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**A BUSINESS PLAN FOR AN IMAGINARY TAPAS
RESTAURANT**

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ABSTRACT

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<p>Starting an own business is not an easy task. Before doing so one needs to conduct a thorough research, and a business plan is the best way to present it. Investors need to see some solid bases before even considering investing on the business. Thus it is recommended for anyone considering starting an own business to conduct a business plan.</p> <p>The following research provides a business plan for an imaginary tapas restaurant set in Vaasa, Finland. Despite of it not being real the study is still relevant and feasible for the future.</p> <p>The business plan was conducted by using Osterwalder's & Pigneur's Business Model Canvas as a frame of reference. Also some other relevant market research tools have been included to better contrast the information and to make the business plan more accurate. The research has been divided into two parts where the theory part explains the reader what being an entrepreneur consist as well as what a business plan is, why it is needed and what tools were used in order to conduct the business plan. The implementation part is formed to be the actual business plan.</p> <p>As a result a feasible business plan has been conducted, by following the structure of the plan, one should have the necessary means with indicative profit/loss statement for creating an own tapas restaurant.</p>		
Key words Business plan, entrepreneur, new business, restaurant		

ABSTRACT

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1 INTRODUCTION

When two international business students are keen on setting up an own restaurant the idea for a final thesis subject has been created. What one has to know about being an entrepreneur and what one has to do to set up a restaurant is one of those questions that probably springs to everyone's mind who wants to become an entrepreneur.

To set up a restaurant, one of the first things you are recommended to do, is to create a business plan for your business. It not only gives you a guideline how to operate your business but also it is an essential document to hand in, if you are looking for a possible investor for the business. A business plan is that personal document for every entrepreneur to line up their business ideas as well as to present these thoughts to prospect investors.

These investors are generally banking enterprises, corporate investors or private investors. The business plan helps to present the company idea in an organized and neat manner so that these sources of income can believe in the idea and see the future goal of the company as well as a suitable place to invest money in.

The aim of this thesis is to provide a business plan for an imaginary tapas restaurant. The idea of starting up an own restaurant has been the dream of two international business students for a considerable amount of time because of their passion for both cooking and food. Thus the business plan is meant to be feasible for future purposes. The author of the thesis is one of the above mentioned students.

This business plan is directed to the creation of a restaurant; however, we are not talking just any restaurant. A tapas restaurant is the perfect combination between design kitchen, mixing exciting flavors and offering a completely different experience from what Finnish people are used to. Tapas restaurants are currently a niche in Finland which we pretend to occupy with our new and fresh ideas.

First in the theoretical framework the work defines the meaning and history of entrepreneurship, the characteristics of an entrepreneur as well as the role of entrepreneurship in the society. Before one can get to the implementation part, one can find more ideas such as the reasons to conduct a business plan, or who needs a business

plan. Also, the concepts to conduct a market research are outlined and explained – marketing mix, PESTEL analysis, competitor analysis, SWOT analysis etc.

The business plan was given its structure by using the Business Model Canvas from Alexander Osterwalder and Yves Pigneur; however, some factors were added in order to make this one more complete. These added concepts were the above mentioned market research tools as well as a profit/loss statement to have an approximate idea of what would be the sources of income and the cause for costs when opening a restaurant.

Due to the fact that this project is still not a fact, the results are just fictional and invented; however the numerical figures have been calculated to the extent of making them an approximation of what reality could look like.

When starting any type of business one has to be ready for having a rough start at first and not give up at the first sign of failure. They say that every cloud has a silver lining, which in the business world it would be translated as no matter how down under one thinks he or she is, there are better things to come.

2 ENTREPERNEUSHIP

To define a term “entrepreneurship” one has to look back on time where the medieval time has ended and early modern era is showing its first signs. The roots of the term “entrepreneurship” date back to 16th century where the commanders of the French army were called as entrepreneurs. However, the term was used in the business for the first time two decades later. A person buying and selling goods with various prices was called an entrepreneur. (Umesh, et al. 2009, 1.) Economist Richar Cantillon can be considered as an important figure in business life who explained the term “entrepreneur”. Cantillon was the first economist to introduce and refer the term as a risk-taking function in starting a business in 18th century. (Gordon, et al. 2009, 6.)

As the industrial revolution started to show its signs, quickly the importance of organizing the business factors the most efficient way was recognized in England. Thus for example factors like land, labor and capital were organized to make the most profit out. An entrepreneur specialized to take the control over organizing the business factors rather than working on the production. In the 17th and 18th century the business turned from the self-focused business to serve masses of people. The industrial development allowed entrepreneurs to come up with innovations which later were commercialized. An industry got the first leaders and entrepreneurs had come to stay. (Gordon, et al. 2009, 6.)

Today a term “entrepreneurship” can be described various ways. One can consider an entrepreneur as a skilled person who can forecast and control the change and who possess better characteristics than most of the population. In the other hand an entrepreneur can be described simply as a person working for him or herself. (Saroj, et al. 2009, 1.) One common viewpoint is that an entrepreneur is a person who starts a business to look for the profits. It is still suggested that an entrepreneur is a hard working person rather than dreamer. An entrepreneur has to forecast happenings and consequences and put all the effort to make the actions profitable. (Gordon, et al. 2009, 6.)

2.1 What are the characteristics of an entrepreneur?

To succeed in the business an entrepreneur need to possess certain characteristics. One does not have to be a professor or specialist of one field to succeed as an entrepreneur, but possessing certain important abilities becomes a vital condition to an entrepreneur and business to be able to run.

First of all, an entrepreneur need to bare risks. The uncertainty is one effector in business life which can invade to one's head that cannot be insured anyhow. An entrepreneur cannot know what is in consumers mind, the uncertainty has to be bared and turned to an action according to your instincts and risk taking calculations. Second, as mentioned above an entrepreneur has to turn the uncertainty to actions. An entrepreneur has to do decisions depending on the stage of his or her business; one has to decide the quantity of produced goods, the quality of the production or service, or simply what the place you set up your business is.

Third, in order to put the decisions made into action an entrepreneur needs to possess managerial skills. The decisions itself are not yet actions so there has to be someone to implement them and that is when the managerial skills take place. A proper coordination, organization and supervision ensure that decisions make the profit out. Fourth, probably the most important characteristic of an entrepreneur one could think is the skill being innovative. A successful business is a business which is always a step ahead, in other words, more innovative than the other businesses. An innovative business always shows the way and gets the customers. (Gordon, et al. 2009, 10.)

Fifth, a successful entrepreneur knows what is happening around him/her. You not only see your own company but rather see what other people or companies are doing around your business. An entrepreneur is then able to adjust the needed effort for the business and conceivably come up with new innovations as an answer for the rivalry. (Saroj, et al. 2009, 7.)

2.2 What is the role of entrepreneurship in the society?

People have created an incredible way of developing society by introducing different ways of trading goods and services along human history. Before, if looking back into time, people exchanged goods for other goods and services. Different ideas, handmade equipment, art, natural materials and even slaves were exchanged at the market place frequently. Goods and services were transported by water and caravans. Thus it was followed by a shared rhythm in the community. (Gascoigne 2001.)

Today's world relies well on trading. Money controls our daily life. It is used to exchange goods and services, thus it works as a value for them. Entrepreneurs are making the goods and services available for the society. In order to reach goods and services one needs money. Not only entrepreneurs provide goods and services, they also employ people, who get money as a return from the work they have done.

The vitality of a certain place such as city or municipality is highly based on the prevalent entrepreneurship in the area. This is because entrepreneurs employ local people who hence pay city taxes and by that help the local economy. In addition companies provide goods and services and variety, what adds people's well-being in the area. (Kujala 2012.)

In addition, the entrepreneurship has been said to bring changes to a community which is bringing it towards the better end many times. A good example could be for instance some drawback of a big organization affecting the policymakers to come up with some new legislation in the country, to ensure more secure development of the economy. Not only that could change the country, but it could have effect on the world, as others could learn from one's mistakes. (Yeong 2012.)

Not only are the changes always positive. Sometimes the business can cause damage to the community by its faulty operation. A good example could be for instance a food manufacturer producing contaminated food causing the community to get sick. (Yeong 2012.)

3 MARKETING ANALYSIS

3.1 PESTEL

A company is constantly in touch with macro environmental factors, in other words, things that are happening around the company and have an impact on this one directly or indirectly. These can be for instance political or environmental effectors.

A PESTEL analysis is a widely used tool to analyze and monitor those external effectors affecting the company. It consists of six different aspects that have some kind of impact on the organization. They are: Political, Economic, Social, Technological, Environmental and Legal aspects.

Political factors are those which involve the government and its effects over the economy and the society. Different policies and barriers for instance in taxation, overseas trade, labor and environment have their impact on how the company can perform in the market. Thus it is important that the company is aware of these political factors and their changes in order to properly adjust their marketing strategy to match the current situation. (Professional Academy 2014.)

Economic factors are strongly affecting the way the company is doing their business. In addition to that, they also affect the profitability of the company. These factors can be for instance, changes in interest and exchange rates, growth in economy, inflation and the incomes available of consumers and businesses. (Professional Academy 2014.)

