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**DEVELOPING A BUSINESS PLAN**

**Case: Tajmahal Indian Restaurant, Jyväskylä**

**Thesis**

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<p>The field of food industry is growing as food is being one of the most essential needs of human beings and demand for restaurants as well. Tajmahal restaurant is planned to be an outstanding new dining place to eat with a minimum of 40 seats in Jyväskylä. Jyväskylä is a fast growing city in Finland with many potential opportunities where Tajmahal restaurant will create an outstanding place for food lovers. The theoretical background of this thesis was based on a number of business books, publications and electronic publications. The thesis also gives an image of its potential customers and possible competitors. This thesis also clarifies why this particular place was chosen to provide its services.</p> <p>The aim of the thesis is to determine the feasibility of starting up an Indian restaurant business into real life in the city of Jyväskylä. Starting an own business is not an easy task and before doing so one needs to conduct a thorough research, and a business plan is the best way to present it. A questionnaire with open-ended and optional questions was carefully designed for a market research.</p> <p>The result of this study will help the author to establish Tajmahal restaurant and the readers will benefit from this thesis work to establish their own Indian restaurants.</p>		
<b>Key words</b> Business idea, business plan, entrepreneurship, ethnic restaurant, new business, market reseach.		

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## **ABSTRACT**

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## 1 INTRODUCTION

The field of food industry is growing as food is being one of the most essential needs of human beings and demand for restaurants as well. Overall, the purpose of the thesis is developing a business plan for an Indian restaurant. Indian food style has its own popularity all over the world and a country like Finland is a great place to achieve business' goal as Finnish people like to try new and exotic food from different countries.

Ethnic food restaurants are an increasing business with huge profitability if the plan is well documented and written showing the path to a business in difficult times. Ethnic restaurants have a brand image to people what needs is to decoy the customers and retain them by providing unique and authentic food what they dream of to experience.

The first part of the thesis is a concise substance of the thesis and the second part is demonstrating the business plan, entrepreneurship, qualities of an entrepreneur. The chapter also gives an overview of ethnic restaurant business. The third section of the thesis is an explanation of the market and competitors, marketing mix and analyzing the strengths and weaknesses as a theoretical point of view. The empirical chapter of the thesis is showing how the theoretical ideas and researches turn into a real and practical plan to start up a business which comes at the third and fourth portion of the thesis with the theoretical research. This part also describes the research method of thesis to determine the feasibility of Tajmahal restaurant in Jyväskylä.

To build up a strong and realistic plan for business is always challenging as well as important for a new business to run successfully with existing competitors for a longer period of time. It helps a company to grow, expand and bring variation in terms of products and services for the customers. Lack of proper plan and passion, most restaurants are not able to provide various and unique taste of food in the city of Jyväskylä. But Tajmahal restaurant will be able to provide different and authentic ethnic Indian food to the people of Jyväskylä since many restaurants failed. Customers will be delighted to taste the real Indian food in the city have never tasted before. Tajmahal will be a new place where people will gather and share the experience of Indian dine with their beloved people.

The aim of the thesis is to determine the chance of starting up an Indian restaurant business in to real life in the city of Jyväskylä, Finland. For some certain reasons the writer chose this as thesis topic. Firstly, he always wanted to be an entrepreneur and run his own business. Secondly, Jyväskylä is a growing city in Finland with business opportunities. Thirdly, Finland is a country with great opportunities for new entrepreneurs by providing many unique facilities for them to setting up business and running it well. Last but not least, the topic of the thesis is quite related with bachelor studies, therefore it is a useful and fruitful putting his learning into more practical use.

## **2 BACKGROUND OF ESTABLISHING AN ETHNIC RESTAURANT BUSINESS**

Ethnic restaurant business is extremely diverse and it is a competitive industry with many different diversities. A convincing establishment plan not only serves as a financial tool for your food business but also plays a role of an analytical tool to help your restaurant stand aside and compete with others.

In the first portion of this chapter, the author will describe the basic concept for building a good business plan based on starting a new business idea. The latter portion will provide the main aspects and benefits of the prospective entrepreneurship in the ethnic restaurant business.

### **2.1 Business Idea**

Each task or duty of people that they do not like to do or do not have time to do for themselves is the foundation for a new business. Business ideas are generally born by business builders who are listening to customer needs and their perspective on some new concepts. Moreover, business ideas can be developed from known facts, through marketing researches and observing other established businesses. (Hall, 2012)

Thus, among various ideas of business, it is important to determine whether your business idea is sustainable and competitive. From a wide range of competences and energies, an entrepreneur can develop a good business idea, which encourages new ways of thinking and innovation. It aims to present and explain the entrepreneurial process from the moment an idea is conceived until the new business or business unit is introduced on the market. (Hougaard 2006, 23-29.)

A business idea indicates different aspects of the enterprise operation in the markets. The business idea needs to be able to answer the questions: What? To whom? And How? To succeed in the market place, make sure you consider your business idea from the point of view of the customer in particular. Then you will get the best insight about them to make your business idea become viable. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))



## 2.2 Entrepreneurship

In Modern era, the world has blessed with endless opportunities to explore and develop new ideas; those who come across these ideas and establish them are entrepreneurs. Entrepreneurs are not only opening opportunities for themselves but also creating employment for the unemployed. The word entrepreneur is derived from the French word "entreprendre" which means "to undertake" and in terms of business which means to start a business (Saroj & Mehndiratta 2009, 1-2). According to Jeffry Timmons, professor of entrepreneurship is the ability to create and build from a vision practically nothing: fundamentally it is a human, creative act (Kumar 2008, 4).

According to A.H. Cole, "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize, a profit oriented business unit for the production of distribution of economic goods and services" (Gordon, Natarajan & Arora 2009, 14). An entrepreneur is a person he or she organizes, manages and presumes the associate uncertain risks of a new business or firm. However, anyone who wants to work for himself or herself is considered to be an entrepreneur. (Saroj & Mehndiratta 2009, 2-3)

## 2.3 Entrepreneur Competencies

An entrepreneur is always action oriented as well as risk taker; thinker and doer; planner and worker. He or she has the capability to face and take the risk and manage it well in different situations (Gordon et al. 2009, 17-18). To get success and achieve entrepreneurial goals an entrepreneur needs to have some certain competencies. Competencies can be defined as "the sum of our experiences, and the knowledge, skills, values and attitudes we have acquired during our lifetime" (Pickett 1998, 103).

An entrepreneur should have certain natural inherent qualities in him or her in terms of achieving business goal. According to Srivastav 2007, an entrepreneur should come across some common factors and these are:

- Hard Work: Strong determination and willingness to work hard is the bridge to success for an entrepreneur.
- High Desire: work hard from hope of success rather than from fear of failure.

- Foresightness: An entrepreneur should have a better foresight to see the upcoming changes and the ability to take timely measures. It helps him or her to understand the market trend and the customer attitudes towards his or her business.
- Optimistic: Optimism helps you to be ready to face the future challenges and uncertainties.
- Independence: Guiding by your own and capability to take your own decision for your business is a vital competency of an entrepreneur.
- Innovative: The entrepreneur should empower an innovative mind and always thirst for something better. He or she should try always to do something new and creative to meet the demand of the customers.
- Best Organizer: Production of a product needs many processes and systems to combine together; an entrepreneur should have that ability to bring all required resources together as an enterprise. (Srivastav 2007, 6-7)

Additionally to above mentioned qualities Saroj & Mehndiratta 2009, emphasize more qualities of an entrepreneur that helps him or her to achieve success.

- Inner Drive to Succeed: Staying motivated and committed to achieve success is important to overcome obstacles that get in the way of your goals.
- Confidence: Strong personality and respect their own ability to achieve whatever they dream of.
- Creativity, innovation and resourceful are very important to have for an entrepreneur to get success.
- Time is money; if time demands to change to get better and new opportunities an entrepreneur always arise like a pioneer to the latest modern facilities for being top in the market.
- Setting up own standards of success that drives to compete with other businesses.
- Motivation and dedication to achieve success is the main mantra for an entrepreneur.
- Useful criticisms help an entrepreneur to readjust their plan otherwise they know how to ignore absurd remarks as pessimism.
- Ability to analyze an opportunity or a problem.
- Calculative risk taking mentality is a major quality to possess for an entrepreneur to go ahead successfully and to create new potential opportunities.

