

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

Business Plan for a Chosen Business

Kurashova Liubov

Supervisor: Ing. Tomáš Maier, Ph.D.

© 2017 CULS Prague

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Liubov Kurashova

Business Administration

Thesis title

Business Plan for a Chosen Business

Objectives of thesis

The objective of this bachelor thesis is creation of business plan to open restaurant in Prague and its further development.

Methodology

- PEST analysis
- SWOT analysis
- Competitor analysis
- Basic statistical methods

The proposed extent of the thesis

40 – 60 pages

Keywords

Business plan, restaurant, Prague, development, success, analysis

Recommended information sources

Bloomsbury. Heston Blumenthal "In search of perfection", November 2006, ISBN: 9780747584094
BRNO INTERNATIONAL BUSINESS SCHOOL, – ČERVENÝ, R. *Business plán : krok za krokem*. V Praze: C.H. Beck, 2014. ISBN 978-80-7400-511-4.
http://pro-france.com/for_tourist/retsepty-frantsuzskoj-kuhni.html
<http://www.pitportal.ru/findir/11225.html>
Key Porter Books, 2010, Gordon Ramsay, Mark Sargeant, Emily Quah, "Gordon Ramsay's World Kitchen", ISBN 1554701996, 9781554701995
RICHARDSON, B. – RICHARDSON, R. *Business planning : an approach to strategic management*. London: Pitman, 1990. ISBN 0-273-03126-0.
Эксмо, О.В. Яроцкая, "Как стать успешным ресторатором. Откровения 15 лидеров рынка" (2008), ISBN: 978-5-699-24352-5

Expected date of thesis defence

2016/17 SS – FEM

The Bachelor Thesis Supervisor

Ing. Tomáš Maier, Ph.D.

Supervising department

Department of Economics

Electronic approval: 14. 11. 2016

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 14. 11. 2016

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 09. 03. 2017

Declaration

I declare that I have worked on my diploma thesis titled "Business Plan for a Chosen Business" 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

Acknowledgement

I would like to thank Ing. Tomáš Maier, Ph.D., my parents and my friends for their advice and support during my work on this thesis.

Business Plan for a Chosen Business

Abstract

The subject of the thesis is the creation of a business plan for the establishment of a French restaurant. The work is divided into two parts. The first theoretical part describes the overall structure of the business plan, the basic concepts associated with the opening of the restaurant and information about French cuisine. The practical part focuses on the processing of a specific business plan for the establishment and operation of a French restaurant in term of 3 years.

Keywords: Business, Business plan, SWOT analysis, PEST analysis, Restaurant, French cuisine, Yuzhno-Sakhalinsk.

Podnikatelský plán pro vybrané podnikání

Abstrakt

Předmětem práce je vytvoření podnikatelského záměru pro založení francouzské restaurace. Práce je rozdělena do dvou částí. První teoretická část popisuje celkovou strukturu obchodního plánu, základní pojmy spojené s otevřením restaurace a informace o francouzské kuchyni. Praktická část je zaměřena na zpracování konkrétního podnikatelského záměru na zřízení a provoz francouzské restaurace v horizontu 3 let.

Klíčová slova: Podnikání, Podnikatelský plán, SWOT analýza, PEST, Restaurace, Francouzská kuchyně, Južno-Sachalinsk.

Table of content

1. Introduction.....	9
2. Objectives and Methodology.....	10
2.1 Objectives.....	10
2.2 Methodology	10
3. Theoretical Part	13
3.1 Business Plan	13
3.1.1 Types of Business Plans	14
3.1.2 Business Plan Structure	15
3.2 Business in Gastronomy.....	20
3.2.1 Legal Forms of Business.....	20
3.2.2 Requirements for Catering Enterprises.....	22
3.3 Features and tradition of French Cuisine	26
4. Practical Part.....	28
4.1 Structure of a business plan.....	28
4.1.1 Summary.....	28
4.1.2 Company Description	29
4.1.3 Concept of the Restaurant.....	30
4.1.4 Strategy of Promotion.....	30
4.1.5 Partners and Suppliers	32
4.1.6 HR Plan.....	35
4.1.7 Financial Plan	36
4.1.8 Risks.....	41
4.2 Market analysis	43
4.2.1 PEST analysis	43
Figure1: Population of Yuzhno-Sakhalinsk	45
4.2.2 SWOT analysis	46
4.2.3 Competitor Analysis	48
5. Conclusion.....	51
6. References	52
7. Appendix.....	54