Social factors are those effectors that take into account the shared belief and attitudes of the population. They can be for instance demographical factors like how the ages have been distributed in the society and how the population is growing. Also they can be factors affecting the way of thinking, for instance peoples' attitudes towards careers. Some other social factors are the education level of the society, how fair is the country and how equal it is, etc. Thus it is important that the company understands these factors well as they create valuable data for the company's marketing strategy. (Professional Academy 2014.)

Technological factors are those new technological or innovation findings, for instance inventions that are affecting the way the companies are marketing their products and services. These can be for instance new ways of producing or distributing goods and services, or finding a new way of communicating with consumers. Other technological aspects could be the amount of R&D expenditure of the government. (Professional Academy 2014.)

Environmental factors are those effectors that derive from ecological and fair mindsets, which the society has woken up to think more and more the past years. Some consumers might pay more attention on, for instance how are the working conditions in the factory, where do their products come from and what are the raw materials being used. In addition, these can be factors like how ethnically has the product been made or how big was the carbon footprint in making that product or providing some service. (Professional Academy 2014.)

Legal factors show up in a way where all the legal aspects domestically and internationally are affecting the company's operations. These can be for instance factors like health and safety, advertising regulations, rights that the consumers are provided with and product labelling and safety issues. Thus it is important for the company to know how to do legal business, and even more if they are doing business globally, as the rules and regulations vary depending on the country. (Professional Academy 2014.)

3.2 SWOT

When a company wants to evaluate its strategic position in the market a SWOT analysis is an efficient tool one should apply. By identifying company's strengths, weaknesses, opportunities and threats it is relatively easy to synthesize the outcome of those marketing effectors. (Jobber 2010, 46-47.)

A SWOT chart (graph 1.) is a simple way to identify and express those strengths, weaknesses, opportunities and threats. By listing points in each box in the chart one can easily form an overall picture of all those effectors. Strengths and weaknesses are internal, meaning they are controllable within the company. They relate to external, in other words, uncontrollable opportunities and threats. (Jobber 2010, 46-47.)

It is important to identify only the resources or capabilities the customers would appreciate in the company. Thus such point in the chart as “the company has many employees” won’t perhaps matter that much for the customer, unless if it has an instant effect on the customer satisfaction. (Jobber 2010, 46-47.)

STRENGTHS	WEAKNESSES	Internal
OPPORTUNITIES	THREATS	External

GRAPH 1. Strengths, weaknesses, opportunities and threats (SWOT) analysis (adapted from Jobber 2010, 46.)

After filling all the boxes in the SWOT chart one can come up with ideas, using conversion strategy, how for instance to turn weaknesses into strengths and comparably threats into opportunities. Or then one can simply use matching strategy to try to figure out how to match strengths with opportunities. (Jobber 2010, 46-47.)

3.3 Marketing mix

In order to satisfy the customers’ needs and win their trust over the competitors a company must learn to understand the customers and develop its marketing mix based on that. Marketing mix is a good tool for an entrepreneur to identify and modify the key decision elements that are: product, price, promotion and place, in order to pursue and win the customers over the competitors. These four areas are also known as the “4-Ps”. The decisions upon the marketing mix have a strong effect on the marketing implementations.

Product clarifies the company what products or services should be made available for the customers. It is essential to know what qualities and features the product or service

has to have so that the customer is willing to pay for it. For instance, they can be either too many or too few features in the product thus the customer won't see worth it to buy it. (MindTools, 2014.) In addition to that, names, guarantees, packaging and extra services that are bundled with the product or services are also involved in the product decisions. (Jobber 2010, 17.)

Price has an important role in the marketing mix, since as the prices have been set to the product and services, it will be the value the company will receive from the unit they have sold. There are some expenditure involved in the product or service, such as the raw materials, sales promotion and transportation. Thus the company have to make right decisions on how to price the products and services to overcome the expenses and if for instance some kind of discounts will be given. (MindTools 2014.)

Also the price might have a strong effect whether the customer is willing to buy the product or service or not. Thus this decision might have an important role on affecting the company's market share gaining. In addition to that, a small unnoticeable increase on price could increase the company's profit margin. (MindTools 2014.)

Promotion plays an important role on whether the audience is aware of your product or service or not and what kind of benefits they might gain from them. Thus it is important that the company knows what is the best way to reach its' potential and existing customers. (MindTools 2014.)

The ways the company's product and services are promoted have their own pros and cons. Whether the company chooses to promote their product on internet or TV might have a strong effect on the reach and the costs. (Jobber 2010, 18-19.) Also the time might matter, for example, if the product or service's features are bound to some certain time of the year. (MindTools 2014.)

Place ensures the company that right quantity of products and services are available for the customers at the right place and on the right time. Thus it is important that the company knows what distribution channels they should use, are the products reachable enough and what is the right quantity of the products that should be held in the inventory. (MindTools 2014.)

3.4 Competitor analysis

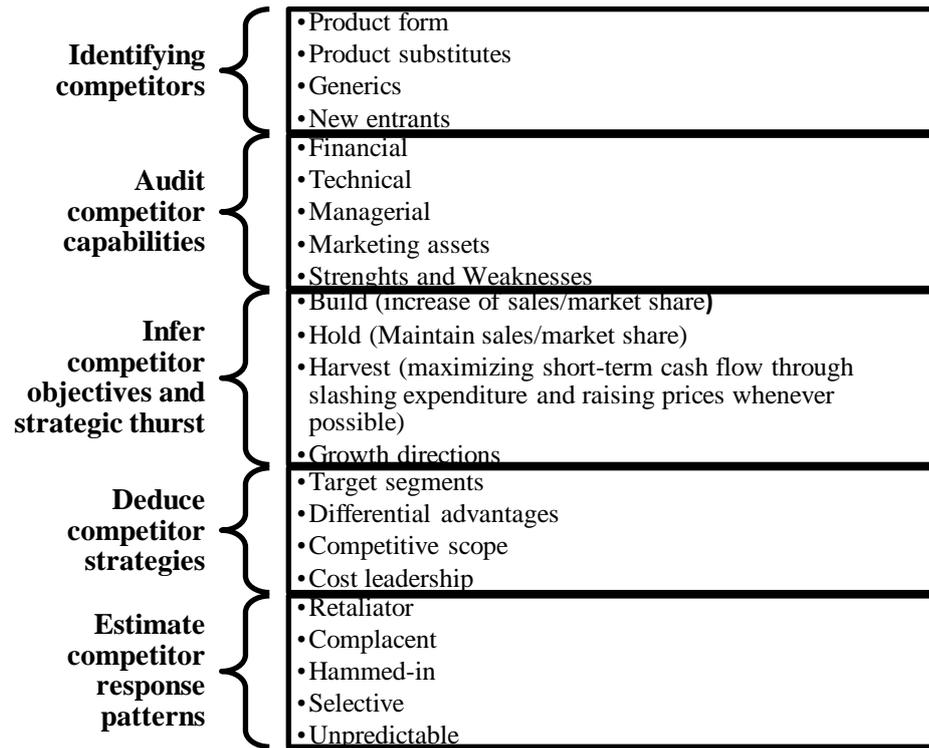
In most cases being in the market doesn't mean that a company is there alone catching free customers. Many times the company is surrounded by other rivals, trying to compete for the same customers. (Jobber 2010, 705-709.)

Usually customers are looking for the product or service which offers the most value for them. Thus this is when a company can affect with little things – a little add in the product or service, to win the customer over the competitor. The little thing in this case is better known as “competitive advantage”. (Jobber 2010, 705-709.)

For that reason it is not enough that the company knows a lot about themselves and something about the customers. What is also relevant is that the company knows well enough about the competitors. It is crucial that the company possess enough of information about the competitors and their behaviors, so that the company is able to predict any reactions the rivals could make for instance as the company launches some marketing program. Thus a successful analyze of the competitors is an essential part of the company's marketing strategy. (Jobber 2010, 705-709.)

There are various ways to obtain information from the competitors. These can be for instance: doing a marketing research survey, getting competitors' employees to work for your company, obtaining information from news and trade magazines, hearing distributors and taking a closer look at competitors' products and sales materials. (Jobber 2010, 705-709.)

Following adapted figure of David Jobber's competitor analysis (graph 2) shows five different stages a company should study from the rivals when finding out who the company's' competitors are and what kind of capabilities and strategies they possess and what kind of behavior they have.



GRAPH 2. Competitor analysis (Adapted from Jobber 2010, 709.)

4 BUSINESS PLAN

To get a business run properly and to make some profit as an outcome, an entrepreneur needs a plan. Usually one cannot just jump in the market to run a business. A well represented guide must have been done in order to an entrepreneur to know where to head and how to do it.

A business plan is that written document that essentially describes a company from head to toe; from the nature of the business, its sales and marketing strategies, going through its financial background and showing the company's profit and loss statements. (Entrepreneur - business plan 2014.) A business plan is that written description of your future plans for your company; what you plan to do and how you plan to do it. It contains your business goals and the strategies you plan to use to meet these goals, as well as problems that might arise along the way and possible solutions to meet these problems. A business plan also includes the organizational structure of the company as well as the financials and the capital needed to keep it going. (Entrepreneur 2014.)

