

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

Indian fast-food chain in Prague

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

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Thesis title

Indian fast food chain in Prague

Objectives of thesis

The aim of a diploma thesis is to create a realistic plan for a restaurant.

- To review the theoretical aspect of the business planning procedure.
- To analyze the business environment for the food industry in Prague, Czech Republic.
- To execute a unique idea of an Indian fast-food chain that also provides a healthy option in the market.
- To combine the performance indicators and daily activity to check the feasibility of a purposed idea.

Methodology

The master thesis consists of mainly two parts: Theoretical and Practical.

The theoretical part will be based on a literature review that provides understanding about writing a business plan and other aspects like marketing, finance, strategic management and human resource to run a successful business.

The practical part would be the utilization of learned topics and implementing it in the best possible manner. The author will use the following methods for business plan evaluation: SWOT for internal analysis, PESTLE and porter's five force analysis for external analysis, Competitor analysis, and return on investment, breakeven point and start-up cost for financial analysis.

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Keywords

healthy fast-food, business plan, Indian food, restaurant, business model, Prague

Recommended information sources

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Declaration

I declare that I have worked on my diploma thesis titled " Indian fast-food chain in Prague " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 30.11.2020

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Indian fast-food chain in Prague

Abstract

Mater thesis is constructed for establishing of new Indian fast food restaurant in Prague. Thesis has been divided into two major parts: theoretical part and practical part.

Theoretical part contains of concepts required for start-up. It covers all the theoretical background and necessary concept to form a business plan. All the information has been collected from literature, online sources and research papers.

Practical part covers implication of those aspect in calculations and analysis. It gives brief understanding of food business and gastronomy industry in Czech republic. Firstly, general information regarding business like operating time, place, product and meu prices are included. Moving on further there is porter's five forces, and competitor's analysis has been done, which better explains environment for business. Financial plan is core of thesis and represents calculations, which helps to run a successful business. Total start up budget is estimated to be **2162812.8CZK**. NPV is stated **30,753,950.07CZK** with IRR of 145.56% and expected return on investment is **30.12%** in five years. Break-even per day is 50 units and per month is 1490 units. All the figures suggest for acceptance of plan.

Keywords: healthy fast-food, business plan, Indian food, restaurant, business model, Prague

Indický řetězec rychlého občerstvení v Praze

Abstrakt

Práce je konstruována pro založení nové indické restaurace rychlého občerstvení v Praze. Práce je rozdělena na dvě hlavní části: teoretickou část a praktickou část.

Teoretická část obsahuje koncepty potřebné pro spuštění. Pokrývá veškerá teoretická východiska a nezbytný koncept pro vytvoření obchodního plánu. Všechny informace byly shromážděny z literatury, online zdrojů a výzkumných prací.

Praktická část pojednává o implikaci tohoto aspektu při výpočtech a analýzách. Stručně seznámí s potravinářským a gastronomickým průmyslem v České republice. Nejprve jsou zahrnuty obecné informace týkající se podnikání, jako je provozní doba, místo, produkt a ceny menu. Posuneme se dále o pět sil vrátného a byla provedena analýza konkurence, která lépe vysvětluje prostředí pro podnikání. Finanční plán je jádrem práce a představuje výpočty, které napomáhají úspěšnému podnikání. Celkový počáteční rozpočet se odhaduje na 2162812,8 Kč. Čistá čistá hodnota je uvedena 30 753 950,07 Kč s IRR 145,56% a očekávaná návratnost investice je 30,12% za pět let. Rovnoměrnost za den je 50 jednotek a za měsíc 1490 jednotek. Všechny údaje naznačují přijetí plánu.

Klíčová slova:

zdravé rychlé občerstvení, podnikatelský plán, indické jídlo, restaurace, obchodní model, Praha

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List of abbreviations

ABBREVIATION	DEFINITION
BCE	before the common era
CR	Czech republic
CZK	Czech crowns
EC	European commission
EFSA	European Food Safety Authority
IRR	Internal rate of return
NPV	Net present value
PETA	People for the Ethical Treatment of Animals
QSR	Quick service restaurant
SWOT	Strength, weakness, opportunity, threat
USA	United states of America

1 Introduction

A global fast food restaurant industry has grown by 2.9% of growth rate in previous five years and by the end of 2019 it will reach to revenue of 856 billion dollars. The reason that affect the most behind this numbers is food is necessary not a luxury. Everyone needs to eat to perform their daily tasks. Fast-food gives a convenience to eat anywhere at any time. In today's fast life people neither have time to sit in fine dine restaurant nor have time to cook for them. In both the situations one must rely on fast food, which is more affordable, less time consuming and take lesser time to prepare. If we move towards being more particular fast food industry revenue in Czech Republic alone stands for 165 million dollars with an amazing growth rate of 6.3%.

Living in a capital city "Prague", author came to know about these trends of fast food industry in Czech Republic. It has wider scope for an establishment and growth of new restaurant. In the very beginning working with an India restaurant "Bombay Express" and after words working in a fast food chain "KFC", author had an idea of combining both. An Indian food + Fast-food approach. World has always known an Indian food as fine dine and vast variety of option and fast food as very handy and affordable option. Motivation of combining both has been drawn from an Indian food's taste and fast food's convenience. Lots of ingredients and a special spice mix for each dish make an Indian food unique. Coming up with an Indian fast food chain is a very rare idea and much tough to execute. Indian dishes take a lot of time to prepare and make them as handy as fast-food is another hard nut to crack. Idea is unique as not many have tried this thing. Thesis is constructed in two parts: Theoretical part which gives a fundamental of business and business plans and Practical part consist of implementing theories in real time.

2 Objectives and Methodology

2.1 Objectives

The aim of a diploma thesis is to create a realistic plan for a restaurant.

- To review the theoretical aspect of the business planning procedure.
- To analyse the business environment for the food industry in Prague, Czech Republic.
- To execute a unique idea of an Indian fast-food chain that also provides a healthy option in the market.
- To combine the performance indicators and daily activity to check the feasibility of a purposed idea.

2.2 Research questions

- What are the critical aspects that needed to be reviewed in order to enhance the effectiveness of business planning procedure in the business environment of Prague?
- What is NPV, IRR and break-even point for the project?
- If the project is financially viable or not?

2.3 Methodology

The master thesis consists of mainly two parts: Theoretical and Practical.

The theoretical part will be based on a literature review that provides understanding about writing a business plan and other aspects like marketing, finance, strategic management and human resource to run a successful business.

The practical part would be the utilization of learned topics and implementing it in the best possible manner. The author will use the following methods for business plan evaluation: SWOT for internal analysis, PESTLE and porter's five force analysis for external analysis, Competitors analysis, and return on investment, breakeven point, net present value and start-up cost for financial analysis.

Information and data for practical part has been collected from employees of Bombay express. Bombay express is Indian fast food chain that has multiple locations in Prague and has been in business for more than 7 years. Other information has been collected from latest articles and journals regarding gastronomy industry.

$$NPV = \frac{\text{Cash flows}}{(1+r)^t}$$

Where,

Cash flows = Cash flows in the time period,

r = Discount rate

t = time period

$$IRR = \frac{\text{Cash flows} - \text{Initial Investment}}{(1+r)^i}$$

Where,

Cash flows = Cash flows in the time period,

r = Discount rate

i = time period

$$ROI (\%) = \frac{\text{Net profit}}{\text{cost of investment}} * 100$$

3 Literature review

3.1 Introduction to Business

“Business” has a history of more than 3000 years. It is believed to be started in 800 BCE in India and other early civilizations. It is said that there is new era of business is emerging roughly in every 50 years. From that time till now, business is a very important aspect of economy and society. Business in a simple word can be introduce as an activity to satisfy need of people who are not able to satisfy it by themselves. In other words, Business is to provide goods and services and help consumers by making profit. Businesses have great significance in our society not only because they provide goods and services but because they create jobs and with each employment businesses help to raise standard of living. (Pinson, 2008)

3.1.1 Definition of Business

“Business is an organization which provide goods and service in order to earn profit”, business simply defined by Griffin and Ebert (1996).

According to William, Robert and Jack – “Business is an organized effort taken by individuals to produce or sell a particular product or service which can satisfy society’s need and earn profit”

To run a business successfully there are three activities that must be performed, (William Pride, 2013)

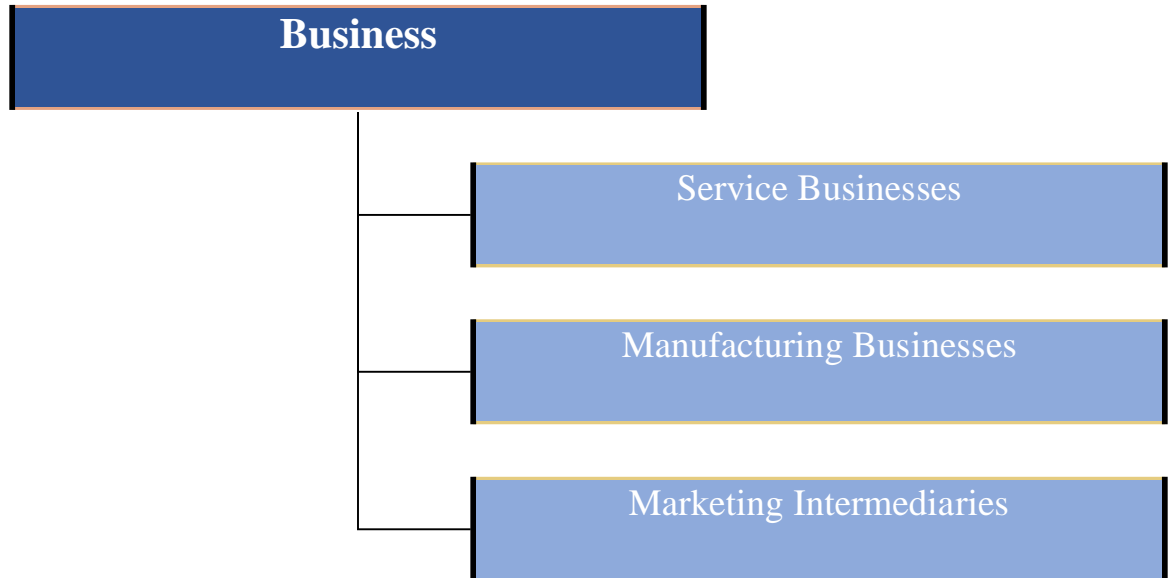
It must be
organized

It must satisfy
needs

It must earn a
profit

3.1.2 Types of Business

There are major three types of businesses exist in today's world. (William Pride, 2013)



3.1.3 Restaurant Business

All restaurant businesses are considered as service business, as they focus more on providing services related to food industry.

