6.5	6	0.5					
Approx. Sold Units	5,000	5,000	1,000	500	1,000	500	5,000					
Approx. Income	52,500		9,500		5,000		2,500					

Mo-16

Month

Mo-16 €74,000 yearly 888,000

*Discount

**P.A.D. = Price After Discount

Notes:

Drinks distribution may be very different from reality, but sales are in comparison with the net sales registered in 2013

Food:

Name	Burger		Salad		Fries							
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Kind	Fast Food											
	10		9.5		3							

Appendix 1

Meat	Approx. Sold Units	3000	1140	3000								
Meat	Approx. Income	30,000	10,830	9000								

Meat 49830 → Yigen 597960

Name												
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Kind												
Approx. Sold Units												
Approx. Income												

*Discount

**P.A.D. = Price After Discount

Notes:

Food distribution may be different but sales are in comparison with net sales registered 2013

Supply Chain Management:

Supplier	Viskaalisk Kespro	Tukku			
Nationality	Finnish	"	"		
Products	Meat	All	All		

Do they have any socially responsible practices in the company?

NA

Marketing:

Source	Printed	Online			
--------	---------	--------	--	--	--

Notes:

PROFITABILITY CALCULATION
Bar & Grill Kauppuri 5



APPENDIX 1.2

26.8.2014

Tax rate 14,0 %

	€ Per month	€ Per Year	
TARGET PROFIT	0	0	
+ Loans paydown	0	0	
= PROFIT AFTER TAXES	0	0	
+ Taxes (state+municipal)	-67	-805	
= FINANCING NEEDS (gross income)	-67	-805	
+ Interest on corporate loans	0	0	
= OPERATING MARGIN REQUIREMENT (1)	-67	-805	
+ Fixed costs (VAT 0%)			
<i>employee´s salaries</i>	24531	294376	rate
<i>social security expenses</i>	12266	147188	50 %
<i>shareholders salaries</i>	5000	60000	
<i>social security expenses (30%)</i>	1500	18000	työtulo/v
<i>entrepreneur´s pension insurance (YEL)</i>	133	1590	10000
<i>other insurances</i>	417	5000	
<i>rents</i>	6500	78000	
<i>electricity/water</i>	500	6000	
<i>telephone/internet</i>	500	6000	
<i>accounting services</i>	500	6000	
<i>office expenses</i>	500	6000	
<i>vehicle costs</i>	1000	12000	
<i>travel costs and daily allowance</i>	500	6000	
<i>marketing</i>	300	2500	
<i>training</i>	0	500	
<i>magazines, journals, etc.</i>	50	200	
<i>repairs</i>	500	6000	
<i>other costs</i>	500	6000	
= FIXED COSTS IN TOTAL (2)	55196	662354	
= SALES MARGIN REQUIREMENT (1+2)	55129	661549	
+ <i>purchases (VAT 0%)</i>		0	0,0 %
+ <i>external services</i>	0	0	
+ <i>variable wages</i>	0	0	
= TURNOVER	55129	661549	
+ Value Added Tax (23%)	12680	152156	
= TOTAL SALES / INVOICING	67809	813706	
SALES PER WEEK €	15648		
SALES PER DAY €	2235		

LOAN CAPITAL COSTS

LOAN´S AMOUNT	LOAN´S TERM	INTEREST
	Paydown/monthly	Interest/monthly
Selling days/week	#DIV/0!	0

EQUIPMENT'S CATALOGUE	Outset	+1	+2
Immaterial goods			
-Straight-line deprecation 5 years	0	0	0
Capital assets			
-Buildings 7% deprecation (industrial)	0	0	0
-Buildings 4% deprecation	0	0	0
Machinery and equipment			
-Depreciation 25%	23000	17250	12938
Total	23000	17250	12938
DEPRECIATION	5750	4313	3234

	Price/serv	number of sales/m total in month	
Service 1		0	0
Service 2		0	0
Service 3		0	0
Total			0