When writing a business plan one should take into account three primary parts or headlines;

Primarily found in a business plan is the business concept: here one writes about the industry sector the company will be in, the business structure of the company, the products and services as well as how do you plan to make this business in particular be a success. (Entrepreneur 2014.)

Secondly one has to discuss the market place section: in here one has to analyze its future target customers; who will they be and where will they be found, as well as study their buying behavior. Furthermore one should look into the possible competition and assess what you can do to outdo them. (Entrepreneur 2014.)

Lastly one can find the financial section: this section contains a balance sheet and profit/loss statement including your income, cash flow, break even analysis as well as other important financial ratios. (Entrepreneur 2014.)

4.1 Who needs a business plan?

The shorter answer to the question “who needs a business plan?” is “who does not need a business plan?” In today’s world whoever considering entering the business world needs a business plan; whether that person being a startup or an already established company a business plan is needed.

Regardless of what type of company we are talking about –its size or position in the market, a business plan is needed in the following cases:

- If you are running a business: it is important to have a plan in order to set some objectives and avoid mistakes.
- If you are applying for a business loan: most banks require a business plan to assess whether to invest on your project or not.
- If you are looking for business investment: investors invest in the people, the idea, the technology, the market, etc. Not having a business plan to present would most likely not get you the investment.
- If you are working with partners: the business plan describes the agreements between the partners about what is going to happen.
- If you want to communicate with the management team
- If you want to sell a business or set value to a business: for tax purposes or other reasons like a divorce.

(Berry 2014).

When thinking who needs a business plan depending on how big is the company, the answer is that all of them. Startup businesses, expanding companies, diversifying companies as well as existing companies all need a business plan. (Bellwind Consultants 2014.)

4.2 Why is a business plan needed?

There are several reasons why a business plan is needed; one and foremost is not to make mistakes, this meaning that if you are a start-up business it is important that you

get it right from the start and set aside enough capital for your company to do well, also set your goals and foresee possible difficulties. A business plan is also good to counterbalance emotions and to let you step back and be objective about your startup business. If your company has more than one partner a business plan is needed in order to bring everyone together on the same page and make sure there are no disagreements. (Ronick 2014.)

When you are a startup business a business plan is great to create a game plan; this means that it helps you set your goals straight, create focused strategies as well as solutions so possible problems and measure the performance. Last but not least, the ultimate goal of a business plan is to raise capital for the business in question; a business plan will help pass along a clear message and the idea of the business to possible investors. (Ronick 2014.)

However, business plans are not only needed for startup businesses as mentioned before. An expanding company needs a business plan in order to create a new management strategy and to implement the company's expansion, also they need it to raise funds so that they can increase their production and expand their services given the higher demand of their customers. Another type of company needing a business plan is a diversifying company; they need a business plan in order to ensure the success of diversification through a new management strategy, also they need more funds in order to increment their services or products for growth so that they can diminish the decline of the customers' demand for their original products. (Bellwind Consultants 2014.)

Lastly, one could say that an already existing company needs a business plan when they want to grow in their market and they want to implement new management and marketing strategies. Also an existing company might need a business plan in order to raise more funds for building, equipment upgrades or increasing their inventory. (Bellwind Consultants 2014.)

Following there will be a list of several other reasons of why one should have a business plan suggested by Tim Berry in his article "15 reasons you need a business plan":

- "To set specific objectives for managers
- To share your strategy with your partners
- To deal with displacement

- To decide if you should rent or not a new place
- To hire new people
- To decide if you need new assets, if you should buy or rent them
- To share and explain business objectives with your management team and employees
- To develop new business alliances
- To deal with professionals
- To sell your business
- To get your business valued for formal transactions
- To create a new business
- To seek investment for your business
- To back up a business loan application
- To grow your existing business”

(Berry 2014.)

4.3 Business canvas model

When one comes up with an idea of starting a new business a proper plan has to be done, as mentioned above. Nevertheless in order to have your business plan, a business model is also needed. A business plan is dependent of a business model as the business model gives frames for the business plan’s specific actions. (Smith 2014.) A business model tells the essential points of how an organization will create, deliver and capture value. (Osterwalder & Pigneur 2009.) Therefore there are tools provided to ease and illustrate the creation of the business plans.

One great tool is Business Model Canvas from Business Model Generation, created by Alex Osterwalder and Yves Pigneur. It is a handful tool for entrepreneurial and strategic management purposes, aimed at entrepreneurs. By using the business model canvas one can easily design and describe their business models. The business model canvas is divided in nine blocks, each of them contributing to show the entrepreneur how the company is making money. In addition, the blocks are divided in four essential areas of a business, which are: customers, offer, infrastructure and financial viability. (Osterwalder & Pigneur 2009.)

The first block in business model canvas is **Customer Segments**. This block helps an entrepreneur to identify the different groups of people or organizations the company wants to approach and serve. In order a company to make profit, they need to find and choose the right customers to put the effort on and serve them the best. In other words, not everyone can be pleased, so it's important to find and better serve the ones who are willing to pay. A company might have several or only one large or small customer segment of which they select the most important customers and the one's they will pay less attention. After the segmentation is done, a company should have better understanding of the customer's needs and how to build the business model around them. (Osterwalder & Pigneur 2009.)

The second block in business model canvas is **Value Propositions**. This block helps an entrepreneur to identify the bundle of products and services which are creating value for the customer segments. It allows an entrepreneur to understand for what the customer would come again and again to your company. In addition to that, it explains why the customer would choose your company over the competitors. The value proposition is to solve a customer's problem and to satisfy their needs. (Osterwalder & Pigneur 2009.)

Company's value proposition might be something new and innovative, or by contrast they can be similar to existing market, but they are offering some extra features and attributes. For instance, a company "A" value proposition to company "B" could be providing them with some convenient product like CRM program with an extra feature of sorting the customers to help the company to categorize and better serve their customers and by that saving valuable time. (Osterwalder & Pigneur 2009.)

The third block in the model is **Channels**. It is important to a company to identify how to get in touch with the customers and how to provide them enough awareness of the company and its value propositions. By contrast, customers need a way to reach the company in any matter related to the company's actions. This can be for instance if the customers want support for using or updating a new product they have bought. Thus it has a direct effect on the customer experience and satisfaction. (Osterwalder & Pigneur 2009.)

Channels block include points like raising awareness of the products and services, enabling the customers to reach the products and services and providing them post-

support on their purchases. Customer satisfaction is highly dependent on how well the company is performing in these actions. (Osterwalder & Pigneur 2009.)

There are two type of channels from which a company can find the right mix to reach the customers and serve them the best. These are direct and indirect channels, which can be also distinguished between owned and partner channels. The direct channels mean the company has their own channels to reach and serve the customers, and thus it is often more expensive to operate. Owned channel might be also indirect, for instance, if the company is running their own retail stores. The indirect channels are usually partner channels, and often perform in lower margins. Nevertheless partner channels usually expand the company's reach and the company is able to enjoy the partner's strengths. Partner channels provide many times distribution, retail, and online services for the company. (Osterwalder & Pigneur 2009.)

The fourth block is about **Customer Relationships**. It should explain an entrepreneur what kind of relationship a company should establish between each customer segment. For a company it is important to understand what kind of relationship their customers need and if there are some specific groups who should be served better than others. There might be different motivations driving the decision of what kind of relationship the company is creating with the customers. These might be for instance: Acquiring new customers, retaining the old customers or trying to boost sales. (Osterwalder & Pigneur 2009.)

The type of the relationships might be intimate, in other words, being directly contacted with the customers and even meeting them face to face. In contrast, the relationship might be self-serving, where the customers are supposed to self-serve themselves by the help of proper information and material provided by the company. Many times a company might provide a customer an automated service where a customer can create for instance an own profile on the company's webpage where they get even more enhanced self-service. This could be for instance modifying the purchase or tracking the delivery. (Osterwalder & Pigneur 2009.)

The fifth block in the business model canvas is **Revenue Streams**. In this block the entrepreneur should identify for what are the customers willing to pay for, where the company is going to get money, what the qualities and paying methods a customer would value, so that they would pay for it and the company would start to generate

money are. It is important to a company to identify and to get those money streams to flow in order to cover the costs and make profit out of the business. (Osterwalder & Pigneur 2009.)

There are many ways how a company can create revenue streams. For instance, the most typical one is asset sale, where somebody sells a product to another so that the ownership of that product changes. By contrast, one can sell a subscription to some product or service so that the customer is entitled to use that product or service for a certain period continuously. This could be for example a gym membership. (Osterwalder & Pigneur 2009.)

The revenue streams might also have different kind of pricing mechanisms. These are fixed and dynamic pricing. Depending on which one the company is using, might have a big effect on the money income. The fixed pricing is based on static variables and it includes for instance a list price where the individual products and services have predefined prices. Also a company could choose between product feature and volume dependent pricing, where the price is dependent on the amount of features the product has or the quantity of products purchased. (Osterwalder & Pigneur 2009.)