List of figures

Figure 1: Population of Yuzhno-Sakhalinsk.....	45
Figure 2: Annual inflation in Russia.....	45
Figure 3: Model “Porter's 5 forces”	50

List of tables

Table 1: Personal cost.....	35
Table 2: Initial Investment.....	36
Table 3: Costs.....	36
Table 4 : Average number of visitors	37
Table 5: Income statement.....	38
Table 6: Cash flow statement from operating activities.....	38
Table 7: Net cash flow.....	39
Table 8: Cumulative net cash flow.....	39
Table 9: PEST analysis.....	44
Table 10: SWOT analysis.....	47

1. Introduction

The aim of this work is to create a business plan to open a French restaurant in Russia in Yuzhno-Sakhalinsk, which will be built on traditional French dishes, fresh and seasonal ingredients, good wine and a comfortable seating area. Sticking to a restaurant should be excellent cuisine and professional staff.

The author had no any problems, when choosing topic for the thesis. The author has always been interested in gastronomy. Food and drink are the things for which people always like to spend and will spend. Willy-nilly, we become consumers of canned food and other convenience foods, which became the basis of the diet of most people. The big author's dream is to open own restaurant, where everyone will be able to treat yourself to a delicious, high-quality and exquisite dishes, and also spend time with the comfort and pleasure of a nice atmosphere.

That's why a French restaurant was chosen for the business plan. We are talking about a real French kitchen, a completely different view on the gastronomy, a freshness, lightness and quality of raw materials used. The combination of these requirements: a good cook, nice atmosphere, staff, who immediately recommends a good wine, is part of the path to success.

The business plan is a document that describes all relevant external and internal aspects associated with the business plan. It is a summary of business goals, the reasons and the perspective of feasibility and affordability to the objectives set.

2. Objectives and Methodology

2.1 Objectives

The aim is to provide a business plan for a new French restaurant in Yuzhno-Sakhalinsk. Work is focusing on processing the overall structure of the business plan, special emphasis will be placed on a financial plan, whether the business plan is feasible and whether it has a chance of success.

The work is divided into two parts. The first part is deal with the theoretical component of the business plan, explaining the basic concepts of the subject, to which author use mainly literature from the fields of business economics and management. The theoretical part is a cornerstone for the creation of practical part, in which author is dealing with specific processing of business plan to open a French restaurant in Yuzhno-Sakhalinsk. It contains only a general description of the company, product and offered services, but here is included the financial and marketing plan, including selected indicators of financial analysis.

The main goal is to create a business plan, but in order for the main goal could be achieved, author set several objectives:

1. Summary of all theoretical steps regarding the preparation of the business plan and its structure.
2. Description of catering services and its legal form.
3. Assessment of the economic expedience of the project.

2.2 Methodology

To assess the feasibility of the project, author use the SWOT analysis to determine the strengths and weaknesses of the project, which are factors of the internal environment (those that the object itself is able to influence), as well as opportunities and threats that are factors of the external environment (something that can affect the object from the outside and is not controlled by the object). Strengths are the properties of the project, which give advantages over others in the industry. Weaknesses are properties that

weaken the project. Opportunities are external probable factors that provide additional opportunities to achieve the goal. Threats are external probable factors that can complicate the achievement of the goal.

PEST analysis also is applied to identify the political, economic, social and technological aspects of the external environment that affect the company's business. The policy is explored because it regulates the authority, which determines the company's environment and the obtaining key resources for its activities. The reason for exploring the economy is to create a picture of the distribution of resources at the state level. Social aspects determine important consumer preferences. The purpose of the technological aspect is to identify tendencies in technological development, which are the causes of changes and market losses.

A competitive analysis is conducted using the analysis model of Michael Porter's five competitive forces. Each power in Michael Porter's model represents a separate level of competitiveness of the product:

- Supplier Power (here you assess how easy it is for suppliers to drive up prices. This is driven by the number of suppliers of each key input, the uniqueness of their product or service, their strength and control over you, the cost of switching from one to another, and so on. The fewer the supplier choices you have, and the more you need suppliers' help, the more powerful your suppliers are);
- Buyer Power (here you ask yourself how easy it is for buyers to drive prices down. Again, this is driven by the number of buyers, the importance of each individual buyer to your business, the cost to them of switching from your products and services to those of someone else, and so on. If you deal with few, powerful buyers, then they are often able to dictate terms to you);
- Threat of New Entry (power is also affected by the ability of people to enter your market. If it costs little in time or money to enter your market and compete effectively, if there are few economies of scale in place, or if you have little protection for your key technologies, then new competitors can quickly enter your market and weaken your position. If you have strong and durable barriers to entry, then you can preserve a favorable position and take fair advantage of it);
- Threat of Substitution (this is affected by the ability of your customers to find a different way of doing what you do – for example, if you supply a unique software product that automates an important process, people may substitute by doing the

process manually or by outsourcing it. If substitution is easy and substitution is viable, then this weakens your power);