- Strong eagerness to learn new subjects always helps you to focus and enter into a new space with new dimension of success.
- Good inter-personal skills help you to create a strong network among your suppliers, dealers and employees that brings good outcome in return.
- Good strategic plan for future aspects help to take control and to get success. (Saroj & Mehndiratta 2009, 5-7)

## **2.4 Ethnic Restaurant Business**

Eating out is becoming a common habit for most of the people nowadays. Customers those who appreciate ethnic theme restaurants seek authenticity in the hope of not only experiencing ethnic foods but also expanding their cultural knowledge. The authenticity of dining experience in a theme restaurant indicates the unique tastes and authentic ingredients that customers considered the most as a theme restaurant. In terms of defining "Ethnic Food" is difficult since it has its own and different meaning for each and different individuals and groups (National Restaurant Association 1995). Many consumers do get confused to differentiate between authentic and fusion cuisine. However, authentic cuisine can be described as featured and distinct cooking style using specific ingredients and traditional food serving methods over an extended period of time by their own way. In contrary, fusion cuisine blends the culinary traditions of two or more cultures which do not fit specifically into any particular style or type of cuisine. (Sukalakamala & Boyce 2007, 69-70).

The customers who enjoy experiencing ethnic theme restaurant service are usually heavily weight authentic to cultural experiences. And most of the times customers of ethnic theme restaurants are more likely to continue as a regular customer to such restaurants if they have positive and unique impressions to such restaurants. Moreover, for representing one cultural feature by food ethnic theme restaurants play a vital role. It presents the uniqueness of the different countries' food and cooking style from different parts of the world as an international brand. Furthermore, ethnic oriented restaurants help to generate marketing strategies for retaining customers and attract new customers by creating a linkage between food and countries characteristics. Ethnic restaurants help customers to obtain authentic and unique cultural experiences. (Okumus, Okumus & McKercher 2007, 253–261)

### 3 ESTABLISHMENT OF TAJMAHLA RESTAURANT

#### 3.1 Executive Summary

The executive summary is the thesis statement which provides a short and concise overview of the entire business plan. It gives the reader an awareness of the uniqueness of the business and gives the reader a chance to understand the basic concept of the business effectively. It gives answers to certain following questions: Who? What? Where? When? Why? How? (Pinson 2004, 19-22).

In a concise, one-page executive summary will sum up who is the company, what it does, where the company is going, why it is going where it is going and how it will get there. So that, an effective executive summary is written last after your plan has been completed although it goes at the beginning of the plan. Because, it is more likely easy and effective to draw the summary at that time since all the information and financial data will be available. (Pinson 2004, 19-22)

Tajmahal restaurant is an outstanding new dining place to eat with a minimum of 40 seats in the city of Jyväskylä. The restaurant will be combining a fascinating atmosphere with excellence as well as delicious authentic Indian food. Tajmahal restaurant is not only to have great tasting food but also will have efficient and friendly customer service since customer satisfaction is the first priority. Tajmahal restaurant will certainly create a unique and innovative fine dining atmosphere which will reintroduce the culinary authentic Indian cooking style and food for the people of Jyväskylä and also differentiate the restaurant from the competitors. The restaurant will be able to create reputation in terms of the Indian food, unique cookery style and decor with soothing warm tones from vast Indian music. The customers of Tajmahal restaurant will enjoy a fine dining experience in a cozy atmosphere.

Tajmahal restaurant wants to be the restaurant choice for all customers in terms of families and singles, young and old, male or female. In order to reach the goal or mission Tajmahal will hire friendly staff to create the restaurant a perfect place for dining or entertainment

experiences. Tajmahal restaurant believes that “happy employees make happy guests” that is why the owner of the restaurant will create a rewarding place to work for the employees. The location for Tajmahal restaurant will be inside Forum in Kauppakatu, Jyväskylä. According to the survey that conducted by the researcher shows this company has a huge potential to grow aiming high in the ethnic food sector in Jyväskylä. Kauppakatu is the busiest commercial street in Jyväskylä and the environment is especially popular among young people in Jyväskylä. Additionally, it has always been the most important street of Jyväskylä and the most popular shopping spot which will help to get regular customers for the restaurant.

In Jyväskylä, there are already an Indian restaurant and a Nepalese restaurant. The Nepalese restaurant is less popular than the Indian restaurant, which has been observed by the researcher’s personal visit to Jyväskylä, through the survey and online restaurant reviews by customers. It is clearly showing that people like the Indian cookery style and the taste of the food. It will be easier to attract customers for Tajmahal restaurant since they have experienced the Indian food and they will get a chance to compare the authenticity of the two Indian restaurants which will be a competitive advantage to achieve a great foundation for future growth.

### **3.2 Company Description**

The company description is an important part of your business plan which is basically the second part what comes after the executive summary. The company description gives a broad overview about a company, such as the nature and uniqueness of the company. It also covers who you are, what you have to offer, where the company is located, company size is, what company does and states the company's mission (Pinson 2004, 25-26).

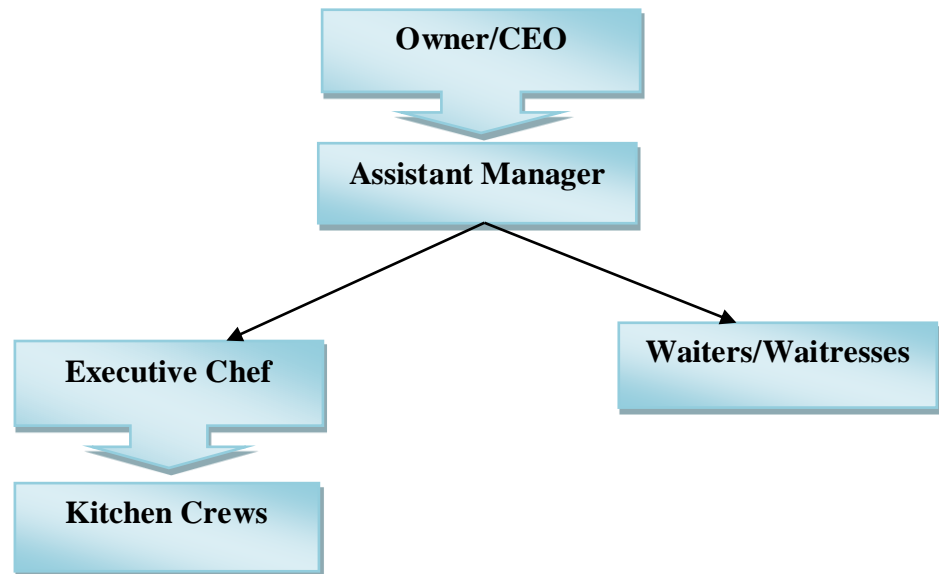
It also addresses the following points briefly:

- Company's mission
- The nature of the business or the legal structure of the business
- An overview of the business strategy
- Development of the products and services that will attract the customers
- SWOT analysis for the company (Pinson 2004, 26).

Tajmahal restaurant is committed to a consistent, high quality menu of great Indian culinary uniqueness and authenticity that will tickle your soul with happiness. The menu of Tajmahal restaurant will lure to a wide range of customers. The mission of Tajmahal restaurant is to serve Indian food by efficiently and friendly customer service since customer satisfaction is the first priority.

Tajmahal restaurant will be open 7 days a week and will serve lunch Monday to Friday from 11:00 am to 3:00 pm. For dinner Tajmahal restaurant will open Monday to Friday from 4:00 pm to 9:00 pm. Saturday and Sunday the restaurant will open for dinner purpose that will start from 4:00 pm to 10:00 pm.

The Tajmahal restaurant will offer special theme evenings like Restaurant Day, Easter evening, Finnish Midsummer festival, Labor Day, Independence Day, Fathers/mothers/valentine's special day, Christmas, New Year eve and special ethnic food nights. These all kinds of offerings will attract customers to the restaurant. However, the strategy of Tajmahal restaurant is to give a great experience to its customers and more value than its competitors through outstanding food, cleanliness, friendly service and great entertainment options. Tajmahal restaurant will arrange private parties and also deliver food for private occasions (minimum 25 pers.). Moreover, there will be a la carte dishes at a decent price.



GRAPH 1. Organizational structure of Tajmahal restaurant

### **Owner/CEO**

The organizational structure of Tajmahal restaurant begins with the owner who will be the CEO and General Manager of the restaurant. The restaurant owner will make the ultimate decision for the restaurant and be the ultimate responsible person for everything that happens within the restaurant. The owner of the restaurant can hire an assistant manager for managing daily activities on behalf or manage by himself.

### **Assistant Manager**

Assistant Manager is responsible for the daily operations of the restaurant and also making sure that the restaurant is running smoothly and efficiently as the owner wants. Furthermore, maintaining the inventory system, observing the restaurant staffs as well as looking after marketing and financial issues are also assistant manager's day to day responsibilities.

### **Executive Chef**

Executive Chef or head chef is responsible for the kitchen work, monitors the kitchen crew and reports to the assistant manager or directly to the owner of the restaurant.

### **Kitchen Crew**

Under the executive chef's observation the kitchen crews will prepare the ordered foods, keep the kitchen clean and maintain the food quality.

### **Waiters/waitresses**

Welcoming customers in the restaurants, demonstrating menu knowledge, describing dishes if needed, giving suggestions, taking orders and ensuring customers satisfaction are waiters/waitresses' responsibilities. Tajmahal restaurant will hire friendly and experienced waiters/waitresses to ensure for the ultimate customer satisfaction.