3.1.4 Concept of Quick Service Restaurant (QSR)

The pace at which the current world and its lifestyle is moving is ought to be called a fast pace world. Hence, such a world demands for a high speed commodity movement to keep their daily life at pace. The people and their society has therefore cherished and supported the growth of a number of small business sectors in differential industry. Food being one the basic needs of mankind, has received a steady boost in its market. Such a boost has produced opportunities that the industrial representatives that are the companies thriving in this industry have explored over the years for their individual growth. Such an aspect has introduced competition in the food industry. Such a phenomenon often led to a situation where the companies reach a point of

saturation in their service and product variation. Thus, a sub-sector fast food industry is produced by implementing innovative disruption in company structure, its formation, products & service base and operations.

Such a disruptive innovation was also pushed by the demands of the contemporary market that is slowly moving towards automatization. While the original food industry was controlled by the restaurants as one of the major stakeholders of a regional market, hotels have been a prominent stakeholder of national and international food industry. The sub-sector of the fast food industry introduced a new segment often termed as Food Joints (Karamustafa & Ülker, 2020). These food joints are the major players in the fast food industry. The industry also consists of a segment which is run by the restaurants and is known as a take *away* facility. This is another scale of innovation that the restaurant, the key player in the food industry has introduced in their business and improvised its service, operations and product base. While the industry and the industry related services and product bases are re-framed to develop a new structure of business outlets, a completely new structure is evolved to. These outlets are usually employed with very small numbers of employees and are headed by the outlet managers who are the first line managers of the organization. The fast food industry is strongly dependent on a specific type of customer. Thus, the industry has its niche of customers and the *target customers are gradually growing in percentage with increase of time.*

The customers of the fast food industry are characterized by the working personals as well as the students who prefer a quick delivery on their order. Thus, the service is meant for fulfilling the quest of having a small time snack without spending much time on meals. Such a menu is often accompanied by certain refreshing soft and cold drinks owing to the demand of the customers. The quick service of such food joints is the key for such high demand of the customers among the market. This is a perfect example of the diversification strategy of the food industry (Thaichon, Quach & Surachartkumtonkun, 2019). Thus, such development of the new market sector has been termed as Quick Service Restaurant which can be considered as a modernized development of mainstream food industry.

3.1.5 How does fast food chain work?

According to Papacharalampous (2017), all developed countries around the world have fast food shops and restaurants within a mile. Each and every major metropolitan city tends to have a huge fast-food chain around it. The fast-food system revolves around the frameworks of dine-in restaurants and delivery counters. Sometimes it can be a mix up of both. Another striking selling procedure of fast food is owned by the street selling vendors, they sell their products in the small street booths. The restaurants were at first used to be designed on the wheels. The service providers wanted to offer the service which will not be fixed within a certain space so the car vendors started selling foods in various parts of the country. They have an aim to provide tasty food to each and every person and especially to the target customer base. The idea and the motto behind it remained the same as the time passed but the structure and the procedure of selling foods got revised and recreated according to the needs of the buyers (Laužikaset *al.* 2016).

A fast-food chain is also known as the quick-service restaurant, which means fast food restatements usually tries to serve the delicious and tasty food to their customers as early as possible. The restaurants are originally counted as a part of the franchisee or behold their own authentic brand name where they are provided with some partially cooked items in order to satisfy the taste buds of the purchaser in a shorter time. The selected spices and the recipes are improvised. The items are supplied to restaurants with trustworthy and useful supplier chains. They usually make items which take lesser time to make and offer the exact authentic taste of certain cuisine. The items are served with attractive offers and additives. They do not focus on the presentation like the special five-star restaurants; the taste and the quality of the foods are the factors which attract their customer base. Some fast-food chains also offer value meals. Value meals mean they offer a variety of the dishes within a single platter. They can charge each and every dish individually but in the place of the individual selling provision, they sell the dishes as a combined whole. It gives the complete essence of the food to the person who is enjoying it at a respectively lower cost (Mammadli, 2016).

They use modern and updated technologies to serve their customers as fast as possible. The hospital point sales system is a system which provides fast and smart replies to the queries of the customers along with it faster the whole process of serving

and delivering the food. Food partners seem to ask for highly technologically updated computer-supported designs in the restaurant in order to provide visual recommendation and assistance in ordering as well (Karamustafa & Ülker, 2020).

The procedure of the food chains faced an immense change in the occasion of the global pandemic. The entire offline procedure has been revised and shifted on to the online mode, Right now in this COVID-19 pandemic scenario, the majority of the food chains are using the online order and delivery method to reduce the risk factor of getting affected by this life-threatening disease. The online procedure made the whole food delivering and ordering process clearer to the customers. The one who is acquiring fast food now easily can track the status, the position of the delivery partner. The payment methods are also shifted in the online mode as it helps to decrease the chances of direct physical interactions with the cash and the delivery partner as well.

3.1.6 Target customers of the fast-food chain

As observed by Zia (2017), the main target of the fast-food business group is young adults and adolescents. An age group of 15-19 and 20-30 have a tendency of consuming this tasty, attractive and quickly cooked dish around the world. The teenagers who are just enrolled in high school or in the college and universities are majorly targeted by these fast-food chains of restaurants. The new franchisee of this industry is increasing strikingly and they majorly focus on the youngsters. They also focus on the small family especially the younger couples with children who sometimes do not have sufficient time to cook food for them. The chain of fast food companies does not set their target audience on the basis of gender (Chowdhury *et al.* 2018).

The economic factors influence the target audience of the industry a lot. Fast food is cheaper than the normal restaurant cuisines. This states that the target audience who are encountered for this particular service often belongs to the middle-class individuals with a medium range of economic background. The margin of this economic stage is extended to the higher middle and lower middle class too. Sometimes it can also observe the taste and the availability of fast food attracts a large number of customers without any margin or barriers (Janssen *et al.* 2018).

The young couples and the workers often miss their daily routine lunch or the breakfast out of the immense work pressure. The countries with a growing economy created plenty of such youths who cannot take their needed nutrition on time. The fast-food chains target those people and try to offer tasty and quickly made dishes to them. Parents give money to their children to buy food and as a consequence, fast food is counted as their first and foremost preference. All the leading brands make efforts to typically target this young group of minds. The responsibility of providing a great quality of food comes with this target audience. People from a lower age will not be offered oily, high-calorie food items as it can cause serious health issues. Various exciting offers and discounts are also provided in order to attract the customers of the adolescent age group (Nazzaro *et al.* 2018).

The local cuisine and the fast food of a specific space have some of their own authentic speciality. Some of the fast-food chains also target the person who comes to visit a certain geographical area, as the local fast food can provide an essence of originality towards them. The tourists love to try the local authentic cuisine because it carries all the aromas and flavours of that place. The local customised fast food is counted as an essential part of eco-tourism. It preserves the originality and represents the culture and the tradition of that place. For example, Mc. Donalds uses their very own customised menu with the variation of the country, where they are having their outlets. Some of the dishes are the same in all of the country stores as it maintains the authenticity of the brand but the variations attract a lot of local customers and tourists on the purpose of the credibility factor of the fast food.

3.1.7 Attributes of health factors in fast-food industry

As opined by Chen *et al.*(2018), consumption and eating fast food is strikingly increasing throughout the world. The lifestyle, health issues are boosting up the tendency of consuming fast-food among the people around the globe. The dietary habits are also having an intricate impact on the popularity of fast-food

in taking habits as well. The testing habit around the world carries with the dietary habit of the citizens of a specific country. The geographical factors such as climate, humidity, temperature provide an immense effect on the dietary habit of a person. The health quotient is one of the major things which need to be maintained within all the possible fast-food chains of the world. The young adults and adolescents are observed as the largest consumers of fast food, so the harmful ingredients or the elements which are not up to the quality mark can create severe problems to their health. Each and every nation considered their youth as the strength and the future of the country so the health factors need to be taken special care of in order to keep the youth of the nation's healthy and fit (Thaichon *et al.* 2019).

There are various attributes which are connected to the fast-food industry; those are the age of the consumers, the geographical factor where the business of the restaurant is going to take place. This can be included as one of the most crucial attributes. The other attributes which influence a lot are the globalization and social, political scenario of the region. The globalization and the emergence of new economies created a huge scope in front of the fast-food industry.

The tendency of spending money in fast-food chains has enlarged dramatically. People around the world are keener to spend money on good quality fast-food chains. The ingredients are essentially needed to be fresh and the foods need to maintain the perfect balance of taste as well. The customers need good quality food which will have all the nutrients and healthy essentials as well as it can satisfy their taste buds as well. A low oil diet without any harmful elements is likely to grab the attention of the huge customer base of the world. The quality needs to be enhanced and maintained throughout. The ingredients which are going to be used in the food making procedure should be fresh. The early leftovers are strictly instructed not to be used by the managers of this business. The threat of using a bad and low-quality ingredient may act as a serious threat to the health of the consumers. It may cause fatal health issues too (Abu Bakar *et al.* 2017).

3.1.8 Scopes for fast food chains

The growing fast life of the population has an increasing effect on the fast food chains. Consumer behaviour has a huge impact on the growth of the business. According to Naidoo *et al.* (2017), the recent years have seen a significant change in the lifestyle of the customers. With the growth in the private sector companies, life of the common people has become faster paced. The increasing fast life of individuals compels them to heavily depend on these fast food chains. Fast food companies have a greater advantage in comparison to the traditional industries. Klein, R. (2016), has stated that traditional restaurants often lack the quick walk-in option that is provided by the customers with a fast lifestyle. Traditional restaurants often require being booked in advance or require the customers to wait in the queue to avail the service. This is often considered to be inconvenient by the people leading a fast paced life. Cheserem (2016), have opinionated that, to ease this problem, fast food restaurants provide different options to their customers which are less time consuming. Drive through services provided by these fast food companies help immensely to attract the customers. Most of the customers lack the time to prepare their own food at home. Most of the population nowadays, juggle multiple jobs at once to afford a comfortable life. This leaves them with no time to prepare their own food. According to Klein, R. (2016), grabbing their breakfast while going to work, or picking up their dinner while returning home from work have been made easier due to the establishment of drive through services by these fast food companies. Naidoo *et al.* (2017), is of the opinion that fast food has always been considered to be unhealthy for consumption. However, newer companies are providing a new concept to the fast food industries by introducing healthy food menus to their customers. Nowadays, people are growing conscious about their diet and their eating habits and have an increased urge to consume healthy foods instead of their hectic time schedule. Companies like Subway have introduced various healthy options such as salads, juices and smoothies that are a much healthier option than fried food. Thus, health conscious people with a fast lifestyle have also found a less time consuming alternative for their diet.