- Competitive Rivalry (what is important here is the number and capability of your competitors. If you have many competitors, and they offer equally attractive products and services, then you'll most likely have little power in the situation, because suppliers and buyers will go elsewhere if they don't get a good deal from you. On the other hand, if no-one else can do what you do, then you can often have tremendous strength).

The work provided a financial plan to calculate the total amount of the project, the payback period of the project, Net Present value (NPV) and profitability of the project.

The following formulas were used:

$$NPV = \sum_{t=1}^T \frac{C_t}{(1+r)^t} - C_o \quad (1)$$

Where:

C_t = net cash inflow during the period t

C_o = total initial investment costs

r = discount rate

t = number of time periods

It can give three of the following results:

- 1) $NPV > 0 \rightarrow$ investment is profitable, the project should be in force
- 2) $NPV < 0 \rightarrow$ investment has a loss, the project should be cancelled
- 3) $NPV = 0 \rightarrow$ invested sum has not changed, some changes in production should be made

Payback period (PB):

$$PB = t + \frac{b - c}{d - c} \quad (2)$$

Where:

t – last year, in which the cumulative net cash flow is less than initial investment

b – initial investment

c – cumulative cash flows during the year t

d – cumulative cash flows in year t + 1

3. Theoretical Part

3.1 Business Plan

“Business plan in the world economic practice it is the accepted presentation of business proposals and projects, containing detailed information about the production, sales and financial performance of the company and assessment of the prospects, conditions and forms of cooperation on the basis of the balance of their own economic interests of the company and the interests of partners, investors, consumers, and competitors.”¹

Main objectives of the business plan:

“

- to define functioning of the enterprise strategy and explain its economic feasibility;
- formation working personnel of the enterprise
- to define sources of funding (financial resources);
- calculation of the estimated results of the company (profit, return on capital, etc.);
- realization of investment project.”¹

By the author’s opinion this is the most basic objectives of a business plan. Of course, businesses may have other important goals, but it's individually and depends on the direction and scope of the enterprise.

¹Basis of small business. [online]. [cit.2016-11-10]. Available from:
<http://small-business.web-3.ru/basics>

3.1.1 Types of Business Plans

1. “Internal business plan - a business plan for the enterprise. This document is necessary to any company for success.”¹ Internal business plan is planning further development of the company, predicts the various indicators of its activity. This "working" business plan, which is constantly being adjusted to reflect changes in the company and in the environment, passed the experience that helps predict how things will be in the company in the future. The business plan for the company is considering all the obstacles and challenges that can stand in front of the company, offering possible solutions. Internal business plan helps the company to develop in the right direction in accordance with the financial, material and labor indicators at any given moment, as well as taking into account the market situation.
2. “Business plan for investments. It is clear that the purpose of this business plan is to attract investors, so the entire document is built on the analysis of their effective and the most favorable development of the company.”¹ Investments may be necessary for the creation of a new enterprise, and for the modernization of existing firms. The business plan for the creation of a new company should consider the prospects for the development of business and investment development, the nature of the marketing policy; of course, such document would be based only on assumptions. In the business plan of the existing enterprise can be taken into account a personal experience, which can be an example to suggest which parts of the company require innovative technology to improve its activity. The important things in the business plan for the investors should be items such as level of risk, the payback period and the receipt of net profit from the investment.

¹Basis of small business. [online]. [cit.2016-11-10]. Available from: <http://small-business.web-3.ru/basics>

3. “The business plan for the loan. The content of this document is somewhat different from a business plan designed for investors.”¹ Primarily lenders will pay attention on the justification of the need for credit facilities, the level of solvency of the borrower, and the availability of collateral. Therefore, in the business plan, designed for lenders, should focus on the way how the borrowed capital will help you, how you will be able to provide it, and what is the level of expected profit. It must be remembered that the more evidence in the business plan about the entity's ability to pay the loan in the future, in the presence of high liquid assets, the greater chance of getting the loan funds.