The dynamic pricing by contrast is based more on market conditions. One common type of dynamic pricing is negotiable prices, where the price can be negotiated between two or more partners. Other type of dynamic pricing could be for instance Yield management, a method many times used by airlines, where the price is based on the demand and time of purchase, in other words, how many seats are available for the upcoming flight. (Osterwalder & Pigneur 2009.)

The sixth block in the model is **Key Resources**. In order to make the business run properly, one has to identify the important resources that the company needs for its operations. These resources can be physical, financial, intellectual and human. For instance, in most cases a company needs a place and necessary equipment to operate. (Osterwalder & Pigneur 2009.)

A company needs capital for the necessary material to create value proposition and to market the product or service. In addition, a company can rely on an intellectual resource like patents and create unique value for a customer. Also in most cases a

company needs human resources, in other words, staff to work in these fields. (Osterwalder & Pigneur 2009.)

The seventh block in the model is **Key Activities**. This block helps the company to understand the essential things a company must do, in order to make the business model function and the business operate properly. It clarifies the company what steps they are required to take in each stage in order to get the desired outcome. (Osterwalder & Pigneur 2009.)

Key activities can be divided in three categories and they differ depending on the type of the business model. They are: Production, Problem solving and Platform/network. The production activities relate to designing, producing and delivering the goods, in other words, activities related to manufacturing business. (Osterwalder & Pigneur 2009.)

A problem solving activity suits for the companies who are set up to solve problems of an individual customer. This could be for instance a hospital or some other service organization. They require such key activities like continuous staff training or knowledge management. (Osterwalder & Pigneur 2009.)

Businesses that concentrate on running some kind of platform as their main operation should choose a platform/network as they key activities. If the company is providing for instance an ERP system for a company, their key activities call for continuous system development and maintenance. (Osterwalder & Pigneur 2009.)

The eighth block is **Key Partners**. In this block the entrepreneur should identify the right partners and suppliers to form a network for the company. It is essential for the company to have the right contacts to supply and support the operations. Most often a partnership is needed to obtain the necessary resources for the business. Also partnerships are used for reduce risks in the market and to create even stronger position in the market. (Osterwalder & Pigneur 2009.)

One can divide the types of partnerships in four different categories. They are strategic alliances between non-rivals, cooptation, in other words, strategic partnership between rivals, joint ventures and buyer-supplier relationship. (Osterwalder & Pigneur 2009.)

The ninth and the last block in the business model canvas is **Cost Structure**. It is relevant to an entrepreneur to know what the expenses when running the business are. Value propositions, customer relationship maintenance and revenue streams all cause expenses for the company. (Osterwalder & Pigneur 2009.)

Generally every company should try to minimize their costs. The fact remains that some companies pursue more low-cost actions than others and vice versa. Thus business model cost-structures can be divided into two categories: cost-driven and value-driven structures. In the cost-driven structure the companies are trying to minimize all the possible expenses. By providing low price value propositions while using automation and outsourcing a company is able to lower the operation expenses. (Osterwalder & Pigneur 2009.)

By contrast, in the value-driven structure, a company allows higher expenses in the operations, and thus they focus more on creating maximum value for the customer. These companies offer many time high class value propositions and better personalized services. (Osterwalder & Pigneur 2009.)

5 IMPLEMENTING THE BUSINESS CANVAS MODEL WHEN CREATING A BUSINESS PLAN FOR A TAPAS RESTAURANT

In this work we are going to use Osterwalder's and Pigneur's Business Model Canvas (see APPENDIX 2) as a tool and frame for creating a proper business plan for an imaginary tapas restaurant. The plan should meet all the requirements of a proper business plan, thus it is also supposed to be feasible in real life.

The business plan will be formed with the help of business model canvas, meaning the different building blocks of the model should give the overall structure for the business plan. Still some additional tools are being used in forming and making the business model more specific.

One should notice that following business plan is a start-up plan for an imaginary restaurant, meaning that the restaurant is not running neither existing. Thus yet no any business negotiations have been made with the suppliers or other parties. Nevertheless the aim is that all the ideas given below should be reasonable enough to put in action in real life.

5.1 Introducing the business idea

Tapa is a Spanish word for appetizer or snack. The idea of tapas is that the meal consists of variety of something small to eat and which are usually meant to be eaten by hands. In Spanish culture tapas are many times enjoyed before the lunch or dinner. Though it is common nowadays, that people are having tapas as their lunch or dinner. A typical tapas plate consists of several different tapas, each of them costing approximately one to three euros in the restaurant.

The general remark is that tapas restaurants in Finland haven't reached the great spread for the time being. Nevertheless, it is getting more and more popular in Finland to go out to eat and new types of social meetings, like brunches have got foothold on the market, especially in bigger towns like Helsinki or Tampere.

The idea is to bring a new tapas restaurant on the market in Vaasa, Ostrobothnia region in Finland. The restaurant will get the name Petit Racó, which in Catalan means cozy corner. The restaurant will be founded by two passionate international business students Marta Lozano Segarra and Sakari Tarkkinen. The restaurant is supposed to attract people because of its genuineness. That is because it is half owned by a Catalan. The courses, or in other words tapas, will be prepared by following the traditional Spanish ways. The customer should get an exciting experience through the different tastes of typical tapas from the comfort of their Finnish city.

Petit Racó will be targeted to everyone from the ages 14 and up, and the prices have been planned to meet, as much as possible, the typical tapas price level in Spain. The restaurant should be affordable to everyone. Nevertheless, the expenses in restaurant industry in Finland are relatively high; the plan is to compensate the cheap prices with higher volume in customers.

Also, the idea includes providing the customer with a cozy environment while enjoying the experience in the restaurant together with some Spanish background music creating the ambient. The restaurant should suit for the ones looking for a place to have a peaceful, romantic and warm atmosphere.

5.2 Customer segments

Generally, the restaurant is targeted to everyone from the ages 14 and up. Nevertheless the business aims to propose customers who are genuinely interested in food and are willing to pay more for “colorful” experiences. These so called “foodies” are usually between 20 to 60 years old people and are many times belonging to higher income groups. According to an American research by Above the Fold Magazine – A Deliciously Lucrative Audience, foodies falls into every age group, but predominate age group is people between 22 and 44 years old. (Erlewine 2011.)

The same research also points out that these food loving people have delayed the marriage and are yet not considering starting a family. Also they are motivated to seek for new cultures and experiences and they love to travel. (Erlewine 2011.) Petit Racó

seeks to attract these open-minded, local and international people, whose minds are set to gain new experiences rather than sticking into same routines.

Also the restaurant wants to attract couples and dating persons who are looking for a cozy place to have a dinner and to spend time together. In addition to that, a group of friends who are looking for to get together and other groups that are looking for a place to meet, for instance in business meeting purposes.

5.3 Value propositions

Petit Racó wants to provide customers unforgettable culinary experiences through well-served, exotic and especially original Spanish tapas. The restaurant also wants to provide affordable experiences, in other words, prices that are adapted as much as possible to the country of origin's prices.

The restaurant wants to bring all the above mentioned experiences near to the customer who otherwise would have to go to look for it from another country. By being half owned by a Catalan, Petit Racó will get the characteristics of a real Spanish restaurant.

The restaurant believes that positive customer experience is gained through a mix of reasonable price level, quality food and comfortable atmosphere. Thus the key efforts are addressed to constantly improve and maintain these factors.

5.4 Market analysis

In order to enter a new market any company should do a thorough market analysis. This research should include a PESTEL analysis in order to assess the market environment, as well as a SWOT analysis to have an inner company overview of the market. After these are done, the company should conduct a marketing mix as well as a competitor analysis so that they know where to place the product, how to place the product, when to place the product and what competitors they should look out for.

5.4.1 PESTEL

The republic of Finland, capital Helsinki, accounts for 5.26 million people (CIA-World Factbook 2014.) and is governed by its head of state, President Sauli Niinistö and its head of government, Prime Minister Alexander Stubb. The country has two official languages, Finnish and Swedish; however, they also have some minority spoken languages like Sami and Russian. (Marketline 2014, 13.)

Finland's political landscape has been quite stable and neutral until the date; however researchers are concerned on the possible political instability due to the euro crisis and the different disagreements among the members of the government. The Northern country has kept a neutrality policy in terms of their military decisions; they decided not to join the North Atlantic Treaty Organization (NATO) (Marketline 2014, 4.) due to Russian pressures. Nevertheless there are prospects in regards of entering a defense co-operation within the Nordic countries. (Marketline 2014, 16-18.)

According to Doing Business 2014 (2013, 14) Finland is amongst the best countries to do business in; when starting a business there it "requires three procedures, takes 14.0 days to get it started, it costs 1.1% of income per capita and requires paid-in minimum capital of 7.0% of income per capita", this means that if one takes the Finnish yearly average income per capita which is \$35.900 (CIA Factbook 2013), a 7% of that is the amount of assurance one has to give a bank or a notary to start up an own business. This 7% figure is "well below the OECD average of 10.4%" which turns the country into a conducive business environment. (Doing Business 2014 2013.) Finland is also known for its economic freedom; that was shown by the Heritage Foundation and the Wall Street Journal's Index of Economic Freedom (2014) where Finland scored 73.4 out of 100. A high index means that Finland has high levels of trade freedom, financial freedom, property rights, etc. (Marketline 2014, 19.)