## **3.3 Company Finance**

The entrepreneurs in most of the cases do their best in focusing on the business activities by letting an accountant take care of the bookkeeping. Listening to expert advice with regard to the closing of the books is important. However, the planning of the business activities, follow-up, and development are always the responsibility of the entrepreneur. ([www.yrityshelsinki.fi](http://www.yrityshelsinki.fi))

Although your hopes and plans for financing your business will be set out in all the cash flow forecasts which you will attach as appendices, it will be helpful if you give a brief summary. The following are shown no matter how small the business is:

- The expected turnover for the first year;
- The expected net profit for the first year;
- How much of the loan will be paid off in one year;
- When you expect to pay off the loan entirely;
- What you hope for the second year (Blackwell 2011, 12-13).

The start-up costs for Tajmahal restaurant will come up to €190,000 which mostly includes the expenses for restaurant equipment, kitchen installments, furniture, paintings, re/construction, rent, start-up labor, liquor license, six months operating cash, legal and consulting costs associated with opening the restaurant. These are the start-up expenses and requirements to the best of the author's knowledge and assumptions for establishment of the restaurant. Tajmahal restaurant will personally arrange €65,000 of capital to the



business, €35,000 as bank loan and seeking an additional €35,000 from investors to start up the company.

### **3.4 Company Law**

Selection of the form of enterprise before starting up a business is very important. Most popular forms of enterprise in Finland are:

- Sole trader
- General partnership
- Limited partnership
- Limited company
- Co-operative ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

Above mentioned forms of enterprises are discussed in details below:

#### **3.4.1 Sole trader**

Sole trader or private entrepreneurship is one of the simplest ways to setup a business in Finland. Sole trader or sole proprietorship means a natural person who owns and runs the business by him or herself and there is no legal distinction between the owner and the business. The owner of the business is fully liable for the business's losses and unlimited risks (debt for example) and will enjoy all the profit he or she makes from the business. An individual with permanent domicile in the European Economic Area (EEA) may operate as a sole trader in Finland. A person who lives outside the EEA needs a license from the National Board of Patents and Registration of Finland [www.prh.fi](http://www.prh.fi) for establishing a business. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

The business Sole trader needs to be registered in the trade register and also notify the Finnish Central Tax Administration of commencement for business operations. In 2014, the registration fee for sole trader was €105. A sole proprietor can start his or her business operations operating immediately as this organization have been notified. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

### **3.4.2 General partnership**

A partnership business arises from an agreement, express or implied, between two or more persons to carry on a business for profit. A general partnership business needs to have minimum two partners (natural people) or more, but a partner can also be a legal person (an enterprise or organization). At least, one partner of a general partnership business need to have permanent residence or a legal partner from the EEA area otherwise a permission need to be granted from The National Board of Patents and Registration of Finland. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

Each partner contributes labor and skills as an investment for the business. Generally, all the partners are personally liable for the partnership debts and liabilities. Moreover, all the partners are fully liable for the partnership commitments which mean their personal assets are at risk. The partners can decide together in terms of partnership unless agreed otherwise. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

### **3.4.3 Limited partnership**

In limited partnerships, there are two types of partners: active or general partner and sleeping or silent partner. An active or general partner is fully responsible for the partnership liabilities, commitments which means their personal assets are at risk. An active partner has the right to take decisions for the partnership and also to represent the business. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

On the other hand, a sleeping or a silent partner invests assets or money to the business in terms of receiving interest on earnings. A sleeping partner's liability is limited to the amount that has been invested to the partnership. Additionally, a sleeping partner does not have the right to take part in partnership decisions neither represent the partnership unless agreed otherwise. Overall, a limited partnership is the same as general partnership except two kinds of partners. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

### **3.4.4 Limited company**

A legal entity distinct from those parties or individuals that own it (Martin & Crisp 1992). A limited company may be established by one or more people or organizations. There are two kinds of limited companies: private limited company and public limited company. The minimum share capital that required for a private limited company is €2,500. On the other hand, the public limited company must have minimum share capital of €80,000 and public limited companies offer share publicly on the stock markets. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

A private limited company needs to be registered in the Finnish Trade Register before it runs its operations. In 2014, the registration fee for a limited company is €380. Shareholders of the limited company appoint a board of directors who represent the company on behalf of them and in limited companies who possesses more shares likely are having more voting power. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

### **3.4.5 Co-operative**

A co-operative is a business or an organization that is owned and operated by people who work there or people who use its services ([www.merriam-webster.com](http://www.merriam-webster.com)). A co-operative is a group of people in which they make decisions democratically and work together to achieve economic, social and cultural goals. Each member is liable only for the money he or she invested unless they have made commitments on behalf of the co-operative. Each member has one vote and when a member resigns or is removed from the co-operative, members get their capital back. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

A memorandum of association is needed to create rules and all members must sign it which also is registered with the Finnish Trade Register with €380 charges. Notification of the co-operative must be made within three months of the memorandum of association being signed. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

After studying and reviewing all the forms of the business, the researcher of the thesis decided to start up a sole trader or private entrepreneurship business. The Tajmahal restaurant will start out as a private entrepreneurship, which is owned by N.M. Arif Billah,

100 % liable in his business activities and the only person to enjoy all the benefits and profits earned from the restaurant.

## 4 MARKET ANALYSIS OF TAJMAHAL RESTAURANT

This chapter of the thesis will discuss the market and competitors, research method, marketing mix 4Ps and SWOT analysis of Tajmahal restaurant.

### 4.1 Market and Competitors

Competition is a way of life for an entrepreneur. Success in the business depends on good knowledge of the market and competitors, and it is also necessary to stand out from competitors. You need to define your market, your position and who your competitors are, who your customers are? When knowing your competitors you can better apply different strategies. Following the marketing initiatives of the competitors is very effective to know how often they advertise and how they advertise. Collection of the competitors' advertisements helps to know their products, pricing and how their services are. (www.yrityshelsinki.fi)

- Who are your potential competitors?
- What are their strengths? Weaknesses?
- Who are the customers of each competitor?
- Why might a consumer buy from them instead of you? (Martin & Crisp 1992).
- What are their strengths?
- What are their weaknesses?
- How do your products and services differ from others? (www.yrityshelsinki.fi).

Before entering into a market knowing the competitors and the market situations are the first and foremost step when starting up a business. Tajmahal restaurant will make 100 % sure of the food quality to keep it healthy and also keeping the uniqueness of the Indian flavor to Finnish standard that a customer can enjoy. It is not the first Indian restaurant in Jyväskylä there are already two other South Asian culinary restaurants located in Jyväskylä; an Indian restaurant and the other is a Nepalese restaurant. The researcher has done a few practical visits to Jyväskylä and investigated the current trend of the market and analyzed its competitor strengths and weaknesses, threats and opportunities. Below can be found information on some of the competitors:

**Ravintola Shalimar**

Cuisines: Indian

Address: Hannikaisenkatu 20, Jyväskylä 40200, Finland

<b>Strengths</b>	<b>Weaknesses</b>
Good food and quality	Less regular customers
Located in the railway station	Small place
Only Indian restaurant	Lack of variety
Good reputation	More like fast food fusion restaurant
Good service and friendly staff	No clad oven for naans and breads
Quick food service	
Comparatively cheap menu	
Suitable spicy	

**Pollowaari**

Cuisines: French,Scandinivian

Address: Yliopistonkatu 23, Jyväskylä, Finland

<b>Strengths</b>	<b>Weaknesses</b>
Good atmosphere	Expensive restaurant
Nice location	Small in size
Excellent services	Reservation for table is important
Best food in the town	
Great wine knowledge of the staff	

**Nagarkot**

Cuisines: Nepalese

Address: Hannikaisenkatu 41, Jyväskylä, Finland

<b>Strengths</b>	<b>Weaknesses</b>
Only Nepalese restaurant	Lack of variety
Good location	Poor interior design
Cheap lunch menu	
Good food and service	
Friendly staff	

**Muang Thai Restaurant**

Cuisines: Thai

Address: Torikeskus 2.krs, Kauppalaispiha, Jyväskylä, Finland

<b>Strengths</b>	<b>Weaknesses</b>
Authentic Thai food	
Good buffet	
Variety of flavors and textures on buffet table	
Place is cozy and reasonably cheap price	
Sushi also available	
Fresh salads and good fish dishes	

**Rosso**

Address: Asemakatu 9 (Jyvaskeskus 2.krs), Jyväskylä, Finland

<b>Strengths</b>	<b>Weaknesses</b>
Chain restaurant	Average food quality and portion
Good pizza	Not authentic Italian food
Average food quality and portion	Rude waiter

**Sakura Gawa**

Cuisines: Asian,Chinese

Address: Vainonkatu 26, Jyväskylä 40100, Finland

Strengths	Weaknesses
Good food and buffet lunch	Small restaurant
Cheap price	Average food quality and service
Cozy Japanese decoration	