3.1.9 Major players in the fast food industry

Major players in the fast food industry are: McDonalds, Pizza Hut, Dominos, KFC, Burger King and Subway. According to Chung *et al.* (2019), these companies are multinational food companies and have several outlets all over the world. They have developed their brand with persistence for years and have grown to become quite popular worldwide. McDonalds has approximately thirty eight thousand outlets all around the world and currently employs over two lakh employees worldwide. Rajendran (2019), has stated in their report that McDonalds serve nearly 70 million customers per day. These companies have grown in popularity and have provided employment to numerous people. Pizza hut has nearly nineteen thousand outlets worldwide and across the world. Dominos has an approximately seventeen thousand stores across multiple locations worldwide. Chung *et al.* (2019), have reported that there are nearly forty thousand stores established by Subway at various locations with more than twenty five thousand outlets in the USA itself. KFC is globally located in nearly 150 countries and is considered to be the second largest chain of restaurants in the world. It has been estimated that Burger King has approximately twelve thousand stores across the world.

Quoquab *et al.* (2019), have argued that the constant development of the food items produced by these companies has helped these companies to grow on a multinational level. These companies have been significantly successful in understanding and satisfying the consumer needs which has helped them to grab the attention of the customers. Mammadli (2016), has mentioned in his study that few special strategies used by these companies have also helped to gain the trust and loyalty of the customers. The thirty minute delivery strategy by Dominos, the bucket offers and special Wednesday offers offered by KFC are some of the brilliant strategies that have been used by these companies to gain the loyalty of the customers and increase their customer base all around the world. Quoquab *et al.* (2019), has stated that along with the genius strategies, these companies have also been able to maintain a high standard of the quality of food produced by them. This has also helped them to attract customers and increase their revenue. The efficient organisational structure and the effective supply management by these companies have also contributed to their success worldwide. These companies have proven to be successful on multinational grounds because they have tried to understand the preference of the target customers which

is very essential for multinational expansion. According to Mammadli (2016), analysing and understanding the needs of the consumer in every country and modifying their menus accordingly have proven to be highly beneficial for the companies to penetrate the local markets.

However, these big multinational companies have also faced major disputes and controversies for violating animal welfare laws and use of unsafe ingredients which were reported to be highly dangerous for children and adults. Moghimi&Wiktorowicz (2019), have reported that Burger king have faced controversies and were also involved in many legal disputes. A legal dispute rose regarding the trademark that was used by the Burger King in the USA which helped to define the trademark law and the Lanham act in the country. The company has also faced disputes with organisations like PETA (people for ethical treatment of animals). Stokes & Atkins-Sayre (2018), has reported that KFC has also been highly criticised for its record of animal welfare activities, its negative impact on the environment and its links towards the rising rates of obesity. KFC has also faced various disputes with PETA like Burger King owing to the perceived mistreatment of poultry animals. Stokes & Atkins-Sayre (2018), stated that the company also faced some backlash in 2012, and was accused by Greenpeace for using paper pulp in the packaging items of the food products. Moran *et al.* (2017), reported that Pizza hut also faced criticism in the United Kingdom for the high quantity of salt present in its food products. It was recorded to be twice the recommended limit for the adults and might prove to be dangerous. Subway was criticised for using azodicarbonamide while making their bread dough. This compound is found to be responsible for respiratory issues such as asthma which made the bread products from Subway to be highly dangerous for children as well as adults.

3.2 Employment Law

According to Statni Urad Inspekce Prace (2019), the employment is a term set between two parties, an employee and an employer, with a joint contract about the job.

The Contract of work: will be made recorded as a hard copy; in the agreement of work the business is obliged to concur with the representative on a certain occupation title, work environment and the date of initiation of the work. In the event that the agreement of work does exclude arrangements on rights and commitments emerging out of the work, the business is obliged to tell the worker of them recorded as a hard copy inside one (1) month from the arrangement of the business. The trial period will not be longer than three (3) back to back a very long time from the date of the arrangement of the work, and no longer than six (6) continuous months for boss officials; it can't be broadened moreover and its term can't be longer than one portion of the concurred time of the work. Length of business: we recognize two kinds of work: work for an uncertain timeframe where the span of the business isn't restricted and fixed-term work where the length of the business is restricted. Evolving of work: an agreement of business may just be changed recorded as a hard copy furthermore, upon shared arrangement of the business and the worker. The length of the decided week after week working hours is 40 hours. Representatives who take a shot at a two-move plan is 38.75 hours of the week.

Representatives who work underground and concentrate coal, minerals or non-metallic crude materials, or work on the development of mines, or who are locked in in topographical prospecting on mining locales, and furthermore representatives on a three shift or persistent work routine is 37.5 hours out of each week. With representatives younger than eighteen (18) a long time, the length of a move for every day must not surpass 8 hours per day and if there should be an occurrence of at least two business connections, the length of week after week working hours must not surpass 40 hours out of every week altogether. The length of a move must not surpass 12 hours. A work break is given to a representative who has been working ceaselessly for a limit of 6 hours (following a limit of 4.5 long periods of ceaseless work for minors) and such a break endures at any rate 30 minutes.

A ceaseless rest between singular movements must be in any event 11 hours (12 hours if there should arise an occurrence of minors) inside 24 sequential hours. A constant rest in seven days inside each time of seven back to back schedule days must be at any rate 35 hours (48 hours for minors). Extra time work might be taken distinctly in excellent conditions. Any commanded additional time work must not surpass a normal of 8 hours out of every week inside a time of 26 successive weeks (52 weeks whenever determined by an aggregate arrangement) and 150 hours inside one schedule year. Extra time work past the extension referenced above might be required just whenever settled upon by the representative.

On the off chance that a representative can't perform work:

- in view of a transitory deformity the representative isn't liable for, or then again in light of some other working causes, it is viewed as dead time what's more, if the representative isn't moved to other work the worker is qualified for the pay for the pay or compensation in the measure of at any rate 80 % of normal income;
- because of interference of work brought about by awful climate or a whiz calamity and if the worker isn't moved to other work, the worker is qualified for the remuneration for the compensation or pay in the measure of in any event 60 % of normal profit.

In the event that a worker can't perform work because of some other hindrances to work on the business' part than vacation and interferences of work caused by awful climate or a cataclysmic event (referenced over), the business is obliged to pay the representative a remuneration for the pay or pay in the measure of normal income.

3.3 Hygiene standards

The biggest volume of exercises in issues of food safety in the Czech Republic has been given by the associations inside the Ministry of Agriculture and Ministry of Health. Further significant accomplices are aside from government workplaces delegates of administrative associations, logical boards of trustees and boards, and purchaser associations that mean individuals from the between clerical Food Safety Coordination Unit which was set up in

2002 in similarity with the Strategy to Assure Food Safety in the Czech Republic. The goal is basically to co-ordinate the exercises of individual services and to set up needs, to guarantee common co-activity between important skilful specialists performing official control, Scientific Committees, purchasers and state organization, and to build up co-activity with public food safety foundations in EU Member States and with the EFSA.

The Czech Scientific Committees do according to public specialists the capacity of logical warning advisory groups and guarantee consistency of danger evaluation with correspondence, for example they present to the expert and shopper public checked and justifiable data. The Scientific Committees are comprised of gatherings of specialists, tending to the accompanying system assignments in the field of food safety: The readiness and distribution of autonomous examination and conclusions, proposition for measures to guarantee food handling all through the chain of creation and appraisal of rules for innovative work in the branch of knowledge.

The accompanying logical council works inside the power the Ministry of Health: the Scientific Committee for Food. The accompanying four logical boards of trustees work inside the position the Ministry of Agriculture: The Scientific Veterinary Committee, the Scientific Committee for Animal Nutrition, the Scientific Committee for Phytosanitary and the Environment and the Scientific Committee for Genetically Modified Food and Feed. Each hotel plays out its errands under its purview, and the individual divisions cooperate in guaranteeing the food safety. Exercises gave by the pertinent divisions.

The subsequent stage is hazarding the executives which predominantly speaks to the creation and incorporating the significant enactment and usage of state oversight (official control). Official controls in the whole food and feed tie from essential creation up to deal to a customer are performed by the capable specialists. The administrative bodies inside them transmit additionally perform management of consistence with commitments of food business administrators specified in the legitimately appropriate European Commission (EC) enactment. The essential enactment in the field of execution of legitimate controls in the CR is Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on authentic control performed to guarantee the confirmation of consistence with feed and food law, creature wellbeing and creature government assistance rules, which separated from different things forces upon the Member States the commitment to

make sufficient conditions for the ensurance of legitimate controls, elobration of public food and feed control plans, advancement of alternate courses of action, ot determines the substance of preparing and training of workers, the lead of interior reviews and various different commitments.

3.4 Taxation

3.4.1 Corporate tax

According to financial management of Czech republic (Finanční správa), every non-resident company in Czech republic has to pay 19% income tax on any earning inside a boundary of Czech republic. It applies to all business profit including capital gain. (www.financnisprava.cz, 2020)

3.4.2 Personal tax

Any person earning inside boundary of Czech republic is liable to pay 15% of income tax. There are several non taxable and taxable benefits and allowances included. (KPMG Česká republika, s.r.o., 2019)

Table 1.Tax Reliefs

Personal tax reliefs	
Basic allowance	CZK 24,840
Child allowance for first child	CZK 15,204
Child allowance for second child	CZK 19,404
Child allowance for third and any subsequent children	CZK 24,204
Spouse allowance	CZK 24,840

source:kpmg.cz

Table 2.Social and health insurance

Type of insurance	Paid by employer (%)	Paid by employee (%)	Total (%)
Social			
• Pension insurance fund	21.5	6.5	28.0
• Sickness insurance fund	2.3	0	2.3
• Employment insurance fund	1.2	0	1.2
Health	9.0	4.5	13.5
Total (%)	34.0	11.0	45.0

Source: kpmg.cz

4 Practical Part

The practical part will focus on implications of above theoretical concepts. Author will check the feasibility of Indian fast food chain in Prague. Practical part will analyse internal environment with SWOT and external environment with porter's five forces. Competitor's analysis would be helpful for detailed study of competitor's and their strengths and weaknesses. Financial part consists of detailed cost structure, break-even analysis and ROI.