2007 was Finland's peak year with a 5.33% increase on their growth rate and later on dropping to a 0.30 in 2008. This was the sign Finland had entered in the world-wide recession; it was not until 2010 that Finland showed a 3.36% registered growth only to fall again the next year to a 2.82% growth. 2012 and 2013 were recession years for Finland and the prospects do not look bright for the close years to come. (Marketline 2014, 4.) The rollercoaster lived since 2007 does not give Finland a great credibility in

front of possible investors. Moreover, the country is facing several risks; for example their banking system may become vulnerable because of Finland's great dependence on the European market and their business ties with the other countries. (Marketline 2014, 30.)

According to the UN development programme's Human Development report (2014) Finland is the 24th out of 187 countries to be most developed with a 0.879 index value. Together with that, Finland is also well-known because of its high level on their educational system. The country is ranked on the 3th position of the OECD Programme for International Student Assessment (PISA) while its neighboring country Sweden is ranked 19th. (OECD 2009.)

On the other hand, despite of its well educated rising youth, the general population is aging fast (Marketline 2014, 34.) and their retirement age is one of the lowest among the Nordic countries, meaning that if this continues the Finnish government won't be able to keep the social expenditure within reasonable limits. (Marketline 2014, 4.)

According to the OECD Entrepreneurship at glance report (2013.) Finland is one of the most entrepreneurial nations in the world, what is more; the global competitiveness report by the world economic forum (2013-2014.) stated Finland to be the 3rd most innovation driven country in the world.

In the future, there might arise some challenges for SMEs; as The Innovation Union Scoreboard (2014) says SMEs in Finland lacked collaboration with others as well as "innovating in-house". Another risk for the technological advance of the country is the low government investment on businesses R&D expenditure. (Marketline 2014, 45.)

Finland ranked 3rd in the Transparency International's Corruption Perception Index (2013) meaning it is an almost corruption free country and a bribery is considered a criminal act. Finland is also considered a pioneer when it comes to gender equality, requiring at least a 40% of women representation. (Marketline 2014, 48.)

The markets for products and services are extremely regulated by the government which inhibits competition and creates price distortions. (Marketline 2014, 48.) The lack of strong competition is hurting the Finnish economy due to its higher prices and lower productivity. (Marketline 2014, 4.)

The government recently cut the corporate taxes a 20%, the lowest amongst the whole euro area, and is being very welcomed by businesses as they can spend a bigger part of their profits on expanding their business. This policy will also welcome foreign investors into the country. (Marketline 2014, 49.) This cut in corporate taxes would be seen as very favorable as well for new comers in the market.

In 1995 after joining the EU Finland's legislation was harmonized with the one of the European Union especially that legislation concerning environmental protection and nature conservation. Still today Finland keeps updating their legislation on waste, air protection and water protection. Finland is also a strong believer in protecting the biodiversity as forests cover three quarters of the land area in the country. (Marketline 2014, 52.) Despite their efforts, a current challenge for Finland is the increase in threatened species. (Marketline 2014, 53.)

Finland is seeing its future in nuclear energy as well as in renewable energy. The country accounts four nuclear reactors and these account one third of Finland's total energy demand. Despite the nuclear accident in Japan, Finland is pushing through with their plans of increasing their nuclear power dependence. Another big part of the Finnish energy consumption comes from renewable sources, which helps reduce the country's carbon footprint. (Marketline 2014, 53-54.) According to Marketline (2014, 4), Finland reduced its carbon foot print from 66.65 metric tons in 2003 to 54.06 in 2011.

5.4.2 SWOT

The following analysis aims to find out the strengths, weaknesses, opportunities and threats of the company. In this work these factors are based on well thought assumptions and collected data, since the company is not yet running and thus it has not yet experienced the factors in real life.

Strengths

The most important strength Petit Racó is holding at the moment is that it is half owned by a Catalan person, allowing the company to hold a status of "a real Spanish

restaurant". It should give the customers the feeling that they are getting the food as like it would be served in the country of origin.

It also gives the restaurant better understanding on how the restaurant is supposed to set up the activities so that the customers perceive it as a real Spanish restaurant. In addition it allows the company to have better connections to suppliers in Spain what is important in order to deliver the value proposition of real Spanish tapas.

Also both owners are well educated international business degree students from which Marta is doing her master's degree. They possess not only good strategic thinking but also competitive language skills: Finnish, English, Swedish, Danish, Spanish and Catalan.

An important aspect for the success of this restaurant is the fact that it is entering a market niche. This niche would be the tapas world, which is lacking mostly in Finland. The amount of tapas restaurants in Finland can be counted with the fingers of one hand, which makes it a great strength for the entrepreneurs to take it by storm.

Petit Racó is guaranteed with reliable investors who are willing to support the company on its first steps towards the well running restaurant business. Also the company owners are well prepared to overcome the challenges of setting up a new business by educating themselves constantly and saving money for the possible start up.

Both the restaurant owners are genuinely interested in setting up a restaurant. Marta is keen on preparing the most exotic dishes and thus she might spend whole day in the kitchen along with the kitchen tools. Sakari on the other hand finds it his dream to be a restaurant owner, managing the restaurants operations and serving the customers.

Weaknesses

One of the greatest weaknesses of Petit Racó is that it does not yet exist and it does not possess any experiences from the market. In addition both Marta and Sakari do not have any previous experiences from being an entrepreneur, thus after and especially if winning all the post-opening challenges and when the restaurant opens its doors the first time, the future will be a big question mark.

Also neither of the owners possesses any education from the restaurant sector. Thus the challenges related to a restaurant business will be out of the comfort zone of the owners.

This also means that extra expenses will occur as the owners have to be educated to meet the requirements of a good restaurant.

Since the company is still in the planning process, there is no any facility, equipment neither staff arranged for the company. It means a lot of money, planning and time has to be invested in the company to get it to run before the company is getting even any incomes.

Opportunities

Since it will be the first time the owners step in the business world and they don't have previous patterns from the restaurant sector, they can have good prerequisites to create something totally new in the restaurant business. Together with the vast business knowledge and deep enthusiasm towards the business the owners could come up with totally new and fresh marketing solutions.

As already mentioned in the strengths section, Petit Racó is entering a market niche which makes it a great opportunity for the owners to take advantage of that and become the leaders of the sector with great innovative ideas that attract customers' attention.

Also as no any facilities, equipment or workforce have been acquired the company has good premises to find the best possible solutions for the company. Meanwhile the owners are saving the investment money, they have good time to look for a perfect place to set up the restaurant, find the best potential suppliers and in addition broaden their relations within the restaurant circles.

Both the owners being international business students and possessing good communication skills the company has good possibilities to expand outside the borders and to enter new markets around the world. Especially having the ability to communicate in Spanish, English, Finnish, Swedish and Danish enables the company to consider markets also in Spain and anywhere in the Nordics.

Last but not least is the already mentioned fact from the PESTEL that the Finnish government has lowered the business taxation a 20% making it then easier for business to start and succeed.

Threats

First threat to be reckoned with is the direct competition in Vaasa area. In Vaasa there is already one tapas restaurant called “Pincho bar tapas” that opened the doors to its customers in year 2011. They have been dominating the market in Vaasa for three years and thus have better understanding of the customer segments and behavior.

Also other restaurants in Vaasa that are not tapas restaurants might still be a threat for the company. These restaurants are pursuing the same customers and thus they might launch for instance theme weeks of serving tapas food for the customers. One good example which is a potential threat is Amarillo. It is a “tex-mex” restaurant belonging to Finnish network of companies “S-group”. Amarillo has already introduced the above mentioned theme week of serving tapas for their customers.

In addition to surrounding rivalry, also fluctuating economic situation is a threat that has its effect on each and every market. If fluctuations in the economy are interpreted wrongly in the company, it could have serious impact on the company’s performance in the market. Also more sudden effectors like increases in the food prices will be considered as a threat for the company. This might be for instance if something negative impacts some certain food market, the company might have to increase the prices or find new suppliers.

STRENGTHS	WEAKNESSES	
Catalan owner Good international studies Entering a niche Great interest Reliable investors	Not existing yet No market experience No entrepreneur experience Money and resource demanding	INTERNAL
No experience = new ideas Fill the niche Time to look good location Broaden business network Expand outside borders -20% business taxation	Direct competition in Vaasa Indirect competition in Vaasa Finnish economic situation	EXTERNAL
OPPORTUNITIES	THREATS	

GRAPH 3. SWOT analysis

5.4.3 Marketing mix

Product

Petit Racó wants to offer the customers a vast variety of tasty tapas with exciting southern flavors. The restaurant wants also to place emphasis on keeping the menu fresh and interesting by introducing new options periodically. The dishes will get an exciting outlook by carefully arranging the food on the plate to be even more appealing.