Sales in a year	turnover in a year
0	0

Appendix 2

	3	1	3	1	3	1	3	1	3	2	3	2	2	1	
A.N.W.H.	24	8	24	8	24	8	24	8	24	16	24	16	16	8	232
T.C.A.															7

X10.98

Month 10 219,342

over 7 employees

*K = Kitchen

**C.S. = Customer Service

*** A.N.W.H. = Average Net Working Hours

****T.C.A. = Total Cost Approximation

1602,05

33,142
(Perhaps some people have less kitchen hours)

This might be due to the fact that the owners that are also employees don't work Full time ... But maybe still pay themselves better

Alcoholic Drinks:

Beer

Name	Soda		Soda		Milk Shakes							
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Kind	Small		big		Milkshake							
	2		2.5		3							
Approx. Sold Units	900		900		900							
Approx. Income	1800		2250		2700							

month

Month 6 750 - year 81000

*Discount

**P.A.D. = Price After Discount

Notes:

(They may sell actually less but we are optimistic in this one due to fact that happy time drinks are included in the food price

Food:

Average

Name	Wok											
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Kind	Wok											
	9											

Appendix 2

Approx. Sold Units	792											
Approx. Income	7122											

Name												
Kind												
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Approx. Sold Units												
Approx. Income												

Month 29 909,92 Year 358919

*Discount

**P.A.D. = Price After Discount

Notes:

Supply Chain Management:

Supplier	Metro Tula	Krupa			
Nationality	Athalia	Athalia			
Products	All	All			

Do they have any socially responsible practices in the company?

NA

Marketing:

Source	Internet	Parted			
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Notes:

They seem to have partnership with Hakkas from which they may have extra income

PROFITABILITY CALCULATION
The Wokers Oy



APPENDIX 2.2

Tax rate 14,0 %

26.8.2014

	€ Per month	€ Per Year	
TARGET PROFIT	0	0	
+ Loans paydown	0	0	
= PROFIT AFTER TAXES	0	0	
+ Taxes (state+municipal)	-67	-805	
= FINANCING NEEDS (gross income)	-67	-805	
+ Interest on corporate loans	0	0	
= OPERATING MARGIN REQUIREMENT (1)	-67	-805	
+ Fixed costs (VAT 0%)			
<i>employee´s salaries</i>	11214	134568	rate
<i>social security expenses</i>	5607	67284	50 %
<i>shareholders salaries</i>	3000	36000	
<i>social security expenses (30%)</i>	900	10800	työtulo/v
<i>entrepreneur´s pension insurance (YEL)</i>	133	1590	10000
<i>other insurances</i>	417	5000	
<i>rents</i>	5000	60000	
<i>electricity/water</i>	1000	12000	
<i>telephone/internet</i>	200	2400	
<i>accounting services</i>	300	3600	
<i>office expenses</i>	100	1200	
<i>vehicle costs</i>	500	6000	
<i>travel costs and daily allowance</i>	100	1200	
<i>marketing</i>	300	1800	
<i>training</i>	0	0	
<i>magazines, journals, etc.</i>	50	0	
<i>repairs</i>	500	6000	
<i>other costs</i>	500	6000	
= FIXED COSTS IN TOTAL (2)	29820	357842	
= SALES MARGIN REQUIREMENT (1+2)	29753	357037	
+ <i>purchases (VAT 0%)</i>		0	0,0 %
+ <i>external services</i>	0	0	
+ <i>variable wages</i>	0	0	
= TURNOVER	29753	357037	
+ Value Added Tax (23%)	6843	82119	
= TOTAL SALES / INVOICING	36596	439156	
SALES PER WEEK €	8445		
SALES PER DAY €	1206		

LOAN CAPITAL COSTS

LOAN´S AMOUNT	LOAN´S TERM	INTEREST
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Paydown/monthly	Interest/monthly
#DIV/0!	0

Selling days/week

7

EQUIPMENT'S CATALOGUE	Outset	+1	+2
Immaterial goods			
-Straight-line deprecation 5 years	0	0	0
Capital assets			
-Buildings 7% deprecation (industrial)	0	0	0
-Buildings 4% deprecation	0	0	0
Machinery and equipment			
-Depreciation 25%	23000	17250	12938
Total	23000	17250	12938
DEPRECIATION	5750	4313	3234

	Price/serv	number of sales/m total in month	
Service 1		0	0
Service 2		0	0
Service 3		0	0
Total			0

Sales in a year	turnover in a year	
	0	0

Appendix 3

	3	2	3	2	3	2	3	3	3	3	4	3	3	3
A.N.W.H.	24	16	24	16	24	16	24	24	24	24	32	24	24	24
T.C.A.														