4.1 About company

A fast food restaurant is conceptualized on healthy food and quick service. Restaurant will be in area of Zizkov-prague 3. Food chain will bring Indian food, fast food and healthy food together. In market of Prague there are not many healthy eating options and specially in area of Zizkov. It will provide eggs and vegetable option, there won't be any meat option. Rolls are considered as Indian street food; they are very delicious and quite handy option. Restaurant will also offer homemade drinks which will be low in sugar some of them has no sugar, high in protein and will have yogurt base. Exceptions will be Indian tea, made from milk and spices and traditional iced tea. Restaurant will operate from 11 am to 11 pm. Area doesn't have much of morning people but there will be quite rush during lunch time. More details are discussed below.

4.1.1 Place

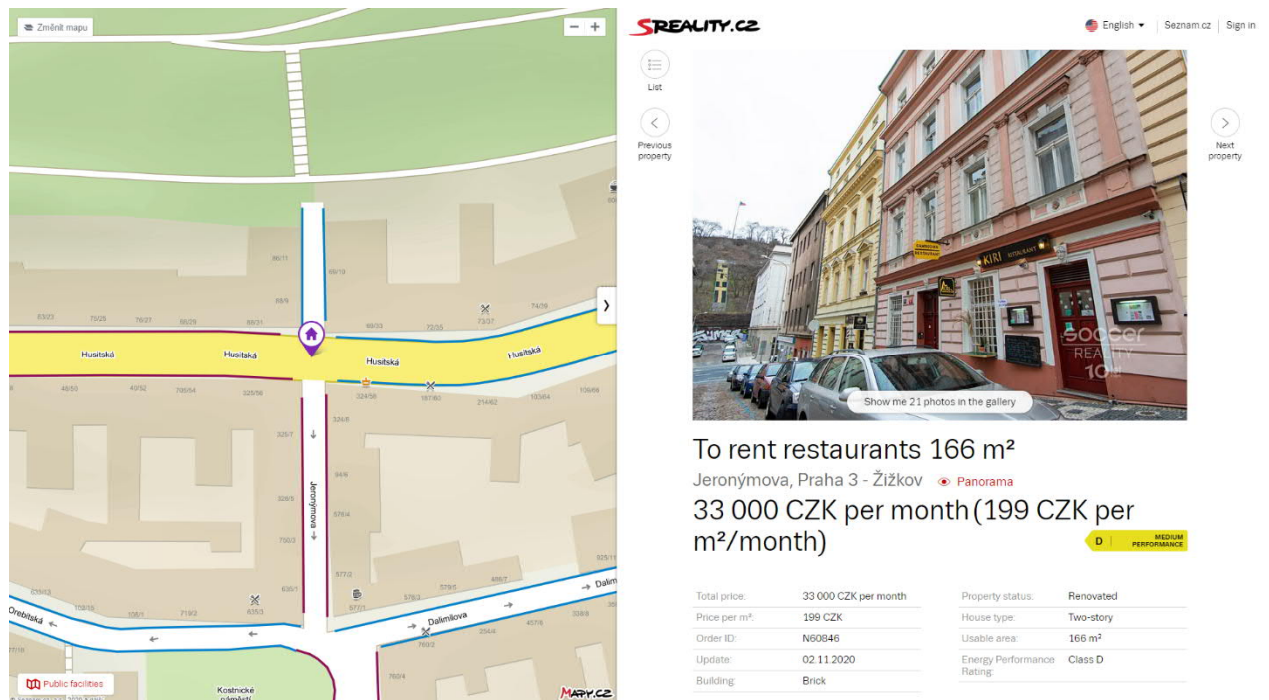
Restaurant has a concept of healthy fast food, for this kind of concept it is best to choose location which can provide continuous flow of customer. Prague is undoubtedly crowded with tourist at any time of the year, still a person who is on vacation probably won't think about healthy option rather they would go for something which is more local. From above point of view, it would be better for a new venture to be in area which are residual.

Other motive is to have regular customer, because of this pandemic situation it is well learnt that restaurant need repeat business in order to survive. District Prague 3, Prague 6, Prague 10 and Prague 5 has most of residential properties. Among this neighbourhood Prague 6 has more of exclusive villas and embassies, most of the population is young and student. Student consist of Erasmus and foreign students which tend to go back to their

country after a year or so. Prague 10 has many residents but consider as outskirts of city. Prague 5 is known for its nightlife and upscale neighbourhood. Out of all Prague 3 can be considered as it has number of residents and people who are from working class. People who might be interested in healthy and quick served option because of their habit of eating out.

According to Karma Labs, Prague 3 Žižkov is most chosen area by young expats and working people for its peaceful environment and plenty of pubs and restaurants. In addition, this area attracts tourists who decided to venture out into Žižkov will reward with magnificent view from Prague TV tower. (Karma Labs, 2013)

Figure 1. Map of place



source: Sreality.cz

This place selected for restaurant was previously owned by cambodian restaurant “Kiri”. Restaurant has full set up of kitchen which is required for Indian cooking. In addition it has two floors with WC facilities and window which can be operated as delivery window during tough times like state of emergency.

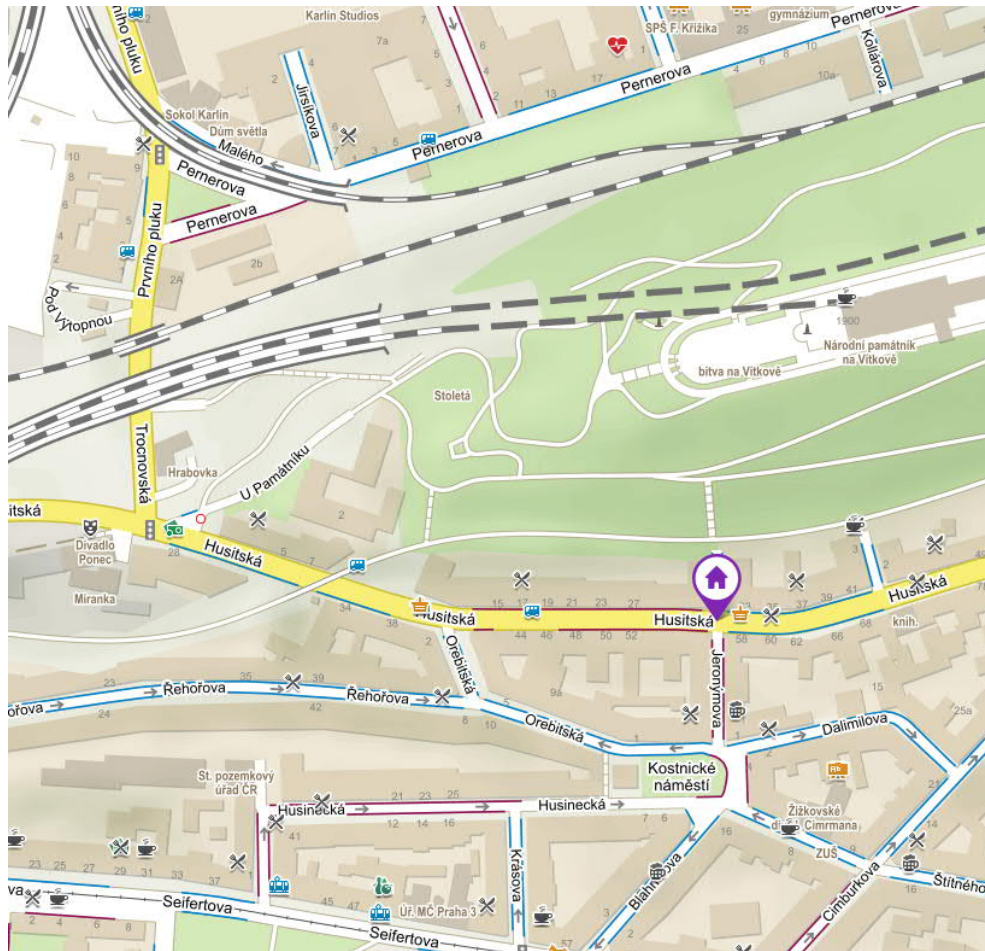
Figure 2. Picture of place



source: Sreality.cz

It is located on Husitska street, which is 10 mins walk from Monument “Jan Žižka z Trocnova”. This monument is located at huge park “Vítkov”. This park is very popular among residents of Prague-3, people usually visit it for evening relaxation or lunch.

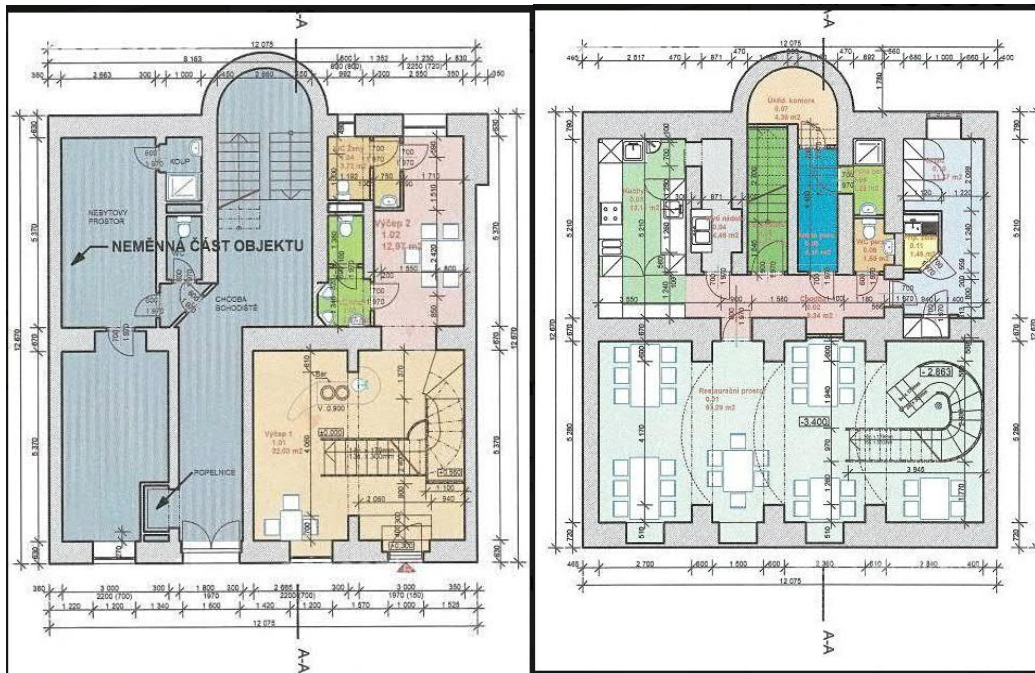
Figure 3. Map of place



source: mapy.cz

Restaurant has two floor structure. Ground floor consist of kitchen, seating area and WC. On first floor there is small and rest of seating. Floor plan of restaurant is given below.