The food will be also offered as “take-away” for the customers enabling them to order the food at home and to pick it up later without making the customers to wait in the restaurant the food to be ready. By this the customer can also enjoy the southern tastes at home without being bothered by any background noises caused by the kitchen, other customers and the music.

Also other activities like events and catering services will be offered to the customers to bring even more value to Petit Racó. For instance the restaurant will arrange various theme nights to attract different groups of people to enjoy good food and night in the restaurant. Also the customer can get for instance a catering service from Petit Racó to provide the food and serving in their wedding.

The customers will get professional and welcoming service from the well-trained staff members. The staff members will have the required knowledge to provide the customers with the information related to the food, for instance the origins of the ingredients; from who the ingredients are supplied and what methods have been used to prepare the dish.

Price

Petit Racó wants to compete with the prices against other tapas restaurants in Finland and especially with Pincho restaurant in Vaasa. The restaurant wants to offer the customers affordable prices, and signal the customers of being a genuine everyone's tapas restaurant. Thus the restaurant wants to come up with more or less the same price level what tapas would cost in Spanish restaurants.

By adjusting the price level to match with the country of origin prices the company seeks to pursue a higher amount of visitors a year and a bigger demand on purchases

and thus stronger revenue streams. Petit Racó will also see product bundle pricing as an effective way to attract customers to purchase bigger quantities at once.

Petit Racó believes this to affect positively to customer retention which will be really important for a young company. This should also ensure better long term progress of the company.

Place

Petit Racó seeks to acquire premises close to Vaasa's city center. It is essential that the products are available within a short distance for majority of people. It is also important to be situated in the heart of the city if the restaurant wants to attract tourists in the area. Also this way the restaurant can be spotted easily for instance when people are spontaneously looking for a place to eat.

In the future further negotiations will be held to map the possibilities to get Petit Racó's products in groceries around Vaasa. This way some of the products could be reachable for the customers, even when the restaurant is closed. Also the company could consider providing the food online by using partner selling through some take-away service provider, like pizza-online.fi.

Promotion

Petit Racó will promote its service through various channels to reach as many customers as possible during its five first years. A budget of approximately 18.000 euros has been planned for the first year, which is considered to be the most important year for the company to make the people aware of the new company. In the following two years the budget will be decreased slightly to save in the costs.

Petit Racó will be strongly promoted through newspapers, regional radio channel, social media and flyers. The restaurant will be promoted for instance in "Pohjalainen" which is a local newspaper in Ostrobothnia area. Their distribution was 23 282 papers and the amount of readers 69 000 in year 2012. Thus it will make the newspaper a considerable place to advertise and to reach a big audience. (Pohjalainen 2014.)

In addition Petit Racó will advertise through regional radio "Radio Vaasa". Radio Vaasa transmits adverts for 21 000 people on a weekly basis which makes it also worthwhile place to advertise the restaurant. (RadioMedia 2014.) Also social media like Facebook

and Twitter will be used to spread the word about the new restaurant. For instance Facebook provides the companies the ability to adjust the size of the audience the company wants to reach and the company can be charged for example according to the total cost of the ad divided by the amount of clicked links. This makes the advertising relatively easy and cheap for the company to reach even big audiences. (Facebook 2014.)

Last but not least also different brochures and flyers will be used to advertise the restaurant door to door. For instance an online company “vistaprint” offers mass production of different sizes of flyers for companies. This is a cheap and effective way to make sure that the restaurant will be noticed at homes. (vistaprint 2014.)

5.4.4 Competitor analysis

In order to conduct a competitor analysis one has to look at the quantity and variety of players in the market Petit Racó is entering, as well as how they differ from it. After doing extensive market research the results found were as follows:

In Vaasa area there is only one direct competitor at the moment. By the direct we mean in this case, another restaurant dedicated to prepare and serve tapas food for people. In addition, there are several other restaurants serving varied food options for same customer segments in Vaasa area which can be consider relevant competitors for the restaurant.

Competitor1: Pincho tapas bar, Vaasa

Pincho is a restaurant launched in 2011. Pincho is run by a business concept manager Jasmin Räisänen. The restaurant is dedicated for tapas food which makes it a direct competitor for Petit Racó. The restaurant is situated in shopping center “Rewell Center” in a fundamental place in the center of Vaasa. According to Rewell Center’s action report, in year 2013 there were 4342321 visitors in the shopping center. No sales or visitor figures were available for Pincho. (Rewell Centerin yrittäjähdistys ry 2013.)

Competitor2: Amarillo, Vaasa

Amarillo is a “tex-mex” restaurant belonging to Finnish network of companies “S-group”. Initially Amarillo has been launched in 1988. The restaurant is dedicated for southern food and might every now and then launch tapas theme weeks. Nowadays there are 123 restaurants around Finland. According to Fonecta yritystieto, Vaasa Amarillo’s turnover in 2013 was 557442 euros and it accounts for 10-19 employees. (Fonecta Finder 2014.)

Competitor3: Magokoro, Vaasa

Magokoro is a Japanese restaurant founded in 2010 in Vaasa. Magokoro is situated in relevant place in the shopping mall “Rewell Center” in the center of Vaasa. Magokoro offers different Japanese sushi cousins, which makes it indirect competitor, due to its small portions, tapas-like, and its competitive price. Magokoro accounts for 1-10 employees. Magokoro does not have sales figures available. (Magokoro 2014; Fonecta Finder 2014.)

In order to assess the competitors relevant to Petit Racó, a quantitative Competitor Array (graph 3) technique will be applied. (Venturehothouse 2013.) When looking at the table below, one can first see the weighting column. This column signifies the importance of the ratings applied to the different categories. Each restaurant is given a rating 1- 10 (1 being the lowest, 10 being the highest) for each of the four categories.

Once the ratings are set, they are combined with the weighting percentages, in order to get the total score of the competitors. As seen below, after doing the calculations, Magokoro has a score of 8, Pincho has a score of 7,3 and Amarillo comes last with a score of 6,1.

TABLE 1. Competitor Array (Adapted from Venturehothouse 2013)

Key success factors	Weighting	Pincho rating 1-10	Pincho weighted	Amarillo rating 1-10	Amarillo weighted	Magokoro rating 1-10	Magokoro weighted
Food quality	0,4	8	3,2	7	2,8	8	3,2
Price	0,3	5	1,5	3	0,9	8	2,4
Customer service	0,2	8	1,6	7	1,4	7	1,4
Location	0,1	10	1	10	1	10	1
Total	1,0	31	7,3	27	6,1	33	8

5.5 Channels

The company will open one restaurant in Vaasa where the customers are provided with the premise to eat and spend quality time. In addition, the restaurant will have their own web-page where the customers are provided with abilities such as to check the menu together with the pictures and prices of the food, opening hours and contact information.

Later on the company could consider indirect partner selling. This could be put into practice for instance through online takeaway ordering service. There are several companies providing the above mentioned service in Finland. One considerable provider could be "Pizza-online.fi" who provides the restaurants a platform to take orders from customers. By that the restaurant will avoid the costs of providing and maintaining an own online ordering service.

Also the company could consider coming up with an agreement of providing readymade tapas plates in groceries around Vaasa. This could be put into practice for instance by having a display in the shop and serving sample portions to people and by that advertise the restaurant and the food. Another way could be to have the tapas plates as a product in the groceries.

Also the company will launch their own profiles in the social media like Facebook and Twitter, where the potential and existing customers will be gathered together to provide them with the new campaigns and ability to communicate with the company. The social media serves also as a good platform for advertising the new restaurant, not only in the Vaasa area, but also internationally.

5.6 Customer relationships

The company's customer handling will be divided in three main categories. They are acquisition of new customers, retaining the existing customers and to summon the old and new customers to form a family.

In the beginning the company's strategy will be to acquire new customers from all customer segments. All customers should be feeling welcomed in the restaurant. This will be put into practice by giving the customers the feeling the service they get is as much personal as it can get. The customers should also be able to give feedback about the quality of the food and the service and by that take part of improving the quality of the restaurant. In addition the customers will be provided with the chance to get a refund if they are not satisfied with the food or service.

Later on the company will move on launching a strategy to retain the existing customers. This will be put into practice for instance by providing the customers discounts when having a lunch in the restaurant. The company could also launch a loyalty program where the frequent customers are provided with a possibility to get discounts and other benefits when eating in the restaurant. A member could for instance get a free coffee on top of the food.

It is important to make the customers to feel like being one family. Social media has got a foothold in the society and is here to stay. As mentioned earlier, the company will use different social medias to build own communities among the customers. In these groups the customers are able share their experiments in the restaurant. Also the company is able to communicate and advice the customers in any matter through the social media.

5.7 Revenue streams

The way the company generates revenue will follow the typical way of making money. Most of the revenues come from asset sales. This means that the company sells an “ownership” for the food they serve for the customer in the restaurant. The company will use the commonly used list and volume dependent pricing as a pricing mechanism.

Anyhow, to guarantee further development of the business, some diversified revenue streams should be generated. A typical way of creating extra incomes is to attract more customers to come in the restaurant for instance by launching a loyalty program for the customers. Thus the loyalty program could for example give the customer a free dinner after eating in the restaurant some certain amount of times.