4. “Business plan for a grant. If the company is counting on government support or assistance from public funds, in this case the business plan must have a social orientation.”¹ In the business plan for a grant you should mark what kind of benefit your company will bring for the city, the region, the population, when the grant is issued, special attention is drawn to the social objectives of the company. It does not matter the level of profit, more important is the humanity of the business project.

3.1.2 Business Plan Structure

Title page

Title page of the business plan must contain information about the company (its name, address - factual and legal, contact information - phone numbers, email addresses and website, if it exists) and information about the owners of the company (name and requisites). Also, you must specify the performers and the date of the project.

¹Basis of small business. [online]. [cit.2016-11-10]. Available from: <http://small-business.web-3.ru/basics>

Summary

“Section "summary" is an important section for a potential investor. After reading the summary investor should be tempted to consider the business plan in full.”¹ That is, this section should work as a good advertising: interest and doesn't not make tire. Therefore, you need to present information briefly (2-3 pages), avoiding the use of complex sentences and special terminology. “You must specify for the realization of what goal you need the investment, investment size, whether there are other investors, what own facilities the company has, the payback period, the guarantee of repayment, what benefits of the project can get the investors.”¹

Company description

In the third section, you need to provide the most complete description of the Company. “Here, should include information about the company and its founders in expanded form (address, requisites, contacts), should be clearly formulated objectives of the company, identifies the major types of products (services), characterized the company's position in the industry market, provided information about the management and organizational structure of the enterprise.”¹

Characteristics of the product (service)

The fourth section is a detailed description of the product (service) and should answer the following questions: Production of what product (service) to be created (improved) as a result of the project? What are the main features and characteristics the product has? Who are the main consumers? What new consumer properties of the goods (service) make buyers prefer these goods (service) to analogue? What are patents and licenses necessary for the production of a new product (service)?

¹Basis of small business. [online]. [cit.2016-11-10]. Available from: <http://small-business.web-3.ru/basics>

Marketing analysis

The fifth section of the business plan is the product sales market analysis - market analysis. It provides information about the main competitors - the names of the companies-manufacturers of similar products; competitor's requisites; its products and its main consumer properties as compared to the characteristics of the product (service) which will be produced; pricing and marketing policy).

“Marketing analysis is one of the most important sections of a business plan. An indispensable condition for the successful implementation of the investment project is the correct evaluation of products market size and market share, which is already occupied by competitors.”¹ It is important to determine the size of the market demand for products, price range, and the average price of this product, what criteria buyers guided when purchasing this product. It is also necessary to analyze the current state and prospects of development of the industry, the main economic indicators of the industry (production volume, profitability, profit).

Strategy of promotion

The main purpose of this section is the definition of those categories of consumers who will be buyers of the products (services) in the future and the types of products (services) that are needed precisely to these consumers. “It's necessary to analyze the target consumer groups: their number and location, purchasing power, to determine the ways and channels of sales of goods. It also provides estimates of marketing costs, the main provisions of pricing and marketing policy of the company, developed an advertising product (services) strategy.”¹

¹Basis of small business. [online]. [cit.2016-11-10]. Available from: <http://small-business.web-3.ru/basics>

Production

The content of the section "Manufacturing" depends on the scope of the company.

“This section of the business plan of trade and service sector enterprises is a detailed analysis of the suppliers, their evaluation and justification of choice. Here are the characteristics and details of the supplier, the information about their location, conditions and volumes of supplies.”¹ Selection of suppliers shall be based on an analysis of the demand for different types of goods (by name and groups). Also in this section is determined the number and area of new commercial and warehouse places, that necessary for the implementation of the project, and the cost of the acquisition (construction, rental).

HR plan

“HR Plan reflects the need of the labor force: the number and qualification structure of the personnel, calculation of payroll expenses and social security of workers. For each staff member provides data on the labor market (minimum, maximum and average wages), which serve as a basis of calculation.”¹ Here also are the basic principles and methods of personnel motivation, events to improve the skills of workers.

Organizational structure and management

“The following section provides a block diagram of the enterprise management system, the calculation of costs for wages, social security, and employee motivation.”¹ If a business project involves the reorganization of existing or creation of new enterprise in this section indicate the type of ownership of a new business entity, its share structure (existing or proposed), requisites of shareholders, their shares in the authorized capital, describes the basic principles of management.