**Viikinkiravintola Harald Restaurant**

Cuisines: Viking restaurant

Address: Kauppakatu 33, Jyväskylä 40100, Finland

Strengths	Weaknesses
Very good food	Expensive restaurant
Popular Viking theme restaurant	
Atmosphere is nice	
Viking costumes for the waiters	
Lovely restaurant for everybody	

**Kissanviikset Restaurant**

Cuisines: European

Address: Puistokatu 3, Jyväskylä 40100, Finland

Strengths	Weaknesses
Price range: 33 € - 130 €	Expensive restaurant
Very delicious food	Classic and old restaurant
Friendly staff	
Nicely done steaks	
Small romantic restaurant	



## **4.2 Research Methods**

A research is defined as a term which refers to a systematic enquiry method. It consists of determining a problem, formulating a hypothesis, conducting data, analyzing the fact of the data in order to find out an accurate conclusion and suitable solution for the concerned problem or certain phenomenon. (Kothari 2004, 1-2)

According to Kothari, there are five different types of research. They are as follow:

1. Descriptive vs. Analytical Research
2. Applied vs. Fundamental Research
3. Quantitative vs. Qualitative Research
4. Conceptual vs. Empirical Research
5. Other types of research like laboratory research, conclusion - oriented research, etc (Kothari 2004, 3-4).

In this study, the quantitative and qualitative research methods which are two main approaches of the research designs have been used.

### **4.2.1 Qualitative Research**

Qualitative research is concerned as a broad umbrella term that covers a wide range of techniques and philosophies. It is useful to explore new topics and understand complex issues which are related to human's behavior, beliefs, opinions and emotions. Specifically, in qualitative research, several methods can be used such as in depth interview, observation, focus group discussion, content analysis, visual methods, etc. In addition, qualitative methods are also particularly conducted to examine some sensitive topics in which participant can have a comfortable atmosphere to disclosure and share information. (Hennink, Inge & Ajay 2010, 8-10)

### **4.2.2 Quantitative Research**

Quantitative research is a process that regards numerical data for analyzing results of survey, experiment, or measuring some particular contents (Pride, Hughes & Kapoor 2006, 565-566).

In comparison with qualitative research, quantitative methods consider directly an amount of activity toward evaluating concepts with scales provided numeric values. The numbers in quantitative research are objective in a sense that they are not able to change simply because of the computation during the research process. Meanwhile, qualitative research mainly relies on the interpretation of text and other visual materials. (Zikmund, Babin, Carr & Griffin 2012, 135-156)

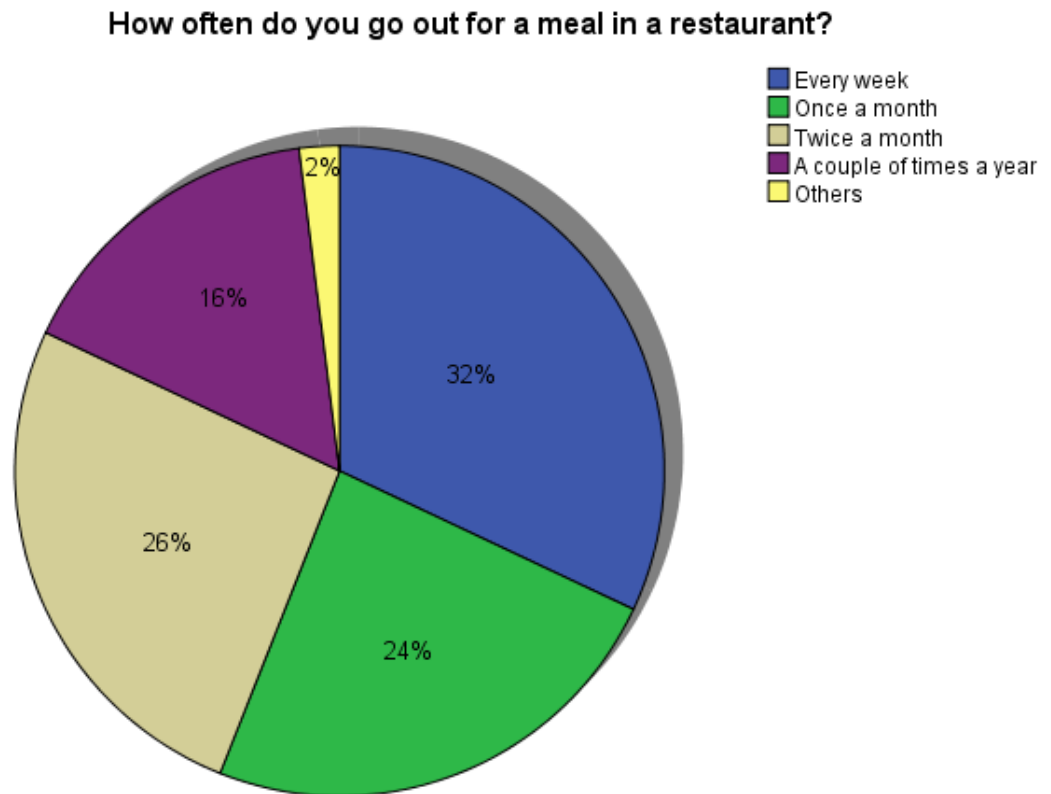
#### **4.2.3 Questionnaires Result**

To get diverse information on the research topic, a questionnaire with open-ended and optional questions was carefully designed (see APPENDIX 1). The questionnaire survey was formed in English and conducted on the internet by sending out a webpage link for a group of people who are currently staying in Jyväskylä. The basic aim was to gather a general response from both Finnish people and foreigners. Respondents were not being chosen by the author because it is more valid and reliable to let people who are really concern about a new restaurant business in the city to decide to take part in the survey. The result was a bit surprising that among them, randomly 50 respondents decided to answer and give feedback within three days.

The survey consists of 13 questions and divided into two parts: general information and in-depth market research for Tajmahal restaurant. The first five questions of the survey aimed to gather general information of the respondents, and the rest of the survey was to evaluate the demand of an ethnic Indian restaurant for the target market. The questionnaire was evaluated by SPSS software for a better statistical analysis and accurate interpretations. Some of the survey questions will be interpreted shortly. The others which are important and remarkable will be described through graphs.

The beginning of the questionnaire structures included some general basic information about the respondents such as gender and age of them. Male respondents were more than the female respondents with 62 % and 38 % respectively. The next question was to know the respondents age group. It consists of five different age groups (16-24, 25-34, 35-49, 50-59 and 60 above) to get a clear view of their interest level for an ethnic restaurant in Jyväskylä. The most respondents were from the age group of (25-34) 60 % which is the

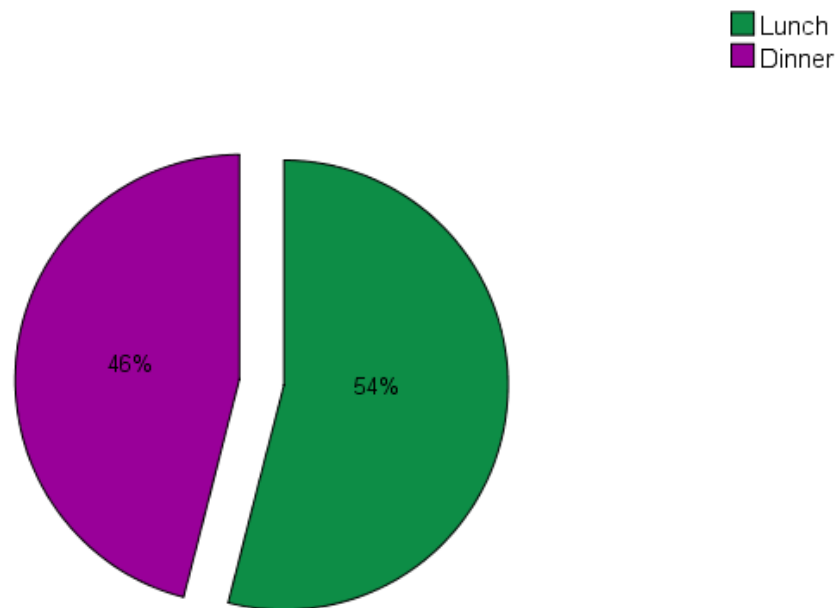
highest among other age groups respondents. The rest respondents were (16-24) 22 %, (25-34) 60 %, (35-49) 14 %, (50-59) 4 %, and (60 above) 0 %. The survey result clearly shows that Jyväskylä has a diversity of customers, especially young people under 50 years old.



GRAPH 2. How often do you go out for a meal in a restaurant?