In addition the company could for instance offer the customers the possibility to arrange private parties in the restaurant. Advertising the restaurant as a good party facility for different events could gain good reputation among the customers and thus generate some extra incomes. Also the restaurant could host different kind of special events which might interest people from different groups. This could be for instance a night for single persons or sophisticated wine tasting evenings.

Lastly the company could provide catering for the customers in different kind of events outside the restaurant. For example providing catering for events like weddings, business meetings or opening ceremonies would not only be a good way to generate extra income for the company, but also make a bigger group of people aware of the restaurant and the service it is providing.

5.8 Key resources

In the restaurant business there are many fields which require a good planning on resources. For instance the restaurant needs premises and the right tools to operate. It is important to find a premise from a fundamental place in the town where the customers find their way easily. The premise needs to be equipped with kitchen and the premise needs to be accepted by the authorities in order to be able to operate.

Also the restaurant needs physical resources like in-house system or in other words enterprise resource planning system to handle the customer activities like orders and payments. The same system should also provide the company the ability to follow up the company operations like sales and expenses in order to properly analyze the business operations.

Not only the restaurant runs with the premise, tools and the ERP system, but also there have to be staff to use those tools to prepare and serve the food and let the revenue flow in. Thus the company should employ a group of skilled and motivated workforce who are willing to drive the company's and customer's interest. It is essential that the human resources are well trained to propose the best value for the customers. Thus also resources have to be allocated to train and maintain the knowledge within the personnel.

All these above mentioned resources need money. The restaurant requires financial resources in order to maintain these important elements. Especially, as the company is new in the market, it is important for the company to find enough of capital from the investors to survive the first years. Thus not only the restaurant needs the money to maintain the operations and pay the employees' salaries but also it needs money to do the marketing to attract new customers and to guarantee further development of the business.

5.9 Key activities

According to the restaurant value proposition, the restaurant want's to provide the customers unforgettable culinary experiences through well-served, exotic and original Spanish tapas together with cozy atmosphere and affordable price.

Thus as key activities the restaurant should concentrate such actions like monitoring food quality, looking for different ways to keep the costs low, keeping the menu interesting, monitoring customer service and creating the right atmosphere around the customers.

It is essential that the restaurant will follow up the quality of the food. The food should be always as fresh as possible and properly prepared. Not only because of the taste of the food but also because the restaurant cannot afford any bad medical conditions for

the customers caused by negligently prepared food. Also the outlook of the dishes should enthrall the customers.

As the restaurant want's to provide the customers with affordable prices, the restaurant needs constantly to look for options to keep the costs low. Whether if it is constantly looking for discounts from suppliers or looking for possibilities in saving energy, all are good options, as long as the quality won't suffer and the customers and the staff stays satisfied.

The restaurant needs to make sure that the customers will find the restaurant interesting and that they will return to eat. This can be done by refreshing the menu and introducing new and exciting dishes every now and then. Also refreshing the outlook of the restaurant for instance with little changes in decoration and introducing different theme nights can help to keep up constant interesting atmosphere in the restaurant.

One of the most important activities is to monitor the customer service. It is important that the customers feel like being well taken care of. The restaurant want to make sure that the staff is highly motivated, educated and best in their field. This is because the staff is the face of the company, and it plays a big role in how the customers see the company. The restaurant wants to make sure also that the customer is well taken care of in any matter and through every channel.

5.10 Key partners

In order to propose the best value Petit Racó should favor mostly local restauration suppliers. Not only that would guarantee fresh products for the restaurant and cost reduction in transportation, but also it would be beneficial from the marketing point of view as the restaurant would support the local economy.

The key supplier delivering fresh meat products in Vaasa could be for instance Österbottens Kött, who provides responsibly produced meat products to its customers. (Österbottens Kött 2014.) In addition to local meat supplier, the business also seeks to import specialized Spanish ham and sausages. This could be done for instance through Spanish supplier called "Jamonarium", which is a meat shop from Barcelona. (Jamonarium 2014.)

Also other food suppliers are needed to meet the requirements for the tapas the restaurant will offer. Juustomaa is a local shop in Vaasa specialized in cheeses, whose stock consists of over 200 different cheese types from all over the world. Juustomaa is awarded by Finnish cheese association with a recommendation shield in 2008. In addition to that, a Finnish well-known magazine called “City” awarded Juustomaa as “the best deli in the town” in 2007. Thus not only Juustomaa would provide wide variety of good tapas cheeses, also the merits they have gained would bring more value to the restaurant. (Juustomaa 2008)

All the other necessary fresh food products, industrial ingredients, soft-drinks, brewing products, set of dishes and other tabletop products would be supplied by HORECA-wholesale KESPRO in Vaasa. KESPRO is a wholesale who serves businesses in HORECA sector, in other words, Hotel, Restaurant and Café sector. They have a wide variety of high-quality products available, aimed to serve the restaurants and kitchens the best possible way to run properly. (KESPRO 2014.)

5.11 Cost structure

In order to understand a fictional cost structure a profit/loss budget statement (see APPENDIX 1) was created. The numbers are not real numbers; just approximations to what was thought could be a reality.

The table has been divided in a 5-year profit/loss statement with many sub sections such as: revenue, variable costs, fixed costs, number of employees, loans, etc. The main aim of this budget is to give a close idea to the entrepreneur opening a restaurant, of how much it would cost to keep the restaurant during the different years and what objectives can be set along the years to improve the revenue streams and ultimately the profit. Following the numbers will be explained for a better understanding.

Starting with the revenue section, one can see the subsections food, beverages and other. When it comes to food and beverages the numbers are set in a very subjective manner, as one cannot have a clear idea of how much one would sell without having an actual restaurant. However, as it can be seen in appendix one, there is a considerable increase of food and beverages revenue from year 1 throughout year 5. The reason for

that is so that the entrepreneur has a clear vision of what his or her objectives could be. The “other” revenue stream accounts for wedding parties, catering, take away, company parties, etc. The aim in that part is to increase little by little their business to business involvement.

Moving on to the variable costs section; the wages were set on the basis of 3 employees having a 2000€ salary and 4 employees having a 1500 euro salary. The following years the salaries would increase accordingly to the quantity demanded by the labor union requirements. The dishes and cutlery expenses were counted on the basis of 50 normal dishes, 50 deep dishes, 50 desert dishes and 50 coffee sets counting each costing 3 euros each, then the cutlery was counted as 0.5 euros each cutlery piece and 1 euro each glass. Every second year some dishes and cutlery would be updated and renewed. The Laundry and linen was counted as a 10 euro linen kit per table with a total amount of 15 tables, giving a total of 150 euros a year changing it every second year.

The employees meals, though stated as a cost, would be deducted from those employees who decide to eat at the restaurant, meaning that 150€ would be deducted from their monthly salary.

The marketing costs section is divided again in several subsections; the prices for the brochures and business cards correspond to 250 and 500 units accordingly, the website expenses represent the cost of keeping a yearly name domain as well as the web page advertising costs. The advertising costs written there are the ones reflecting not only online advertising but any other means of advertising. Last but not least there is the “other” subsection, in which the menus and the signage are accounted for.

In order for the company to avoid bankruptcy during the first years, the entrepreneur would take a 50.000 euro bank loan to pay the extra expenses; this loan would be paid off from year three to year five, as the profit is supposed to be higher those years thus the solvency and the capacity to pay back is higher as well.

6 CONCLUSION

The main aim of this report was to create a feasible business plan for a fictional tapas restaurant in the city of Vaasa, Finland. It was thought that tapas restaurants are a niche in Finland as there are not so many around, so with this plan the author pretends to find a way to fill the gap and benefit from it. In order to do so, the reading starts with the theoretical framework of the main concepts and it is followed by the implementation part, or the business plan itself so to speak.

To conduct this business plan the business canvas model by Osterwalder and Pigneur was used. However, the author thought it was lacking some crucial information to make a business plan complete and relevant. This business canvas model includes the business idea, the customer segments, the value propositions, the different channels one might use, customer relationships, revenue streams, key resources as well as key activities and key partnerships. In between all these information some extra points were added such as a market analysis with a PESTEL analysis, a SWOT analysis, a marketing mix and a competitor analysis. Last but not least, a cost structure was defined with the help of an approximate profit/loss statement.

As already mentioned above, the main idea was to create something original and unique that would attract the so called “foodies” aging between 20 and 60 years of age. By foodies one means those people who are genuinely passionate about the experience of food and are willing to pay a bit more for that extra effort. Another approach to target customers would be couples looking for a pleasant personal evening with their significant other, or businesses looking for catering options or company parties.

What does Petit Racó offer to their customers? For starters, the restaurant wants to offer an unforgettable culinary experience through well-served, exotic and original Spanish tapas. Together with that Petit Racó is thought to be affordable to all, trying to approximate the prices as much as possible to the tapas from Spain, while still making Petit Racó a differentiator in the market.