Figure 4. Floor plan of place



4.1.2 Product

Frankies (Rolls): Frankies are most liked street food in India. It has a base of whole wheat tortilla, which is called “Chapati” in India. It is more thick than Tortilla. It is filled with goodness of veggies and some homemade sauces. It is toasted/fried after it is prepared. Restaurant will offer four kinds of Frankies,

- Egg roll: It has egg as main ingredient, made with Indian spices in thick tomato gravy.

Figure 5. Egg roll



source: Author

- Paneer roll: It has paneer (cottage cheese) as main ingredient, made with Indian spices in thick onion and tomato gravy.

Figure 6. Paneer roll



source: Author

- Vegetable roll: It has Aloo patty (Potato patty) as main ingredient. Petty is made from potatoes and peas, cooked with Indian spices.

Figure 7. Veg roll



source: Author

- Vegan roll: It has lots of vegetables like Cabbage, peppers, onion, tomato, corn, broccoli, and kidney beans saute in olive oil and topped with salt and pepper. Customer can add Tofu on their preference.

Figure 8. Vegan roll



source: Author

This are main dishes which restaurant will offer. In addition to this restaurant will offer range of homemade sandwiches and drinks. Salads are also on menu.

4.1.3 Price

Other fast food chains have menu starting from 180czk (refer a table 3) and can be as much as 350czk. Area Zizkov have many restaurants already doing business from decade. Average price around Husitska street is 150-250czk for a meal for one person. To be in competition menu price can be set around 160-170CZK. A person can get a roll and drink for fixed price. For financial calculations 160CZK of menu price has been assumed.

4.2 Competitor's analysis

Major players from fast food industry in Prague has been covered in below table, detailed analysis has been conducted to compare those competitors. From the table it can be concluded that there are no such vegetarian options in market. It can be profitable to launch vegetarian option in a market when there is high demand and no supply. Majority of competitor's have more than 10 outlets alone in Prague. Their all unique concepts and average prices are mentioned.

Table 3Competitor's Analysis 1

Competitor's analysis					
Name	Concept	Uniqueness	Meal + Drink	Veg available	Location
Burrito Loco	Mexican	Customize food	250 czk	2 dishes	10
BB	Baguette	Baguette + chef	200 czk	1 dish	20
Burger king	Sandwiches	Cheap	170-230 czk (menu)	1 sandwich	10
McDonald's	Sandwiches	Meat	140-170	no	38
Subway	Sandwiches	Healthy	200-240	3 sandwich	5
KFC	Sandwiches	Quick made / chicken	150-180	2 sanwiches & wrap	34
Kebab places	Kebab	Cheap	150-170	kebab & sandwich & salad	more than 100
Pizza hut	Pizza	Customize food	200-240	yes	11
Bombay Express	Indian	Cheap & quantity	100-150	yes	8
Dhaba beas	Vegetarian / Indian	Pay for what you eat	22.90 czk/100 g	yes	14
Local Pizza Places	Pizza	Local food	145-250 czk (Menu)	2-3 dishes	more than 200
Vietnamese restaurants	Vietnamese food	Cheap and seafood	130-150 czk	2-3 dishes	more than 200

Source: Author

This analysis has been conducted for whole city of Prague, while below is details of restaurant which are in the area of Prague 3 and very near to Husistka street.

Table 4.Competitor’s Analysis 2

Name	Concept	Uniqueness	Meal+Drink	Veg available
Bibimbap Korea	Korean	Kimchi	259	No
Sklep	Czech	Banquet + summer garden	179	No
Pracovna & Laskafe	Sandwich	Fine dine	199	1 Dish
Lavicka- Zahradni Restaurance	Sandwich	Burger	220	3 Dish
Indian By Nature	Indian	Quality& Fresh	300	Yes
Arm Tasty Food	Kebab	Kebabs	210	No
Pardubicka pivnice u Jary	Czech	Crafted beers	150	No
Bistro Strecha	Vegan	Flexible menu	150	Yes
Bar-Fud	American	Brunch menus	200	No

source: Author

4.3 Porter’s five force model

Bargaining power of buyers

The purchasers have high dealing power in a spot where there are some cheap food joints, as they can pick any of them. For instance, if the line is excessively long at one outlet, the purchaser can presumably go to another outlet right over the street. Here the factor vegetarian and vegan option is game changing, as being only vegan or vegetarian offering restaurant, it can enjoy a perk. People can visit this restaurant and can ignore others.

Hence, bargaining power of buyer is **low to moderate.**

Bargaining power of suppliers

The fundamental suppliers in the cheap food industry are batter, dairy produce, and meat sellers. Their bartering power is low since there would be various providers of these items. On other hand there are specific requirement for Indian kitchen like spices. Prague has very low number of suppliers for Indian grocery but there are plenty of option available like, Ostrava, Plizen even Germany, and all of them offer best rates and free delivery.

Hence, bargaining power of supplier would be **moderate**.

Competitive rivalry for competitors

The business is chock-a-coalition with contenders—there are huge brands, for example, McDonald's and KFC, and medium and littler brands, including nearby eateries and pastry shops, selling an assortment of titbits and brisk eats. The determinant of the high rivalry is the high number of restaurants selling quality items. This circumstance is a weakness to an inexpensive food diner. Being a new comer in market business can not provide as cheap as other options available.

Hence, competition rivalry is **very high**.

Threat of substitute products

Cafés and different diners are very fit for selling the kinds of items sold by a cheap food joint, for example, a burger or a sandwich. Along these lines, the danger of substitute items is very high for a drive-thru eatery. The determinant of the high danger of substitutes is the absence of separation among the items accessible (aside from maybe on account of McDonald's or KFC, whose items are viewed as exceptional)— clearly a detriment for a cheap food outlet. While vegetarian and vegan food can make a difference. All reciepes are exclusive by author, so there is no potential threat for copy.

Hence, threat of substitute is **low to moderate.**

Threat of new entrants

A businessperson requires a perplexing arrangement of authorizations to open a restaurant. Moreover, great framework should be developed. At that point there is the errand of making interesting items to separate the eatery from its rivals, which may incorporate global chains. Any money manager would shrug off the possibility of entering this business. The determinant of the low danger of new contestants is the prerequisite of various authorizations (extreme obstructions to passage) and the set-up items. Along these lines, this is a bit of leeway for an inexpensive food joint.

Hence, threat of new entrant is **low.**

4.4 Financial Plan

To run a restaurant successfully, one has to analyse its financial situation. Financial plan will help to estimate potential costs and revenue. Finance is a backbone of any business, by understanding its cruciality author has made very detailed plan regarding cost of production, revenue estimation, break even analysis and return on investment.

4.4.1 Cost of production

After discussion with Manger of Bombay Express - Pilzen, Author came to conclusion that it is best to prepare 160 meals or portions for initial time, as manager suggested a new restaurant should aim 150-170 portions in beginning. 40 portions of each roll will make 160 in total. Cost for producing 40 units of each roll is shown below:

Egg Roll: It has egg as main ingredient, made with Indian spices in thick tomato gravy. Total cost for producing 40 units of egg roll is **671 CZK**. (Cost of spices is counted separately)

Table 5. Cost of production for egg roll

Table 5: cost of production for egg roll

Egg roll	1 roll	40 rolls	Price per unit	Price per 40 units
Egg	2pc	80	4.56	364.8
Tortilla	1pc	40	1.15	46.16
Onion paste	50gm	2kg	11.98	23.96
Tomato paste	50gm	2kg	31.5	62
Chilly	20gm	800gm	154	123.2
Peppers	10gm	400gm	79.9	31.96
Cabbage	20gm	800gm	17.67	14.13
Onion	10gm	400gm	11.98	4.79
Total				<u>671</u>

source: Author

Paneer Roll: It has paneer (cottage cheese) as main ingredient, made with Indian spices in thick onion and tomato gravy. Total cost for 40 unit is **666.37 CZK** (Cost of spices is counted separately)

Table 6. Cost of production of Paneer roll

Paneer roll	1 roll	40 rolls	price per unit	price per 40 units
Paneer	50gm	2kg	180	360
Tortilla	1pc	40	1.15	46.16
Onion paste	50gm	2kg	11.98	23.96
Tomato paste	50gm	2kg	31.5	62
Chilly	20gm	800gm	154	123.2
Peppers	10gm	400gm	79.9	31.96
Cabbage	20gm	800gm	17.67	14.3

Onion	10gm	400gm	11.98	4.79
Total				<u>666.37</u>

source: Author

Vegetable Roll: It has Aloo patty (Potato patty) as main ingredient. Petty is made from potatoes cooked with Indian spices. Total cost for 40 units of vegetable roll is **297.07CZK** (Cost of spices is counted separately)

Table 7. Cost of production of Vegetable roll

Vegetable Roll	1 roll	40 rolls	price per unit	price per 40 units
Potatoes	50gm	2kg	13.58	27.16
Tortilla	1pc	40	1.15	46.16
Onion	30gm	1.2kg	11.98	14.37
Tomatoes	20gm	800gm	49.9	39.92
Chilly	20gm	800gm	154	123.2
Peppers	10gm	400gm	79.9	31.96
Cabbage	20gm	800gm	17.67	14.3
Total				<u>297.07</u>

source: Author

Vegan Roll: It has lots of vegetables like Cabbage, peppers, onion, tomato, corn, broccoli, and kidney beans sauté in olive oil and topped with salt and pepper. Total cost for 40 units of this roll is **475.24CZK** (Cost of spices is counted separately)

Table 8. Cost of Production Of Vegan Roll

Vegan Roll	1 roll	40 rolls	price per unit	price per 40 unit
Kidney beans	50gm	2kg	99.5	199
Tortilla	1pc	40pc	1.15	46.16
Onion	20gm	800gm	11.98	9.58

Tomatoes	20gm	800gm	49.9	39.92
Peppers	10gm	400gm	79.9	31.96
Corn	10gm	400gm	114.41	45.76
Broccoli	30gm	1.2kg	73.8	88.56
Cabbage	20gm	800gm	17.67	14.3
Total				<u>475.24</u>

source: Author

Indian kitchen is always full of spices. To prepare these rolls fully it will require spices which are measured by monthly usage as it very difficult to predict daily usage of them. All prices are estimated after discussion with owner of Indian grocery store and Indian spices are not highly perishable good so unused spices can be used for next month. basic purchase like salt, oil, butter and so on are based on average price comparing Kaufland, Albert and Billa.