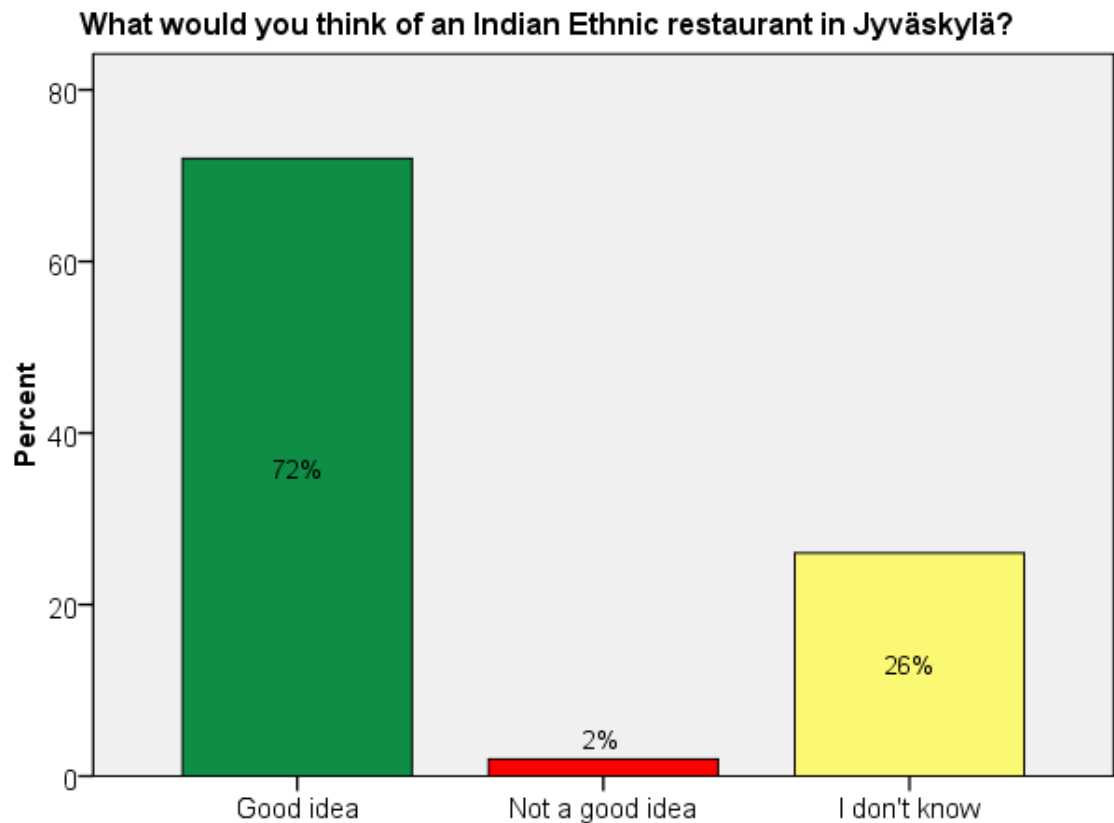
The respondents were asked how often they go out for a meal and Graph 2 above shows how frequently they go out for a meal in a restaurant. Among 5 different options, every week is the highest percentage with 32 % and both once a month and twice a month respondents corresponds with 24 %. The percentage of the respondents who go out for a meal a couple times a year is 16 % and the number of the respondents who chose “others” is 2 % as it shows above in the Graph 2.

Which meal do you eat outside of your home, three meal options were given: breakfast, lunch and dinner. Among these three meals, lunch and dinner are the most important meals for the respondents to go out to a restaurant with the percentages of 54 % and 46 % respectively. As it can be seen in Graph 3 below visualizes the results of the respondents.

**Which meal(s) do you eat outside of your home?**

GRAPH 3. Which meal(s) do you eat outside of your home?

A question was asked to the respondents about establishing an Indian Ethnic restaurant in Jyväskylä and surprisingly the respondents' insight as a good idea (72 %) as Graph 4 below shows the result. On the other hand, there are respondents who marked their answers as "I don't know" is 26 % and the percentage of the respondents who believe "not a good idea" is 2 %.



GRAPH 4. What would you think of an Indian Ethnic restaurant in Jyväskylä?

If you were given two different services; buffet or waiter service at lunch which one would you choose were asked to the respondents and the maximum respondents chose buffet with 66 % than the waiter service which is 34 %. Table 1 shows below the result of the respondents' answers more clearly.

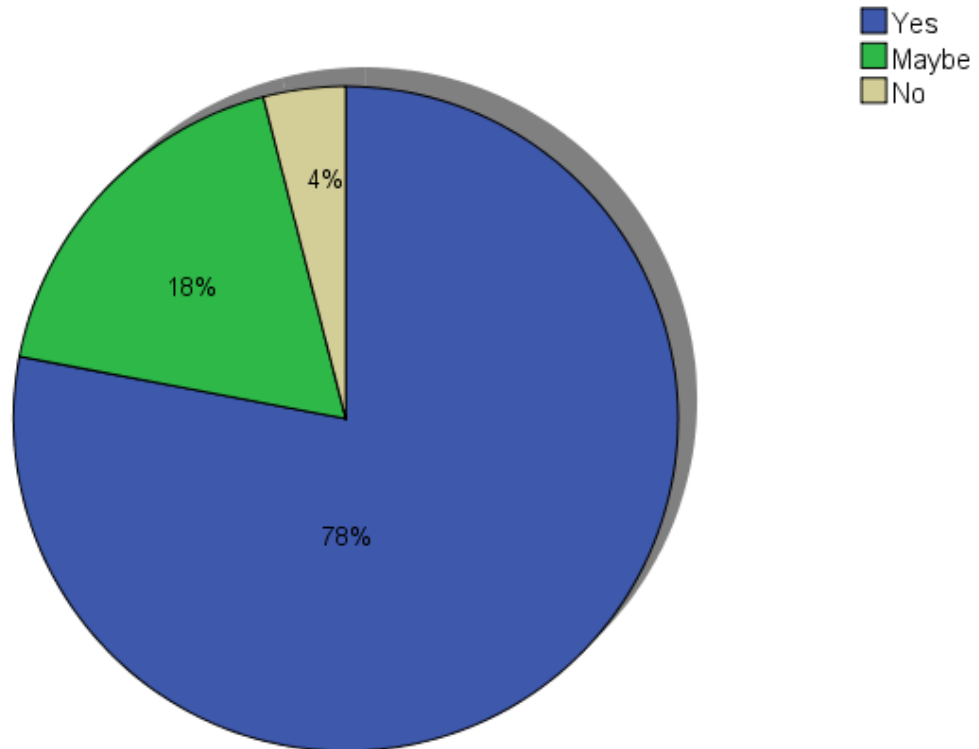
TABLE 1. If you were given two different services in lunch, which one would you choose?

	Frequency	Percent	Valid Percent
Buffet	33	66.0	66.0
Waiter service	17	34.0	34.0
Total	50	100.0	100.0

Mouth to mouth is the strongest medium of promotion of any business or product of a new business. There was a question to the respondents' whether they would like to recommend the Indian restaurant to their friends and the responses were surprising with 78 % "yes".

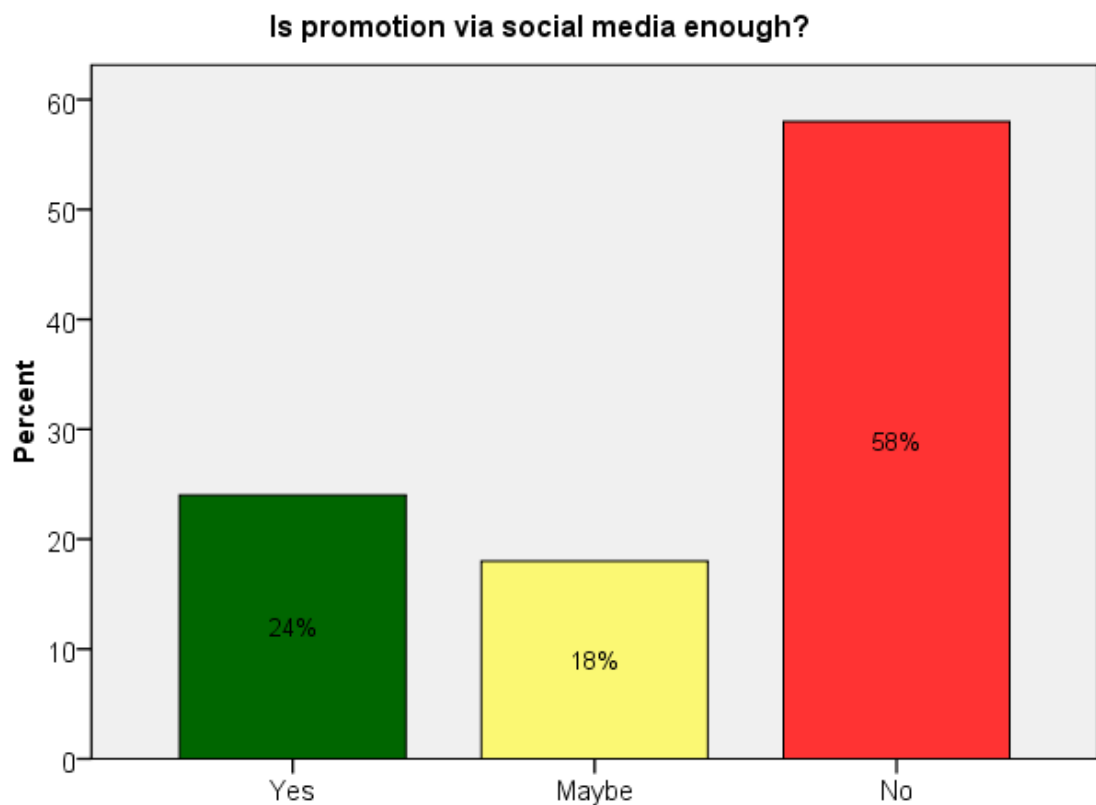
And a 18 % respondents answered with “maybe” and the rest 4 % with ‘no’. Below given Graph 5 shows these results.