¹Basis of small business. [online]. [cit.2016-11-10]. Available from: <http://small-business.web-3.ru/basics>

Financial plan

The most interesting for investors is the financial plan. This section provides the calculation of the size of the financial investment required for the project. Data are broken down by stages. The financial plan also includes the calculation of the payback period and the forecast of financial results provided the correct assessment of the situation on the market of products. Thus, in the financial plan are considered incoming and outgoing cash flows.

Analysis of project risks

In this section examines the likelihood of losses, the loss or shortfall in earnings compared to the forecast version, developed measures to minimize the risks.

Appendix

The section "Appendix" contains the documents used in the preparation of the business plan and the calculation of its indices: the results of the analysis of the product market, the characteristics of suppliers, customers and competitors, initial data about the product (specifications, drawings, descriptions), catalogs, brochures, price lists, correspondence, contracts, CV of executers and project managers, statistical summaries, results of examinations and so on.

3.2 Business in Gastronomy

In this section, I want to pay attention to the legal aspects of entrepreneurship in the Russian Federation.

3.2.1 Legal Forms of Business

Business Law

“Business Law as a branch of law is a set of rules governing the entrepreneurial relations, which is closely associated with them other relations (including infomercial) and relations of state regulation of management to provide the interests of the state and society.”²

The concept of the right to carry out business activities

“In accordance with Art. 34 of the Russian Constitution, everyone has the right to freely use his abilities and property for entrepreneurial and not prohibited by the law of economic activity. As a subjective constitutional right, the right to carry out business activity is a measure of possible behavior, provided the person and provided by law and aimed at achieving the objectives pursued by the subject.

“A citizen has the right to engage in entrepreneurial activity without establishing a legal entity from the moment of state registration as an individual entrepreneur.”³

Types of entrepreneurial activity

“Types of business activities can be classified on various grounds:

- The form of ownership, on the basis of which the activity is carried out (private, state, municipal);
- The number of participants (individual, collective);
- The nature of the activities (production of goods, services, works, etc.).”²

²Business law. [online]. [cit.2016-11-10]. Available from: <https://www.inventech.ru/lib/pravo>

³Kodex. [online]. [cit.2016-11-10]. Available from: <http://ppt.ru/kodeks.phtml?kodeks=6&paper=23>

Methods of government regulation of the entrepreneurial activity

“State regulation of business activity carried out in various ways by applying a variety of tools, among which are:

- Norms, standards, such as depreciation rates;
- Limits, such as emissions of pollutants into the environment;
- Rates of taxes, duties and other compulsory payments;
- Quotas, such as the export of goods;
- Factors, such as changes in regulated prices (tariffs);
- Reserves, such as the establishment of the amounts, reserved by commercial banks;
- The size of capital and funds, such as the establishment of minimum size of charter capital.”²

Requirements for entrepreneurship

The legislation provides requirements in preparation for doing business. These are registration, obtaining of a license, registration with the state authorities and others.

In the process of managing businesses entrepreneurs must follow the rules of nature, sanitation standards and other requirements for the quality of products, the requirements for the formation of the cost of production, accounting, fire safety and others.

At the stage of implementation of the results is necessary to meet the financial obligations to the state through taxes and non-tax payments, provide accounting and statistical reporting. Certain requirements are made on the stages of reorganization and liquidation of subjects.

² Business law. [online]. [cit.2016-11-10]. Available from:
<https://www.inventech.ru/lib/pravo>

3.2.2 Requirements for Catering Enterprises

Public catering companies, so popular today, allow to modern man to satisfy their needs: food, recreation, holidays, and pleasant pastime. However, catering services can be a potential threat to man in the form of low-quality products and conditions. In order to avoid the possibility of harm to the health of people government imposes special requirements to all catering enterprises. Such requirements are enclosed in federal laws, and in special state standards.

“The main requirements incumbent by the society and the state on public catering establishments, are:

- availability of licenses required by law;
- certification of products catering;
- hygiene requirements;
- rules for the provision of catering services.”⁴

License to engage in catering services

“In accordance with Russian law by licensing meant obtaining legal entity or individual (registered as an individual entrepreneur) a special permit (license) for certain activities.

Activities that are necessary to obtain a license are listed in Article 17 of the Federal Law of August 8, 2001 №128-FZ "On licensing certain types of activities." The provisions of Article 17 does not require a license for the provision of catering services, that is, in other words, to conduct this type of business license is not necessary.”⁴

⁴Business law. [online]. [cit.2016-11-10]. Available from:
<http://foodis.ru/article/trebovaniya-k-predpriyatiam-obshhepita>

Certification of catering services

“Since 1 July 2003 the main normative document defining new approaches to the system of certification of products (works, services) is the Federal Law of December 27, 2002 №184-FZ "On technical regulation". According to this law, catering services are subject to mandatory certification.