When conducting the PESTEL analysis what first came to light was that Finland is thought to be a good country to start a business as they have a good political stability, and also because it has been categorized amongst the best countries to do business in

due to its low initial paid-in minimum capital needed to start a business. Together with that, Finland has also been named amongst the freest countries, economically speaking; meaning that the country has a high trade freedom, financial freedom, property rights, etc. All these are interesting factors for any existing and new businesses. If that was not enough, the Finnish government has also recently reduced the corporate taxation a 20% to reactivate the economy and encourage young entrepreneurs to invest in the market, as its population is aging fast and they need new and fresh labor force.

On the other hand, despite its high education and human development, Finland is not at its economic peak, mostly because of the effects of the euro crisis and the Russian conflict aftermath. These are strong reasons to consider whether or not it is worth it for your business to start in Finland, or if these facts are going to harm the business from the start.

Some of the greatest strengths of this fictional company are that one of the owners is Catalan, which would provide great knowledge on the product sold and it would make the restaurant more believable, both owners are well educated in the international business environment and they believe they are entering a niche market “the tapas world” which in Finland is not thriving yet. If you put that together with their great interest and their reliable investors it could be a recipe for success. On the other hand, the owners possess no market or entrepreneurial experience which is a drawback, also this project is extremely money drying and resource demanding which might be a challenge for young people nowadays to find these sources of income. Sometimes lack of experience can turn out to be an opportunity, as new and fresh ideas might arise when brainstorming.

Petit Racó plans to be competitive in pricing with other restaurants in Finland and make its dishes cost-effective if compared with Pincho restaurant from Vaasa for example as they are a tapas direct competitor. It plans to offer a great variety of tasty tapas as well as the southern experience without moving from Finland. The best place to set Petit Racó would be somewhere in the center with a high affluence of potential customers so that the restaurant would be easy reachable and easy to find.

Some ways to make the restaurant more known and more spread would be for example creating and promoting a webpage where the customers could order food and check the menu, or enter an indirect partnership selling with “pizza-online.fi”, which would work

as a platform for Petit Racó to take orders from customers. Another channel to be considered is supermarkets or grocery shops in Vaasa, where the restaurant could provide them with ready-made tapas plates to sell. Lastly, in this fast-changing world, an extremely important platform to be present in is social media, where the customers would find the restaurant and do an indirect promoting of it by including it in their hashtags, publications or just by liking it.

The business plan talks about three types of customer relationship handling; these are acquisition of new customers, retaining the existing customers and create a “family” with both the new and the old customers so that they will remain loyal to Petit Racó and come back.

The main activities of the business should go around keeping the food’s quality premium, keeping costs low, and keeping the menu interesting. By doing all these things above customer retention is almost assured, and with high customer retention the restaurant can increase their revenue.

Lastly the report covers a fictional cost structure with a profit/loss statement; in there the different variable and fix costs are collected as well as the sources of revenue. The conclusion of that statement is that a restaurant needs a huge initial investment to set all the appliances and restaurant supplies, as well as to promote the business and make it known so that the expected revenue keeps coming in. The main point of that statement was to set future goals for the restaurant to follow; the main aim would be to increase the revenue year after year seemingly and to somehow reduce the costs.

As already mentioned several times, this report represents an inexistent restaurant at the moment, the so-called Petit Racó. However, with some effort, will and resources the dream is to one day make this restaurant a reality with the help of this business plan.

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APPENDICES

APPENDIX 1. Profit/Loss Statement for Petit Racó

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue (sales)					
Food	€ 153,000.00	€ 205,678.00	€ 340,639.00	€ 427,385.00	€ 576,945.00
Beverages	€ 50,000.00	€ 63,000.00	€ 69,387.00	€ 72,834.00	€ 73,218.00
Other	€ 15,000.00	€ 20,000.00	€ 50,000.00	€ 60,000.00	€ 60,000.00
Gross revenue	€ 218,000.00	€ 288,678.00	€ 460,026.00	€ 560,219.00	€ 710,163.00
Variable costs					
Wages and salaries	€ 144,000.00	€ 146,000.00	€ 148,000.00	€ 150,000.00	€ 152,000.00
Dishes and cuttlery	€ 700.00	€ 200.00	€ -	€ 200.00	€ -
Laundry/Linen	€ 150.00		€ 150.00		€ 150.00
Cleaning supplies	€ 480.00	€ 480.00	€ 480.00	€ 480.00	€ 480.00
Kitchen supplies	€ 1,500.00	€ 1,500.00	€ 1,500.00	€ 1,500.00	€ 1,500.00
Maintanance and repairs	€ 1,000.00	€ 1,000.00	€ 1,000.00	€ 1,000.00	€ 1,000.00
Employees meals	€ 12600.00*	€ 12600.00*	€ 12600.00*	€ 12600.00*	€ 12600.00*
Promotional meals	€ 12,000.00	€ 10,000.00	€ 8,000.00	€ 10,000.00	€ 12,000.00
Discounts / coupons	€ 10,000.00	€ 8,000.00	€ 10,000.00	€ 8,000.00	€ 10,000.00
Office and other supplies	€ 1,100.00	€ 1,100.00	€ 1,100.00	€ 1,100.00	€ 1,100.00
Total costs	€ 170,930.00	€ 168,280.00	€ 170,230.00	€ 172,280.00	€ 178,230.00
Contribution margin	€ 47,070.00	€ 120,398.00	€ 289,796.00	€ 387,939.00	€ 531,933.00
Nr. Of employees:	7	7	7	7	7
Fixed costs					
Rent	€ 15,600.00	€ 15,700.00	€ 15,800.00	€ 15,900.00	€ 16,000.00
Insurance	€ 5,000.00	€ 5,000.00	€ 5,000.00	€ 5,000.00	€ 5,000.00
Permits	€ 4,000.00	€ 4,000.00	€ 4,000.00	€ 4,000.00	€ 4,000.00
Marketing					
Brochures	€ 200.00	€ 200.00	€ 200.00	€ 200.00	€ 200.00
Website	€ 700.00	€ 700.00	€ 700.00	€ 700.00	€ 700.00
Business cards	€ 45.00	€ -	€ 45.00	€ -	€ 45.00
Advertising	€ 15,000.00	€ 13,000.00	€ 11,000.00	€ 13,000.00	€ 11,000.00
Other	€ 2,000.00	€ 2,000.00	€ 2,000.00	€ 2,000.00	€ 2,000.00
Goods transport	€ 10,000.00	€ 10,000.00	€ 10,000.00	€ 10,000.00	€ 10,000.00
Costs of goods sold	€ 30,000.00	€ 45,000.00	€ 56,430.00	€ 58,321.00	€ 62,009.00
Bar supplies	€ 2,000.00	€ 2,000.00	€ 2,000.00	€ 2,000.00	€ 2,000.00
Total Fixed costs	€ 84,545.00	€ 97,600.00	€ 107,175.00	€ 111,121.00	€ 112,954.00
Operating margin	-€ 37,475.00	€ 22,798.00	€ 182,621.00	€ 276,818.00	€ 418,979.00
Depreciation	€ -	€ -	€ -	€ -	€ -
Liabilities					
Loan income	€ 50,000.00				
loan payment			€ 10,000.00	€ 20,000.00	€ 20,000.00
Business tax 20%					
Total final costs	€ 255,475.00	€ 265,880.00	€ 287,405.00	€ 303,401.00	€ 311,184.00
Profit before taxes	€ 12,525.00	€ 22,798.00	€ 182,621.00	€ 276,818.00	€ 418,979.00
Income tax	€ 2,505.00	€ 4,559.60	€ 36,524.20	€ 55,363.60	€ 83,795.80
Net profit	€ 15,030.00	€ 18,238.40	€ 136,096.80	€ 201,454.40	€ 315,183.20
Net profit ratio	7%	6%	30%	36%	44%

APPENDIX 2. Business Canvas Model chart

<p>Key Partners </p> <ul style="list-style-type: none"> • Österbottens Kött • Jamonarium • Juutomaa • KESPRO 	<p>Key Activities </p> <ul style="list-style-type: none"> • Monitoring food quality • Keeping costs low • Interesting Menu • Monitoring customer service • Atmosphere 	<p>Value Proposition </p> <ul style="list-style-type: none"> • Quality in service • Exotic & Original tapas • Affordable/adapted prices 	<p>Customer Relationships </p> <ul style="list-style-type: none"> • Personal service • Discounts • Loyalty program • “One family” 	<p>Customer Segments </p> <ul style="list-style-type: none"> • Everyone from the ages 14 and up • “Foodies” • Couples and dating persons • Group of friends 	
<p>Key Resources </p> <ul style="list-style-type: none"> • Premises & Tools • ERP-system • Staff • Investors 		<p>Channels </p> <ul style="list-style-type: none"> • Premises in the center • Online orders • Products in groceries • Social media 			
<p>Cost Structure </p> <ul style="list-style-type: none"> • Wages • kitchen - bar supplies /appliances • restaurant supplies /furniture • maintenance /repairs • Advertising / promoting 			<p>Revenue Streams </p> <ul style="list-style-type: none"> • Asset sales • Loyalty program • Different special events • Private parties • Catering 		