**Would you like to recommend the Indian restaurant to your friends?**



GRAPH 5. Would you like to recommend the Indian restaurant to your friends?

Location is an important matter for a restaurant business and there was an open ended question to the respondents to suggest a proper location for Tajmahal restaurant. The maximum numbers of the respondents suggest placing the restaurant around the city center, where people can easily find the restaurant and experience the authentic food of the restaurant. Promotion comes right after the place has been chosen and to attract customers it is a vital step for a new business. Nowadays social media plays a great role in promotion and there was a question, is promotion via social media enough? The result was surprising with maximum numbers of the respondent responded “no” with 58 %. Furthermore, 18 % of the respondents think “maybe” social media is enough where 24 % of the respondents believe that promotion via social media is enough to attract customers. Graph 6 given below tells the result of the questions.



GRAPH 6. Is promotion via social media enough?

Retaining customer is very challenging for a business organization. Tajmahal restaurant will offer a membership card to its customers as a customer loyalty program. There was a question, is membership discount card important to you? Most of the respondents (66 %) think membership card is important to them whereas 34 % of the respondents think it is not important to them. Graph 7 given below shows the results of respondents answers.



GRAPH 7. Is membership discount card important to you?

#### 4.3 Marketing Mix 4Ps

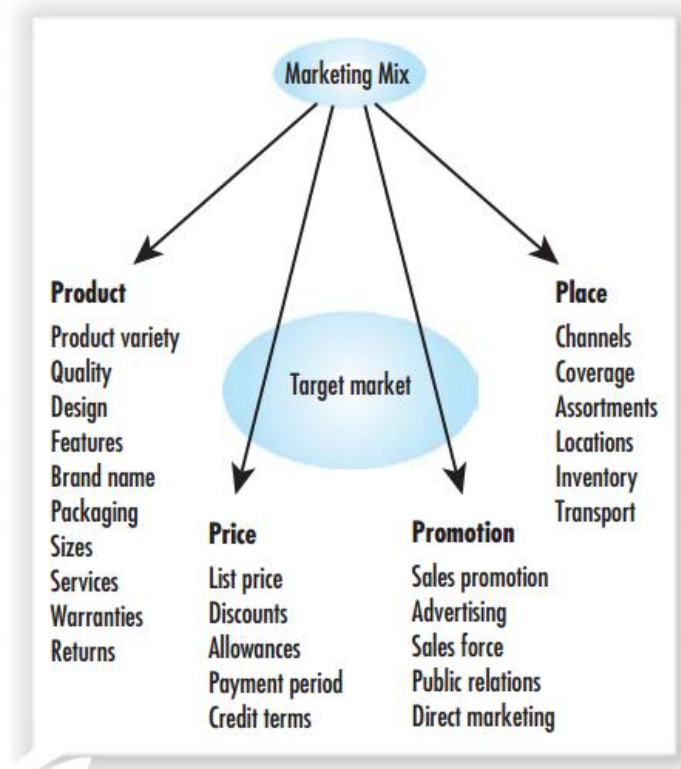
To be succeeding in the market, it requires entrepreneurs to have good knowledge of not only the competitors but also the operational environment so that the business can be outstanding to its competitors. Every business has its own plan to attempt and influence the consumer's idea and experience about its goods and services. To demonstrate that "we are better than our competitors", marketing is decidedly powerful and an important part of an enterprise's planning. It aims to create, maintain and develop customer relationships. ([www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

Marketing bridges the gap between production and consumption. Like restaurant business, many kinds of recipes are nicely made and presented to customers. Their followed responses are very necessary because they will decide the long-term success of the business in the future. All cares and efforts need to be strived and performed artfully to build the distinctiveness to motivate consumers making purchases. It will be presented throughout unique and well thought marketing strategies. (Young & Pagoso 2008, 129)



There are numerous tools which marketers use to elicit the expected replies and the firm uses them to pursue its objectives in the field of marketing. An efficient model which is constituted by all those tools to create and implement the marketing strategy is stated under the name "marketing mix" (Kotler & Keller 2011, 25).

Historically, from the article The Concept of the Marketing Mix of Neil H. Borden in 1964, the term "marketing mix" was coined and later gained popularity. According to him, he was inspired by James Culliton, an American marketing expert, stating a marketing manager as a "mixer of ingredients". The marketing mix concept was formalized by McCarthy in the year 1960. He categorized these tools into four different sets and called the marketing mix 4P's (FK Publications 2010, 75-77).



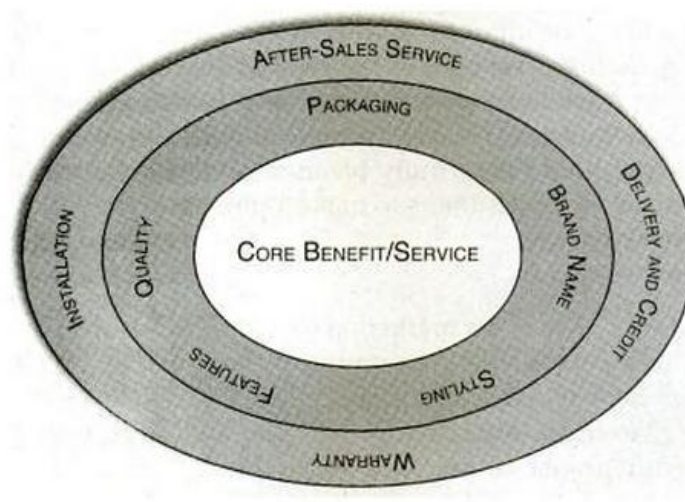
GRAPH 8. The Four P Components of Marketing Mix (Kotler & Keller 2011, 25)

In this study, the 4P's marketing mix will be described and discussed in the theoretical framework of the field marketing.

### 4.3.1 Product

A product is defined as any goods or services in the market that can be offered to satisfy customer needs. In a marketing mix, a product concept includes product features, quality, design, and branding, packaging, standardizing, services and so on. (Young & Pagoso 2008, 129.)

According to Felina C. Young, a Ph.D. in Management from the American World University, USA, all products can be classified into three different groups of level. They are categorized as Graph 9.



GRAPH 9. Three levels of product (Young & Pagoso 2008, 130)

Core product is the first level which holds the main reason for a product's existence. It is about the final benefit of the product for consumers. For example, a person who buys a television is actually buying information and entertainment. The next level is the actual product. This component requires physical aspects and quantifiable in nature of products such as brand name, style, packaging, etc. Like television, if the core concept is the common meaning for all television, in this next level, manufacturers will persuade people by developing quality and making diverse functions of the television. The final level which named augmented product aims to explore the additional intangible service that you can offer. To make your product different from others, at this level, one should focus on regular serving, warranty delivery and so on (Young & Pagoso 2008, 129-131).

The menu of Tajmahal restaurant will be inspired from South Asian countries' specialties from Indian cuisine. Customers will be served Indian popular and delicious dishes like chicken or beef biryani, tikka masala, tandoori chicken or the customers can also choose a curry chicken with basmati rice, or an Asian grilled shrimp with spinach to have an International twist. We will also have a special Tandoori dish entire every day plus the 'all Indian meal' such as vegetarian food. Adding value will be an interesting business lunch menu with specialties every day. Moreover, there will be beef, lamb, fish and vegetable menu for the customers that can fulfill their demand and desire. Tajmahal restaurant will change the menu frequently but keep the favorites. Furthermore, customers can fulfill their appetite in Tajmahal restaurant by the tasty food in a unique and friendly environment. Tajmahal restaurant is aimed to serve and satisfy a wide range of people. Tajmahal restaurant wants every single customer to feel welcomed as at home and relaxed as on a vacation with fine dining atmosphere in the restaurant. The restaurant will design to have something everyday for everyone on the menu.