Table 9. Cost of production of Spices

Spice	Monthly Requirement	Price for 1 unit	Price for required units
Salt	10kg	7.90	70.90
Chili Powder	7kg	220.00	1,540.00
Coriander powder	7kg	230.00	1,610.00
Turmeric powder	5kg	139.00	695.00
Cumin seeds	2kg	250.00	500.00
Lemon juice	10ltr	99.60	996.00
Ginger garlic paste	5kg	245.00	1,225.00
Garam masala	2kg	249.00	498.00
Chilly vinegar	2ltr	1,500.00	3,000.00
Asafoetida	1kg	790.00	790.00

Red chili sauce	2ltr	222.00	444.00
Coriander	30pc	35.00	1,050.00
Black pepper	1kg	390.00	390.00
Tea	2kg	402.00	804.00
Mint	15pc	30.00	450.00
Wheat Flour	135.00	39.80	5,373.00
Total			<u>14,062.9</u>

source: Author

Total cost for estimated quantity of spices is **14,062.9 CZK** per month. Cost of wheat flour hasn't been counted as it is already counted in cost of each roll in form of Tortilla. Other than these things there are some basic ingredients required to run a restaurant which are mentioned below and prices are based on average price comparing Kaufland, Albert and Billa.

Table 10. Cost of other ingredients.

Product	Monthly Requirement	Price per 1 unit	Price for required units
Butter	3kgs	274.50	823.50
Oil	10lts	44.90	449.00
Ketchup	2ltrs	45.80	91.60
Curd	15kg	33.80	507.00
Lemons	10kgs	49.90	499.00
Total			<u>2,370.10</u>

source: Author

Total cost other than main ingredient is $14062.9+2370.1=16433$ CZK per month. It can divide by 30 and give per day cost of 547.76 CZK. After adding cost of 40 units of each

roll, Cost of production for rolls and drinks for each day is **2657.44 CZK** and **79,723.2 CZK** each month.

4.4.2 Other onetime expenses:

There are several other things which are required to run a successful restaurant, as it is mentioned earlier restaurant will be on rent of 33,000CZK. The place was previously owned by food business so there are no or less changes required in kitchen and furniture. Kitchen is already equipped with essential equipment for cooking and already follow all hygiene requirements. Indian dishes are quite different and difficult and required specific utensils or equipment which are listed below. Total onetime expense would be **228,473 CZK**, which is quite low because kitchen of restaurant is already equipped.

Table 11. Cost of Equipments

Equipment	Amount	Price per unit	Total Price
Griller	1.00	87,000.00	87,000.00
Tandoor oven	1.00	28,080.00	28,080.00
Dishwasher	1.00	64,700.00	64,700.00
Working table	1.00	2,115.00	2,115.00
Cooker	1.00	1,430.00	1,430.00
Mixer	1.00	5,900.00	5,900.00
Pot 10 liters	4.00	900.00	3,600.00
Pot 5 liters	5.00	1,490.00	7,450.00
Grater	2.00	450.00	900.00
Rolling board	2.00	900.00	1,800.00
Flat pan	3.00	800.00	2,400.00
Frying pan 32cm	2.00	650.00	1,300.00
Dough Mixer	1.00	20,000.00	20,000.00
Colander	2.00	299.00	598.00
Rolling Pin	3.00	400.00	1,200.00
Total			228,473.00

source: Author

After calculating above expenses there would be dishes and stuff needed for dine-in. Total cost for crockery would be **23,546.2 CZK.**

Table 12. Cost of Crockery

Crockery	Quantity	Price per piece	Price for required quantity
Big Plate	80.00	49.00	3,920.00
Small Plate	50.00	29.00	1,450.00
Salt & Pepper holder	15.00	89.00	1,335.00
Sauce holder	15.00	199.00	2,985.00
Small bowls	80.00	37.25	2,980.00
Spoons	50.00	16.50	825.00
Fork	80.00	24.83	1,986.40
Table knife	80.00	37.25	2,980.00
Glass	50.00	29.00	1,450.00
Beer mug	30.00	39.00	1,170.00
Tea/coffee cup with Saucer	30.00	69.00	2,070.00
Teaspoon	30.00	13.16	394.80
Total			23,546.20

source: Author

Keeping situation of pandemic in mind, there would be more take away orders than dine-in. Calculating 160 meals of sale per day it will be 4800 meals per month and will require enough packaging material for that. Situation like state of emergency will convert restaurant fully on delivery and take away mode. Here is the list of items that should be enough for first one month. Total cost for this items in every month would be **61275CZK.**

Table 13. Cost of packaging Material

Item	Price per piece	Quantity	Price for required quantities
Grease resistant brown bag	1.15	2,500.00	2,875.00
White eco-friendly straw	0.67	5,000.00	3,350.00
Black Polly wrapped cutlery kit (fork, knife, salt, pepper)	4.00	1,000.00	4,000.00
Recycled paper napkin with logo	2.22	5,000.00	11,100.00
Big take away bags with logo	1.78	2,500.00	4,450.00
Small take away bag with logo	2.00	2,500.00	5,000.00
Small compostable clear cup	2.89	2,500.00	7,225.00
Big compostable clear cup	4.22	2,500.00	10,550.00
Big cup leads	1.55	2,500.00	3,875.00
Small cup lead	1.78	2,500.00	4,450.00
Wrapping paper	0.44	10,000.00	4,400.00
Total			61,275.00

source: Author

4.4.3 Depreciation of equipment

All tangible assets are divided in specific group and all groups have different depreciation rates in Czech Republic. Each asset which has input price above 40,000czk is eligible for depreciation. List has two equipment which exceed given value and fall under category 2. Category 2 equipment are depreciated for min. 5 years. Below assets are depreciated with straight line method of accounting depreciation.

Table 14. Depreciation of Equipment.

Price	151,700.00	151,700.00	151,700.00	151,700.00	151,700.00
Rate	11.00	22.25	22.25	22.25	22.25

Year	1	2	3	4	5
Depreciation	16,687.00	33,753.25	33,753.25	33,753.25	33,753.25
Accumulated depreciation	16,687.00	50,440.25	84,193.50	117,946.75	151,700.00
Residual price	135,013.00	101,259.75	67,506.50	33,753.25	-

source: Author

4.4.4 Services

Moving further cost of services can be divided into two parts;

1. Cost for services (non-employee)
2. Cost of services (employees)

Cost of service for non-employee are usually onetime expenses. They are as below,

Hording and signs: Restaurant will require its own name hording and to make it more appealing author thought of putting LED sign pictured with rolls. (base concept of restaurant) Hording and sign will cost around 150,000CZK.

Interior Designer: The place already has needful setup but to convert it into fully function fast food restaurant there would be some changes required. After considering all available designers author assumes an average price of one square meter to be 2200 CZK. 100meter square area will cost 220,000CZK.

Lawyer: To open a food business in EU is quite a difficult process. To avoid any kind of incidents author would suggest hiring a lawyer for initial licensing and permit purpose. Usually for such a work lawyer can charge up to 50,000CZK.

Real estate services: Real estate agents usually charge equal to one month rent as their services charges. Place is 33,000CZK so real estate would cost 33,000czk as well.

Creative services: Business will require its own logo and tagline. For this purpose, it will require some external help which can cost up to 150,000CZK.

Total expense for above-mentioned one-time services is 625,000CZK. Website creation charges are also counted as onetime expense.

Accountant: It is very essential for a business but at a same time a full-time accountant can cost up to 35,000 CZK. Which can be replace by 10,000 CZK a month by giving it to any account firm which handles accounts from multiple firms.

Social media / Marketing: Social media has become second name for marketing in recent times. Social media management would include creating social media profile and keeping it updated. Marketing will include creating website and other promotional activity. These both can be handled by one firm and can cost around 15000 CZK per month. Website creating is onetime cost and can cost up to 25,000CZK.

Outsourcing for each month will sum up at 25000 CZK per month.

Employees:

Author plans to hire 1 chef and 1 assistant to chef, 1 full time cashier and 1 part time cashier and service person. 1 cleaner would be part-time. Part time contracts would be for 20 hours a week.

Table 15. Pay scale of Fulltime employees

Full time Employee	Salary before tax	Cost for employer
Chef	27,000	34,500
Cashier	20,000	26,000
Total		<u>60,500</u>

source: Author

Table 16. Pay scale of part time employees

Hourly paid employee	Hour worked	Per hour before tax	Per hour after tax	Total
Assistant to chef	80	130	150	12,000
Service person	80	110	127	10,400
Cleaner	120	120	140	16,800
Total				<u>39,200</u>

source: Author

Total expenses for hired employees is 99,700CZK. Rent can be counted as 33,000CZK per month for decided place. After talking to recent restaurant owner author came to know that utility bills would be around 12,000CZK per month. So total expense with rent and utility is 45,000CZK per month.

Every person residing in Czech republic is liable to pay minimum 15% of income tax. Salary with VAT is counted on base of income tax, health insurance and social insurance.

Table 17. Insurances

Type of insurance	Paid by		Total
	Employer (%)	Employee (%)	
Social:			
Pension insurance fund	21.5	6.5	28
Sickness insurance fund	2.3 (2.1 from 1 July 2019)	0	2.3 (2.1 from 1 July 2019)
Employment insurance fund	1.2	0	1.2
Health	9	4.5	13.5
Total (%)	34.0 (33.8 from 1 July 2019)	11	45.0 (44.8 as of 1 July 2019)

source: Author

4.4.5 Start-up budget

Start-up budget can be calculated by summing up all the expenses fixed and variable and some reserved amount which is required to run a business till the time it doesn't earn a profit. For this purpose, we need to calculate estimated profit and expense. For reference restaurant will sell 160 units per day and average price for unit is 150CZK. To calculate start-up budget there should be revenue estimation calculation.