320
9

↓
35.5 h/w

Month € 15069.26 year 180 831.17

*K = Kitchen

**C.S. = Customer Service

*** A.N.W.H. = Average Net Working Hours

****T.C.A. = Total Cost Approximation

plus the salary the owner
make here it could reach
more

Alcoholic Drinks:

Name	Beer		Sider		LD		Soda					
Kind	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
	5		5		5		3					
Approx. Sold Units	1000		300		300		3000					
Approx. Income	5000		1500		1500		9000					

Mod 17000 year 209000

*Discount

**P.A.D. = Price After Discount

Notes:

Food:

Name	lunch		Average Food		Bread							
Kind	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
	9.90		17		3.90							

Appendix 3

Approx. Sold Units	1200	900	745								
Approx. Income	11,880	13300	2909								

Month 30083 Total €361000

Name												
Kind												
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Approx. Sold Units												
Approx. Income												

*Discount

**P.A.D. = Price After Discount

Notes:

Supply Chain Management:

Supplier	Kespro	Metro	TineMentel	London		
Nationality	French	French	French	UK		
Products	All	All	Indian	Indian		

Do they have any socially responsible practices in the company?

NA

Marketing:

Source	Net	Printed	Medium			
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Notes:

PROFITABILITY CALCULATION
Katiusa Oy



APPENDIX 3.2

Tax rate 14,0 %

26.8.2014

	€ Per month	€ Per Year	
TARGET PROFIT	2417	29000	
+ Loans paydown	0	0	
= PROFIT AFTER TAXES	2417	29000	
+ Taxes (state+municipal)	326	3916	
= FINANCING NEEDS (gross income)	2743	32916	
+ Interest on corporate loans	0	0	
= OPERATING MARGIN REQUIREMENT (1)	2743	32916	
+ Fixed costs (VAT 0%)			
<i>employee´s salaries</i>	15069	180828	rate
<i>social security expenses</i>	7535	90414	50 %
<i>shareholders salaries</i>	1000	12000	
<i>social security expenses (30%)</i>	300	3600	työtulo/v
<i>entrepreneur´s pension insurance (YEL)</i>	133	1590	10000
<i>other insurances</i>	33	400	
<i>rents</i>	7000	84000	
<i>electricity/water</i>	1000	12000	
<i>telephone/internet</i>	500	6000	
<i>accounting services</i>	600	7200	
<i>office expenses</i>	500	6000	
<i>vehicle costs</i>	600	7200	
<i>travel costs and daily allowance</i>	500	6000	
<i>marketing</i>	300	2500	
<i>training</i>	0	500	
<i>magazines, journals, etc.</i>	50	200	
<i>repairs</i>	500	6000	
<i>other costs</i>	0	0	
= FIXED COSTS IN TOTAL (2)	35619	427432	
= SALES MARGIN REQUIREMENT (1+2)	38362	460348	
+ <i>purchases (VAT 0%)</i>		0	0,0 %
+ <i>external services</i>	0	0	
+ <i>variable wages</i>	0	0	
= TURNOVER	38362	460348	
+ Value Added Tax (23%)	8823	105880	
= TOTAL SALES / INVOICING	47186	566228	
SALES PER WEEK €	10889		
SALES PER DAY €	1556		

LOAN CAPITAL COSTS

LOAN´S AMOUNT	LOAN´S TERM	INTEREST
	Paydown/monthly	Interest/monthly
Selling days/week	#DIV/0!	0

EQUIPMENT'S CATALOGUE	Outset	+1	+2
Immaterial goods			
-Straight-line deprecation 5 years	0	0	0
Capital assets			
-Buildings 7% deprecation (industrial)	0	0	0
-Buildings 4% deprecation	0	0	0
Machinery and equipment			
-Depreciation 25%	23000	17250	12938
Total	23000	17250	12938
DEPRECIATION	5750	4313	3234