Tajmahal restaurant will also offer take-away service for the customers that enable them to order the food at home from the company's webpage. Moreover, the restaurant will have an international menu and our food will be made with the freshest ingredients and health concern. Tajmahal restaurant will hire the best the chefs with 5 to 10 years of experiences with an excellent taste of Indian cuisine for what fine dining is and requires. The environment of the restaurant will be welcoming with its interior artistic decoration and comfortable soothing classical music. Great service is the most important commitment of Tajmahal restaurant to its customers.

#### **4.3.2 Price**

Price is defined basically as an amount of payment which customers give up to obtain the product. It is seen as a competitive weapon and the most flexible element in the 4P's marketing mix for the organization. (Lamb, Hair & McDaniel 2007, 568-569.)

In the marketing mix, price is an integral aspect which can be set based on the internal costing needs. According to different elements such as target customers, markets, methods

of distribution, marketers can consider carefully in setting the possibility of the final offering price. (Wright 2004, 317-318.)

Pricing is the most critical and important step for restaurants. The restaurant business is highly competitive and risky. Restaurants make money by taking inexpensive ingredients from a reliable source, combining them in creative ways, cooking them properly and selling them at a much higher price.

Tajmahal restaurant will be a great place for lunch. The price for lunch is €8.50 and the average costumer is expected in launch 30 to 40. There will be also À la carte menu where the price is around €12 to €18 and the average costumers are expected 40. Customers can pay their bills by cash, Visa electron, Master card, Visa card, credit card, or by lunch coupon.

#### **4.3.3 Place**

This P refers to place; it is concerned as location where products and services are distributed within the reach of customers. Identifying an adequate address for a company is an essential facet to access into the market and to bring goods and services to customers conveniently. (Young & Pagoso 2008, 211.)

Therefore, in marketing strategy, the marketers should consider carefully the use of various forms of distribution, about its nature, type and structure to ensure which method is the best choice regarding the nature and characteristics of products (Sharma 2009, 122-125).

Jyväskylä is a wonderful and great place to live, work, study and run a business. Tajmahal restaurant will be located in the booming and fast expanding Kauppakatu, Jyväskylä. Kauppakatu is the busiest commercial street in Jyväskylä and is the most popular shopping spot in the town. There are many restaurants from different themes and tastes. In the weekends and also during the weekdays Kauppakatu is full of people and people enjoy their meals in the restaurants. Kauppakatu will be the niche address for Tajmahal restaurant and for its future growth.

#### 4.3.4 Promotion

Promotion is defined as means of communication which are used by marketers to reach the target audience such as: advertising, personal selling, public relations. (Ross 2011)

Promotion is a primary ingredient which works better for a certain marketing objective than for others. For instance, it can be used in a target market where the new products or products features are available. On the other hand, it may alert customers about special offers or provide more information about new retailers and products of the firm. Essentially, promotion helps to connect and unify the effectiveness of each element in the marketing mix. (Pride, Hughes & Kapoor 2013, 424-425.)

Indian food is getting more popular day by day. Although there is already an Indian restaurant in Jyväskylä and it is running pretty well, as the other Asian cuisines, which show people of Jyväskylä like the Asian culinary and open to other food cultures.

Tajmahal restaurant will apply innovative and creative strategies to increase the customers' awareness. The first and the foremost important strategy will be word-of-mouth/in-store marketing. This will be the cheapest and the most effective marketing promotions for Tajmahal restaurant. The strategy is to create strong relationship with the customers in terms of increasing revenues for the restaurant. Tajmahal restaurant will ensure the best food quality and taste; services and entertainments facilities as well as the fine dining experience will make customers want to come back over and over again.

The second important strategy for promotion is to arrange a Grand Opening for Tajmahal restaurant. The restaurant will invite V.I.P guests from various fields of profession and there will be individuals from newspapers as well. It will give the opportunity for the staff to train themselves and to introduce Tajmahal restaurant as a part of the community. The other promotional strategies that Tajmahal restaurant will offer are: Restaurant Day, Easter evening, Finnish Midsummer festival, Labor Day, Independence Day, Fathers/mothers/valentine's special day, Christmas, New Year eve and membership programs.

Besides above mentioned strategies Tajmahal restaurant will apply more sales promotional campaigns. Tajmahal restaurant will place large advertisements throughout the month in the newspapers to attract customers and aware them about the restaurant menu. Radio is a popular medium of entertainment in Finland. From young to elderly, cars to offices, people like to listen to the radio for music and information. Promotion through radio will be a pragmatic strategy for Tajmahal restaurant to reach the potential customers. Tajmahal restaurant will offer discounts for the students but they need to show their student IDs. Tajmahal restaurant believes that today's students are the future players of the job market who will be the permanent customers of the restaurant. Last but not least, social media is also playing a vital role for promotion in today's time. Therefore, Tajmahal restaurant will be active on social media to attract new customers, retain them and handle their complaints.

#### **4.4 SWOT Analysis**

An evaluation of an organization's strengths and weaknesses in terms of internal factors; opportunities and threats stands for external factors are generally referred to as a SWOT analysis to a business.

Internal factors: The investigation of internal factors of the company takes a close look at the core qualities and areas that business has competitive advantages. It also examines the areas of the company where the company has lack of strengths (Pinson 2004, 27).

External factors: The investigation of external factors about marketplace for business operations and identifying the areas where the business is still new to grow and to find the appropriate position at the marketplace that leads to greater profits for the business. It also examines the frequent changes and trends of the marketplace that may affect a company's business operations as a threat (Pinson 2004, 27).

Below given SWOT is suitable for use in all forms of enterprise In Finland:

TABLE 2. SWOT analysis (adopted from [www.uusyrityskeskus.fi](http://www.uusyrityskeskus.fi))

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• strong expertise</li> <li>• experience</li> <li>• knowledge of the industry</li> <li>• innovative product</li> <li>• international contacts</li> </ul>	<ul style="list-style-type: none"> <li>• weak language skills</li> <li>• insufficient personal funds</li> <li>• no experience of working as an entrepreneur</li> <li>• family situation</li> <li>• new culture</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• globalization</li> <li>• potential for growth</li> <li>• new products/services</li> <li>• new market areas</li> </ul>	<ul style="list-style-type: none"> <li>• entrepreneur's ability to run the business</li> <li>• increasing competition</li> <li>• changes to legislation</li> <li>• political situation</li> </ul>

#### 4.4.1 Strengths

Strengths are determining the positive feature or activity that help an organization grow stronger in the marketplace or that can have a positive impact on the organization. For example; a good product or service, good location, reputation, good qualification of the employees etc. (Knox 2014, 85-86)

Tajmahal restaurant will hire staff for the restaurant who have full knowledge about the Indian culture and especially about the Indian cuisine. The owner of the restaurant will ensure the quality of the food as well as the hygienic issues. Knowledge in the Finnish language and culture will strengthen the Tajmahal's possibilities. The services will be homely and of high level, so that potential customers will turn into regular customers. Previous working experiences for Indian restaurant and others restaurants will boost up the owner's entrepreneurial ability to run the restaurant smoothly and efficiently.

#### **4.4.2 Weaknesses**

Weaknesses are opposite of strengths. A characteristic or an activity of the organization that impacts negatively on an organization include: poor management, poor products or services, lack of expertise or poor location etc. (Knox 2014, 85-86).

There is a risk for the initial high investment for the restaurant. Hiring right people for the restaurant is also challenging for the owner and keeping the authentic taste of the Indian food will be a great challenge as Finnish people do not eat too spicy food. Another weakness can be the language barrier.

#### **4.4.3 Opportunities**

Opportunities are those things that will bring potential benefits for the organization. It may include: new marketplace or propagation of old market, competitors outflow, new potential customers (Knox 2014, 85-86).

The main opportunities for Tajmahal restaurant could be the authentic Indian dining popularity in Jyväskylä and the fast growth of the city. Opening branches of the restaurant in other cities in Finland will be a future opportunity. Other opportunities could be retaining permanent customers from existing competitors and attract potential customers.

#### **4.4.4 Threats**

Threats are those things or situations that impact negatively to the company. It may include: changing market trends, new competitors, and competitors with lower price, new law or tax policies that bring potential external threat to the company (Knox 2014, 85-86).

The potential threats for Tajmahal restaurants could be the existing ethnic theme restaurants and acute competition from the other chain restaurants. A new entry of competitors around the town could create threat to the restaurant.



## 5 CONCLUSION

Tajmahal restaurant is planned to be an outstanding new dining place to eat with minimum 40 seats in Jyväskylä. The restaurant without any doubt would create a unique and innovative fine dining environment which will reintroduce the culinary authentic Indian cooking style and food for the people of Jyväskylä and also differentiate the restaurant from the other competitors. The aim of the thesis was to establish the restaurant successfully in Jyväskylä and performing well by all the research that have carried out during writing this thesis. Also surviving and growing as a healthy company is another objective of the thesis.