Revenue estimation:

Revenue has been estimated in base and worst scenario. According to situation of market a best scenario and handsome profit cannot be expected from a start-up. Base scenario is for 1st year has been counted on quarterly bases, every quarter there is increase of 12% on sales and every year increase is around 50%. Fixed cost is counted with 7% inflation every year and variable cost adjusted for units and counted with inflation of 4.5%. A successful business in Prague sales 350-390 units per day, but all of those restaurants have been in business for at least 4 years. Below revenue is calculated for 390 units per day and to have 390 units it is started from 80 units and then gradually increase by 50% approx.

Table 18. Revenue Estimation for first year.

Units sold per day	80	90.00	105.00	120.00
Year	1			
Quarter	1	2	3	4
Revenue	1,080,000.00	1,215,000.00	1,417,500.00	1,620,000.00
Fixed cost	539,100.00	539,100.00	539,100.00	539,100.00
Variable cost	225,597.44	253,797.12	296,096.64	338,396.00
Total cost	962,095.20	962,095.20	962,095.20	962,095.20
Depreciation	16,687.00			
Profit	117,904.80	252,904.80	455,404.80	657,904.80
EBIT	1,484,119.20			
Tax	281,982.64			
EAT	1,202,136.55			

source: Author

In first year it is started from 80 units per day which is minimum and will increase by 12.5% every quarter and 50% every year until it reaches 390 units per day which is more than double from average predicted. First year with above calculation will have profit of **1202136.55CZK**. Following year calculations are as follow,

Table 19. Revenue Estimation for Second and Third Year.

Units sold per day	150	190	240	300
Year	2		3	
6 months	1st half	2nd half	1st half	2nd half
Revenue	4,050,000	5,472,000.00	6,480,000.00	8,100,000.00
Fixed cost	1,153,674.00	1,153,674.00	1,234,431.18	1,234,431.18
Variable cost	884,059.96	1,049,821.21	1,383,194.30	1,844,259.07
Total cost	2,037,733.96	2,203,495.21	2,617,625.48	3,078,690.25
Depreciation	33,753.25		33,753.25	
Profit	2,012,266.04	3,313,712.40	3,862,374.52	5,021,309.75
EBIT	5,325,978.44		8,883,684.27	
Tax	1,011,935.90		1,687,900.00	
EAT	4,314,042.50		7,195,784.20	

Table 20. Revenue Estimation for Fourth and Fifth Year.

Units sold per day	340	390	390	390
Year	4		5	
6 months	1st half	2nd half	1st half	2nd half
Revenue	9,180,000.00	10,530,000.00	10,530,000.00	10,530,000.00
Fixed cost	1,320,841.36	1,320,841.36	1,413,300.25	1,413,300.25
Variable cost	2,031,434.00	388,362.46	405,546.64	405,546.64
Total cost	3,352,275.80	1,709,203.82	1,818,846.89	1,818,846.89
Depreciation	33,753.25		33,753.25	
Profit	5,827,724.20	8,820,796.18	8,711,153.11	8,711,153.11
EBIT	14,648,520.38		17,422,306.22	

Tax	2,783,218.87	3,310,238.18
EAT	11,865,301.51	14,112,068.04

source: Author

Revenue is calculated for 160 units per day until it reached to 190. Every year after that will show increase in variable cost as per units expected. Second year profit is expected to be **4,314,042.50CZK**, **7,195,784.20CZK**, **11,865,301.51CZK** and **14,112,068.04CZK** for third fourth and fifth year respectively. Price per unit will remain same for 5 years and can be increased afterwards.

For worst scenario, where sales for first year show boom after that there is only small increase and after there is no significant change in sales. Even for worst scenario business will give profit,

First year: 1,987,747.51CZK

Second year: 4,314,042.50CZK

Third year: 5,672,332.94CZK

Detailed table has been attached to appendix.

Revenue estimation by months:

Table 21. Revenue estimation for first 6 months.

Month	1	2	3	4	5	6
Income	360,000.00	360,000.00	360,000.00	405,000.00	405,000.00	405,000.00
Expense	320,698.40	320,698.40	320,698.40	320,698.40	320,698.40	320,698.40
Profit/loss	39,301.60	39,301.60	39,301.60	84,301.60	84,301.60	84,301.60
Month	7	8	9	10	11	12

Income	4,72,500	4,72,500	4,72,500	540,000.00	540,000.00	540,000.00
Expense	320,698.40	320,698.40	320,698.40	320,698.40	320,698.40	320,698.40
Profit/loss	151,801.60	151,801.60	151,801.60	219,301.60	219,301.60	219,301.60

source: Author

Here 1year profit of restaurant will be **1,484,119.20CZK** and it will take 6 months for restaurant to cover its expenses without any funding. Author would suggest investing 1282793.6CZK extra which is equal to 4 months of expenses. Hence, total budget would be 880019.2CZK + 1282793.6CZK = **2162812.8CZK**. Author suggest finding angle investor from abroad or can have partnership firm together with any Czech investor.

4.4.6 Break even analysis.

Breakeven point = Fixed cost / (Sales price per unit – Variable cost per unit)

Here fixed cost would be 179700 per month. Sales price per unit is counted as 150 on average. Variable cost per unit can be calculated by dividing total variable cost per month by units expected to be sold per month. Units expected to be sold per day is 160 and $160 \times 30 = 4800$ units per month. Variable cost per month is 140998.4. So, $140998.4 / 4800 = 29.37$ CZK. 1490 units must be sold per month to be able to reach to no loss no profit situation.

Table 22. Monthly break even analysis

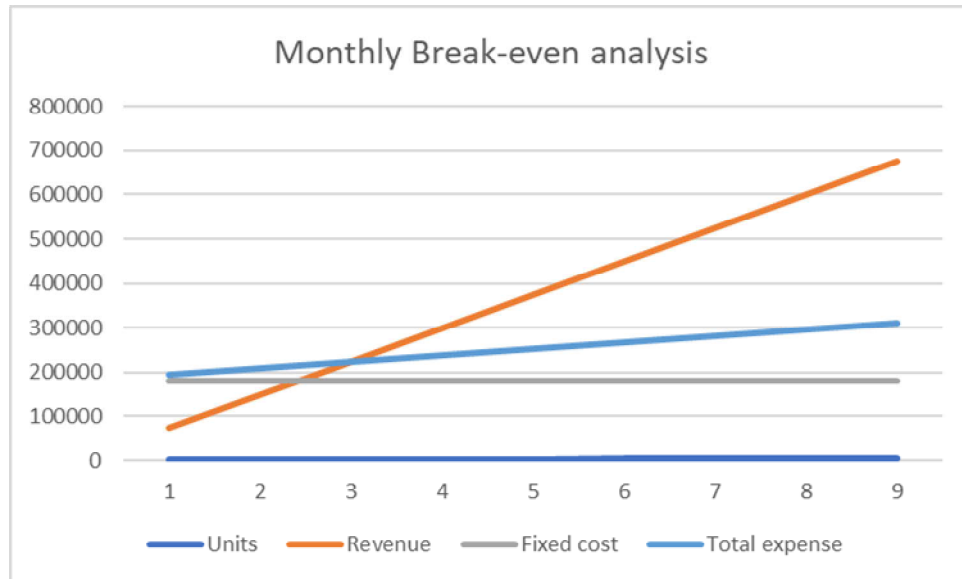
Fixed cost per month	179700
Sales price per unit	150.00
Variable cost per unit	29.37
Break-even	1489.67 units

source: Author

Table 23. Monthly break even calculation.

Units	Revenue	Fixed cost	Variable cost	Total expense	Profit/loss
500	75,000.00	179,700.00	14,685.00	194,385.00	-119385
1000	150,000.00	179,700.00	29,370.00	209,070.00	-59070
1500	225,000.00	179,700.00	44,055.00	223,755.00	1,245.00
2000	300,000.00	179,700.00	58,740.00	238,440.00	61,560.00
2500	375,000.00	179,700.00	73,425.00	253,125.00	121,875.00
3000	450,000.00	179,700.00	88,110.00	267,810.00	182,190.00
3500	525,000.00	179,700.00	102,795.00	282,495.00	242,505.00
4000	600,000.00	179,700.00	117,480.00	297,180.00	302,820.00
4500	675,000.00	179,700.00	132,165.00	311,865.00	363,135.00

source: Author



source: Author

This chart has been formulated from data given in table. Blue line represent unit, orange represents revenue, grey represent fixed cost and sky blue represents total expenses. Intersection between orange line and sky blue line is break even point.

On daily bases, break-even point is counted as follow,

Table 24. Daily Break even calculation

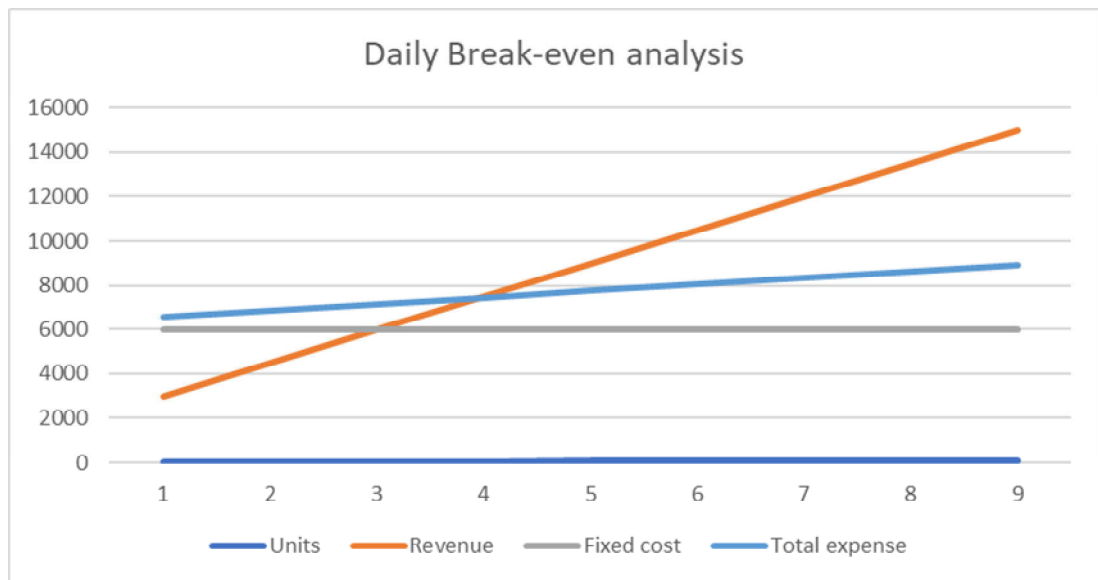
Fixed cost per day	5,990.00
Sales price per unit	150.00
Variable cost per unit	29.37
Break-even	49.65 units

source: Author

50 units per day must be sold to reach to break even.