	Price/serv	number of sales/m total in month	
Service 1		0	0
Service 2		0	0
Service 3		0	0
Total			0

Sales in a year	turnover in a year	
	0	0

Appendix 4

Approx. Sold Units	630	1	588	1	2	1	2	1	2	1	2	1
Approx. Income	5607		8226.3									

Name												
Kind												
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Approx. Sold Units												
Approx. Income												

Month 13 833.33 Year 166000

*Discount

**P.A.D. = Price After Discount

Notes:

Supply Chain Management:

Supplier	Keseno	Tukk-				
Nationality	Finnish	Finnish				
Products	All	All				

Do they have any socially responsible practices in the company?

NA

Marketing:

Source	Mainos	Printed				
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Notes:

When Numbers of approx are input in the excel sheet the sales should be €853258.00
 But if the 4 people salaries, gas, maintenance and hours are not counted right as 1600 per employee then it is ok

PROFITABILITY CALCULATION

Suo Zi Oy



APPENDIX 4.2

Tax rate 14,0 %

26.8.2014

	€ Per month	€ Per Year	
TARGET PROFIT	917	11000	
+ Loans paydown	0	0	
= PROFIT AFTER TAXES	917	11000	
+ Taxes (state+municipal)	82	986	
= FINANCING NEEDS (gross income)	999	11986	
+ Interest on corporate loans	0	0	
= OPERATING MARGIN REQUIREMENT (1)	999	11986	
+ Fixed costs (VAT 0%)			
<i>employee´s salaries</i>	6400	76800	rate
<i>social security expenses</i>	3200	38400	50 %
<i>shareholders salaries</i>	0	0	
<i>social security expenses (30%)</i>	0	0	työtulo/v
<i>entrepreneur´s pension insurance (YEL)</i>	133	1590	10000
<i>other insurances</i>	33	400	
<i>rents</i>	4500	54000	
<i>electricity/water</i>	500	6000	
<i>telephone/internet</i>	200	2400	
<i>accounting services</i>	600	7200	
<i>office expenses</i>	200	2400	
<i>vehicle costs</i>	150	1800	
<i>travel costs and daily allowance</i>	200	2400	
<i>marketing</i>	300	2500	
<i>training</i>	0	500	
<i>magazines, journals, etc.</i>	50	200	
<i>repairs</i>	0	0	
<i>other costs</i>	0	0	
= FIXED COSTS IN TOTAL (2)	16466	197590	
= SALES MARGIN REQUIREMENT (1+2)	17465	209576	
+ <i>purchases (VAT 0%)</i>		0	0,0 %
+ <i>external services</i>	0	0	
+ <i>variable wages</i>	0	0	
= TURNOVER	17465	209576	
+ Value Added Tax (23%)	4017	48202	
= TOTAL SALES / INVOICING	21481	257778	
SALES PER WEEK €	4957		
SALES PER DAY €	708		

LOAN CAPITAL COSTS

LOAN´S AMOUNT	LOAN´S TERM	INTEREST
	Paydown/monthly	Interest/monthly
Selling days/week	#DIV/0!	0

EQUIPMENT'S CATALOGUE	Outset	+1	+2
Immaterial goods			
-Straight-line deprecation 5 years	0	0	0
Capital assets			
-Buildings 7% deprecation (industrial)	0	0	0
-Buildings 4% deprecation	0	0	0
Machinery and equipment			
-Depreciation 25%	23000	17250	12938
Total	23000	17250	12938
DEPRECIATION	5750	4313	3234

	Price/serv	number of sales/m total in month	
Service 1		0	0
Service 2		0	0
Service 3		0	0
Total			0

Sales in a year	turnover in a year	
	0	0

Appendix 5

	2	1	2	2	4	31	3	3	4	3	3	3	1	1		
10.43	A.N.W.H.	16	8	16	16	32	29	29	29	32	29	29	29	8	8	280
	T.C.A.															35 ← 8

Month | 2966.57 Year 155598.9

*K = Kitchen

**C.S. = Customer Service

*** A.N.W.H. = Average Net Working Hours

****T.C.A. = Total Cost Approximation

How even the sell and make
multiple extra units
But lets calculate in regular

Alcoholic Drinks:

Name	Beer		Sider		Soda		Coffee		Wine			
Kind												
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
	6.5		7		3.5		3.5		6.5			
Approx. Sold Units	3000		1000		3000		1000		826			
Approx. Income	19500		7000		10500		3500		5366.66			

Month 45866.7 Year \$50400.34

*Discount

**P.A.D. = Price After Discount

Notes:

Food:

Name	Lunch		Brunch		Food		Sided		Coke			
Kind												
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
	9		17		11		9		4.5			

Appendix 5

Approx. Sold Units	2100	700	1000	1000							
Approx. Income	18,900	11,900	9000	4,500							

Month 44300 Year 531600

Name												
Kind												
	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.	Price	P.A.D.
Approx. Sold Units												
Approx. Income												

*Discount

**P.A.D. = Price After Discount

Notes:

Maybe Food is less sold and there are some events

Supply Chain Management:

Supplier	Virkkala	Kesano	Tukko	Kesano Heliölä		
Nationality	Finland	Finland	Finland	Finland		
Products	Burger meat	All	All	All organic		

Do they have any socially responsible practices in the company?

They try to buy Organic

Marketing:

Source	Radio	PRHA	Quilac	Facebook		
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Notes:

The company must have many other operations else than Restaurant because it makes no sense plus it is too much difference

PROFITABILITY CALCULATION
Oulu Tours Gorup Oy



APPENDIX 5.2

Tax rate 14,0 %

26.8.2014

	€ Per month	€ Per Year	
TARGET PROFIT	0	0	
+ Loans paydown	0	0	
= PROFIT AFTER TAXES	0	0	
+ Taxes (state+municipal)	-67	-805	
= FINANCING NEEDS (gross income)	-67	-805	
+ Interest on corporate loans	0	0	
= OPERATING MARGIN REQUIREMENT (1)	-67	-805	
+ Fixed costs (VAT 0%)			
<i>employee´s salaries</i>	12967	155599	rate
<i>social security expenses</i>	6483	77799	50 %
<i>shareholders salaries</i>	0	0	
<i>social security expenses (30%)</i>	0	0	työtulo/v
<i>entrepreneur´s pension insurance (YEL)</i>	133	1590	10000
<i>other insurances</i>	33	400	
<i>rents</i>	6500	78000	
<i>electricity/water</i>	1000	12000	
<i>telephone/internet</i>	500	6000	
<i>accounting services</i>	600	7200	
<i>office expenses</i>	500	6000	
<i>vehicle costs</i>	500	6000	
<i>travel costs and daily allowance</i>	500	6000	
<i>marketing</i>	1000	12000	
<i>training</i>	0	500	
<i>magazines, journals, etc.</i>	50	200	
<i>repairs</i>	0	0	
<i>other costs</i>	0	0	
= FIXED COSTS IN TOTAL (2)	30766	369188	
= SALES MARGIN REQUIREMENT (1+2)	30699	368383	
+ <i>purchases (VAT 0%)</i>		0	0,0 %
+ <i>external services</i>	0	0	
+ <i>variable wages</i>	0	0	
= TURNOVER	30699	368383	
+ Value Added Tax (23%)	7061	84728	
= TOTAL SALES / INVOICING	37759	453111	
SALES PER WEEK €	8714		
SALES PER DAY €	1245		

LOAN CAPITAL COSTS

LOAN´S AMOUNT	LOAN´S TERM	INTEREST
	Paydown/monthly	Interest/monthly
Selling days/week	#DIV/0!	0

EQUIPMENT'S CATALOGUE	Outset	+1	+2
Immaterial goods			
-Straight-line deprecation 5 years	0	0	0
Capital assets			
-Buildings 7% deprecation (industrial)	0	0	0
-Buildings 4% deprecation	0	0	0
Machinery and equipment			
-Depreciation 25%	23000	17250	12938
Total	23000	17250	12938
DEPRECIATION	5750	4313	3234

	Price/serv	number of sales/m total in month	
Service 1		0	0
Service 2		0	0
Service 3		0	0
Total			0

Sales in a year	turnover in a year
0	0