A questionnaire was done to get diverse information on the research topic; a questionnaire with open-ended and optional questions was carefully designed (see APPENDIX 1) to know whether the people of Jyväskylä needed an ethnic Indian restaurant or not. Market research was carried out to see the responses and awareness of the people about a new fine dining Indian restaurant in Jyväskylä, though there is already an Indian restaurant which is running pretty well. Surprisingly, the questionnaire result was a great positive response from the participants. Jyväskylä is a fast growing city with many potential opportunities where Tajmahal restaurant will create an outstanding place for food lovers.

Tajmahal restaurant is a sole trader or a private entrepreneurship business as the owner is solely responsible for all the actions and transactions happens within the company. For future economic growth and expansion the restaurant might need more manpower and investment. The owner of the restaurant is truly conscious about adding more partners in to the business not just to add more investment but moreover it will create new strategy and manpower which make a lot of benefits to operate smoothly and efficiently. There is a great possibility in near the future to add more partners for operating and opening new branches of the restaurant in other major cities. The company name will be the same with a general partnership contract.

The major challenges in this research project for the author were to find credible and irrefutable source of information for the Tajmahal restaurant. The collected data and

information from the research will help author to establish Tajmahal restaurant and however, the author believes that the reader will benefit from this thesis work.

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**Questionnaire****Market Research for an Indian Restaurant in Jyväskylä City**

The aim of this survey is to determine the chance of starting up an Indian Restaurant business in Jyväskylä City. This survey is carried out by a Business Management student of Centria University of Applied Sciences (UAS), Kokkola, as a part of his thesis project. This questionnaire will take only around 5 minutes to answer. Your answers and opinions are very valuable and much appreciated, confidential and for research purpose only. For further information please contact.

N.M. Arif Billah

Centria UAS, Kokkola

[n.m.billah@cou.fi](mailto:n.m.billah@cou.fi)

**Link to the questionnaire:**

<http://goo.gl/forms/ALT6L06RTx>

-----  
1. Gender:

- ☐ Male
- ☐ Female

2. Age:

- ☐ 16-24
- ☐ 25-34
- ☐ 35-49
- ☐ 50-59
- ☐ 60 above

3. How often do you go out for a meal in a restaurant?

- ☐ Every week
- ☐ Once a month
- ☐ A couple of times a year
- ☐ Never
- ☐ Others

4. Which meal(s) do you eat outside of your home?
  - ☐ Breakfast
  - ☐ Lunch
  - ☐ Dinner
5. How much do you spend on a typical meal?
  - ☐ 10-15 euros
  - ☐ 16-20 euros
  - ☐ 21-25 euros
6. Do you think Jyväskylä needs more restaurants?
  - ☐ Yes
  - ☐ Maybe
  - ☐ No
7. What would you think of an Indian Ethnic restaurant in Jyväskylä?
  - ☐ Good Idea
  - ☐ Not a good idea
  - ☐ I don't know
8. Are you familiar with the taste of Indian Food?
  - ☐ Yes
  - ☐ No
  - ☐ I would love to
9. If you were given two different services in lunch, which one would you choose?
  - ☐ Buffet or
  - ☐ Waiter service
10. Would you like to recommend the Indian restaurant to your friends
  - ☐ Yes
  - ☐ Maybe
  - ☐ No
11. What is the right place for an Indian restaurant?  
.....

12. Is promotion via social media enough?

- ☐ Yes
- ☐ Maybe
- ☐ No

13. Is membership discount card important to you?

- ☐ Yes
- ☐ No

Thank you



**Startup cost and financial analysis**

Investments		
Intangible goods	Expenses for establishment	300.00
	Other things (e.g business value)	0.00
Intangible goods	Means of production /	500.00
	Car	5000.00
Wages and salaries	Furniture	10000.00
	Telephone	500.00
	Installations	95000.00
Business fittings	Office materials	2000.00
	Other things	3000.00
Work capital 1-3 months	Advertising / brochures	5000.00
Rents	For office / rent guarantee	9000.00
	Apparatus rent / leasing	0.00
Wages and salaries	Employees' wages	18800.00
	Entrepreneurs own income	18800.00
Current and liquid assets	Initial stock	15000.00
	Cash	10000.00
Need for money in all		192900.00
Money sources		
Paid-up capital	Share capital	0.00
	Own investments	65000.00
	Own apparatus	1200.00
	Other things	0.00
Borrowed capital	Bank loan	35000.00
	Finnvera	35000.00
	Other loans	0.00
	Loan from suppliers	0.00
Other kind of financing		60000.00
Money sources in all		196200.00
money sources - need for money		3300.00

**Business plan for three years in figures**

		1. Year	2. Year	3. Year
<b>Income</b>				
Type	vat-%	Euro	Euro	Euro
Sales: food sales (Lunch)	13.00	81312.00	92928.00	102220.00
Sales: Food sale (a la carte)	13.00	194400.00	226800.00	255000.00
Sales: Food sale (take away)	13.00	32400.00	38880.00	43768.00
Other sales	13.00	6500.00	8000.00	12000.00
Total income		314612.00	366608.00	412988.00
<b>Adjustments of gross sales revenue</b>				
Value-added tax		36194.30	42176.14	47511.89
Net sales (Income-VAT)		278417.70	324431.86	365476.11
<b>Variable costs (exclusive of VAT)</b>				
Purchase: purchase lunch		24753.00	30400.00	34600.00
Purchase: purchase ala carte		58904.00	65800.00	70000.00
Purchase: purchase take away		12244.00	15000.00	18400.00
Other purchase		0.00	0.00	0.00
Total variable costs		95901.00	111200.00	123000.00
Gross margin (net sales-variable costs)		182516.70	213231.86	242476.11
<b>Fixed costs (exclusive of VAT)</b>				
Entrepreneurs pension insurance (YEL)		4000.00	4000.00	4000.00
Other insurances		9000.00	9000.00	9000.00
Employees' salaries		55000.00	60000.00	65000.00
Additional costs for salaries		19800.00	21600.00	23500.00
Rents		36000.00	36000.00	36000.00
Electricity/Water supply		7200.00	7250.00	7300.00
Telephone/ Internet		1800.00	1800.00	1800.00
Bookkeeping		3000.00	3000.00	3000.00
Office costs		1200.00	1300.00	1300.00
Car/Travelling expenses		3000.00	3000.00	3000.00
Marketing		7000.00	5000.00	5000.00
Training		0.00	0.00	0.00

## APPENDIX 3/2

Papers and Magazines.	500.00	500.00	500.00
Repairs	600.00	1000.00	1200.00
Operating profit (gross margin-fixed costs)	148100.00	153450.00	160600.00
Total fixed costs	34416.70	59781.86	81876.11
Depreciations			
Machinery and equipment	9500.00	9500.00	9500.00
Depreciations business value	0.00	0.00	0.00
Total depreciations	9500.00	9500.00	9500.00
Other expenses			
Interest	2450.00	1600.00	1200.00
Bank expenses	480.00	480.00	480.00
Total other expenses	2930.00	2080.00	1680.00
Profit before taxes	21986.70	48201.86	70696.11
Taxes (26.00%, 26.00%, 26.00%)	5716.54	12532.48	18380.99
Loan installments	7500.00	15000.00	15000.00
Net profit	8770.16	20669.38	37315.12
Per month	730.85	1722.45	3109.59

**Profitability calculations**

<b>Profitability calculation</b>		
	<b>per month</b>	<b>per year</b>
= Target profit (net)	2000.00	24000.00
+ Loan installments	1400.00	16800.00
= Incomes after tax	3400.00	40800.00
+ Tax payments (state and local)	1000.00	12000.00
= Need for financing (gross income)	4400.00	52800.00
+ Interests on business loan	1200.00	14400.00
A = Need for operating profit	5600.00	67200.00
Fixed costs (exclusive of VAT)		
Entrepreneurs pension insurance (YEL)	200.00	2400.00
Other insurances	750.00	9000.00
Employees' salaries	5000.00	60000.00
Additional costs for salaries	1150.00	13800.00
Rents	2450.00	29400.00
Electricity/Water supply	1000.00	12000.00
Telephone/ Internet	250.00	3000.00
Bookkeeping	250.00	3000.00
Office costs	100.00	1200.00
Car/Travelling expenses	200.00	2400.00
Marketing	583.33	6999.96
Training	0.00	0.00
Papers and Magazines.	50.00	600.00
Repairs	50.00	600.00
	0.00	0.00
	0.00	0.00

	0.00	0.00
B = Fixed costs in all	12033.33	144399.96
A + B = Need for gross margin	17633.33	211599.96
+ Acquisitions (excluding VAT)	7500.00	90000.00
= Turnover	25133.33	301599.96
+ value-added tax (VAT 13.00% from turnover)	3267.33	39207.99
= Sells /-Invoicing in all	28400.66	340807.95
Invoicing need	Untaxed	Taxable
-Month 12.00 months/year	25133.33	28400.66
-Day 31.00 days/month	810.75	916.15
- Hour 10.00 hours/day	81.08	91.62