Units	Revenue	Fixed cost	Variable cost	Total expense	Profit/loss
20	3,000.00	5,990.00	587.40	6,577.40	-3,577.40
30	4,500.00	5,990.00	881.10	6,871.10	-2,371.10
40	6,000.00	5,990.00	1,174.80	7,164.80	-1,164.80
50	7,500.00	5,990.00	1,468.50	7,458.50	41.50
60	9,000.00	5,990.00	1,762.20	7,752.20	1,247.80
70	10,500.00	5,990.00	2,055.90	8,045.90	2,454.10
80	12,000.00	5,990.00	2,349.60	8,339.60	3,660.40
90	13,500.00	5,990.00	2,643.30	8,633.30	4,866.70
100	15,000.00	5,990.00	2,937.00	8,927.00	6,073.00

source: Author



source: Author

This chart has been formulated from data given in table. Blue line represent unit, orange represents revenue, grey represent fixed cost and sky blue represents total expenses. Intersection between orange line and sky blue line is break even point.

4.4.7 Cash flow statement

Table 25. Cash flow statement

Year	0	1	2	3	4	5
Cash on hand	1,282,793.60					
Revenue		5,332,500.00	9,522,000.00	14,580,000.00	19,710,000.00	21,060,000.00
Capital expenditure	1,282,793.60					
Operational cost		3,848,380.80	4,241,229.17	5,696,315.73	5,061,479.62	3,637,693.78
CF1		1,484,119.20	5,280,770.83	8,883,684.20	14,648,520.38	17,422,306.22
Depreciation		16,687.00	33,753.25	33,753.25	33,753.25	33,753.25
Gross profit		1,467,432.20	5,247,017.58	8,967,877.77	14,614,767.13	17,388,552.97
Tax		278,812.11	996,933.34	1,703,896.77	2,776,805.75	3,303,825.06
CF2		1,188,620.08	4,250,084.23	7,263,980.99	11,837,961.37	14,084,727.90

source: Author

Where,

CF1= Operating cashflow = operating income- operating expense

Gross profit = Earning before tax and interest

CF2 = Net profit = operating cashflow – depreciation- tax.

From cashflow NPV can be counted easily.

$$NPV = (\text{Cash flows})/(1+r)^t$$

But here cashflow is more than one so formula would be,

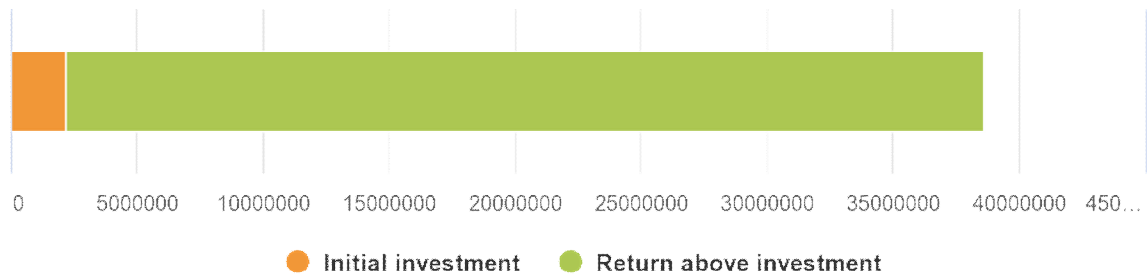
$$NPV_{XYZ} = (Z_1/1+r) + (Z_2/(1+r^2)) \dots - X_0$$

NPV for this start-up is **30,753,950.07** which is greater than zero and suggest that project should be accepted. From NPV, Internal rate of return can be calculated as follow,

$$\text{IRR} = \frac{(\text{Cash flows}) - \text{Initial Investment}}{(1+r)^i}$$

IRR for the project is 145.56% which also suggest acceptance of plan.

Investment chart



4.4.8 Return on investment

This section give a brief idea to investors. With this calculation it would be easy for investors to understand return on their money. A person will always invest in something which can pay higher interest than other market options. Calculation for ROI is as follow,

$$\text{ROI} = \text{NET PROFIT}/\text{INVESTMENT}*100\%$$

$$\text{ROI first year} = 0.549\%$$

$$\text{ROI second year} = 2.514\%$$

$$\text{ROI third year} = 5.873\%$$

$$\text{ROI fifth year} = 30.12\%$$

This start up will give positive return from very first year and 30.12% return on money at the end of 5 years. For any other option available in market return would be maximum 15-20% for money locking period of 5 years, while one invest in this plan can get 30.12% interest. That is another result why project is acceptable and profitable.

4.5 SWOT analyses

Strengths

The strengths of your restaurant lie in what you excel at, regardless of whether it's serving scrumptious food, offering quality assistance at the table or giving stylistic theme that makes the fun of eating at your eatery a vital encounter. Different strengths may comprise of your evaluating structure, for example, offering a lower-estimated menu than comparable restaurants in your general vicinity. If you presently produce traffic during moderate occasions by offering unique advancements, for example, "purchase two dinners, drinks free after 8 p.m." to get benefactors in the entryway, that is a quality. Different strengths may incorporate serving a kind of ethnic food not served somewhere else in the region.

Weaknesses

Weaknesses give you a thought of things to improve in your eatery. For example, your hold up staff may make a soft spot for your restaurant, since you are reliant on them for the individual assistance they give to each table. Another weaknesses may exist in the event that you don't give sufficient representative preparing, for example, demonstrating hold up staff how they ought to take care of tables or disclosing to culinary work force how you need food arranged and introduced. Different weaknesses may incorporate not getting reliable supplies that bring about menu things not being accessible. Depending on an obsolete retail location framework or utilizing paper to monitor requesting and loading is a weakness, because there are better methods of ascertaining your stockroom, request and money related necessities.

Opportunities

Search for opportunities that help your eatery increment its benefits, for example, growing or giving various sorts of food and refreshments. Exploiting patterns identified with eating more beneficial may mean including more natural dishes or plates of mixed greens on your menu. Discovering opportunities to create more traffic during moderate occasions, for example, toward the evening, may speak to an open door for development. Selling a

portion of your eatery items, for example, serving of mixed greens dressings or heated merchandise, for individuals to purchase and bring home speaks to a chance. Offering conveyance administrations and take-out or setting up a drive-through to address the issues of individuals in a hurry speaks to another likely chance.

Threats

Contending eateries found close by speak to a threat to your business, particularly if you sell comparative kinds of food or have comparative eating encounters. New restaurant opening up in your general vicinity likewise speak to a threat, since region cafes have more choices on where to spend their eating dollars. Different threats comprise of the likely rising cost of specific nourishments.

5 Conclusion

Master thesis has been constructed for a purpose of check viability of proposed idea and concept. The aim of theoretical part was to collect all theoretical knowledge and concept regarding opening a new business. It presented concepts which were later utilized in practical part.

All the work done is satisfactory, still some limitations are there. Interactions with customer could lead thesis to more precise results but it wasn't possible due to ongoing restrictions in Prague. Overall writing thesis for a business plan has been rewarding experience.

The basic concept of restaurant is to provide food for consumer, which is healthy, not pre-cooked and quickly. Market already has numbers of restaurants in fast-food industry, but it must be leader in providing healthy food and more sustainable food like vegetable and vegan food. Population of Prague is already aware of vegan and veg options. It is in trend. People are being more conscious about what to eat and what not to eat. This business plan exactly grabs that opportunity to fill a gap between demand and supply. There are so many difference concepts have come into existence in past decade for gastronomy industry. Some failed, some survived and some bloomed, but it really depends on calculated risk. Business is not always about money and concept it is much more than that.

Thesis has been constructed to understand basic concept for starting up own gastronomy business and to check if the idea is viable or not. Results for conducting various analysis like Competitor's analysis and Porter's five force analysis have constructed basic part of research. Financial analysis has given brief look in numbers and profitability of a business. Project shows an excellent result in financial evaluations. Selling volume has been kept 160 units per day (40 units of each roll per day). Variable cost for each day is **2657.44 CZK** and **79,723.2 CZK** each month. Average selling price is set to be 150CZK. Other one time expenses and fixed cost sum up to 880019.2CZK, and it will take 6 months for restaurant to cover its expenses without any funding. Hence, total budget of start up is **2162812.8CZK**. First year profit of business will be **1,484,119.20CZK**.

Break-even per day is 50 units and per month is 1490 units. All the figures suggest for acceptance of plan. NPV is **30,753,950.07CZK** with IRR of **145.56%** and expected return on investment is **30.12%** in five years. All the number indicate the acceptance of project and suggest it is financially viable.

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7 Appendix

Revenue prediction for worst scenario:

Units sold per day	80	120	150	190
Year	1		2	
6 months	1st half	2nd half	1st half	2nd half
Revenue	2,160,000.00	3,240,000.00	4,050,000	5,472,000.00
Fixed cost	1,078,200.00	1,078,200.00	1,153,674.00	1,153,674.00
Variable cost	112,798.72	676,792.00	884,059.96	1,049,821.21
Total cost	1,190,998.72	1,754,992.00	2,037,733.96	2,203,495.21
Depreciation	16,687.00		33,753.25	
Profit	969,001.28	1,485,008.00	2,012,266.04	3,313,712.40
EBIT	2,454,009.28		5,325,978.44	
Tax	466,261.76		1,011,935.90	
EAT	1,987,747.51		4,314,042.50	

Units sold per day	190	240
Year	3	
6 months	1st half	2nd half
Revenue	5,472,000.00	6,480,000.00
Fixed cost	1,234,431.18	1,234,431.18
Variable cost	1,097,063.16	1,383,194.30
Total cost	2,331,494.34	2,617,625.48
Depreciation	33,753.25	
Profit	3,140,505.66	3,862,374.52
EBIT	7,002,880.18	
Tax	1,330,547.23	
EAT	5,672,332.94	