By catering services certification should be understood conformity assessment procedure, exerted by catering services to certain standards. This conformity is confirmed by issuing a written document - a certificate of conformity, attesting that the catering service provided by the company, conforming.

Certification of catering products is carried out in order to:

- creating the necessary conditions for the activities of economic entities in the Russian Federation, as well as their participation in international economic cooperation;
- assist consumers in competent choice of products;
- protect consumers from substandard products;
- monitoring the safety of products for the environment, human life and health.

The certification can be voluntary and obligatory. Mandatory certification is carried out in the cases provided by Russian legislation. Voluntary certification is carried out by the applicant's own initiative.

For conduct to work on mandatory certification of these services are developed and enacted basic standards:

GOST 50762-95;

GOST 50763-95 "Catering. Culinary products sold to the population ", approved by Decree of the State Standard of Russia on April 5, 1995 №199>;

GOST 50764-95 "Catering services. General requirements ", approved by Decree of the State Standard of Russia on April 5, 1995 №200.

All of the above state standards aimed at ensuring the safety of life and public health, the environment, to protect the interests of consumers.”⁴

⁴Business law . [online]. [cit.2016-11-10]. Available from:
<http://foodis.ru/article/trebovaniya-k-predpriyatiyam-obshhepita>

Hygiene requirements

“Due to the fact that the catering products are directly related to health and human life, then, respectively, foods manufactured by catering enterprises shall comply with sanitary regulations.

These rules are established by sanitary-epidemiological rules and regulations, namely: SanPiN 2.3.2. 1078-01 "Hygienic requirements for safety and nutritional value of food products", approved by the chief sanitary doctor of the Russian Federation on November 6, 2001;

SanPiN 2.3.6. 1079-01 "Sanitary-epidemiological requirements to catering organizations, manufacturing and Turnover in these foodstuffs and food raw materials", approved by the Chief State Sanitary Doctor of Russia on November 6, 2001.

It should be noted that the sanitary requirements apply not only to products manufactured by catering business, but also to its staff.

In order to protect public health, to prevent the occurrence and spread of disease catering workers must to pass a special medical examination. This is a requirement of Article 213 of the Labor Code of the Russian Federation (TC RF). In addition, a similar requirement is enshrined in Article 34 of the Federal Law of March 30, 1999 №52-FZ "On the sanitary-epidemiological welfare of population".

The results of the medical examination and sanitary certification of staff entered into personal medical books of workers. The need for such a book set by Russian Ministry of Health Order of April 14, 2000 №122 «About the personal medical book and the health certificate of the vehicles for the transport of foodstuffs.»⁴

⁴ Business law. [online]. [cit.2016-11-10]. Available from: <http://foodis.ru/article/trebovaniya-k-predpriyatyam-obshepita>

The rules to provide catering services

“In accordance with Article 38 of the Law of the Russian Federation dated February 7, 1992 №2300-1 «On Protection of Consumer Rights" rule of domestic and other forms of customer service are approved by the Government. For catering services such rules approved by the RF Government Decree of August 15, 1997 №1036.

According to these rules all catering organizations, regardless of the legal form must follow the state standards, sanitary and fire regulations and technical regulations for the quality of service, safety of life and health of people and the environment.”⁴

⁴ Business law. [online]. [cit.2016-11-10]. Available from:
<http://foodis.ru/article/trebovaniya-k-predpriyatyam-obshhepita>

3.3 Features and tradition of French Cuisine

France is rightly deserved the fame of lawgiver of culinary arts. Food for the French people - is not just the ability to satisfy hunger, but also an important element of the lifestyle that characterizes a person from all the sides.

Tradition of French food

Regardless of the material and social status, food plays a very important role in French life. French cooks traditionally prepare only with the freshest ingredients, seeking to keep all the features of the product after the heat treatment. Dairy products are almost is not used in the French kitchen. The exception is dearly beloved cheese. The country has produced dozens of different varieties of cheese from goat, cow and sheep milk. The French almost do not eat cereal. Residents of the country are very fond of fresh fruits and vegetables. The most popular dishes are from spinach, different kinds of cabbage, eggplant, potatoes, beans, tomatoes, artichokes, asparagus, and leeks. The special features of the French cuisine include the use of low-fat varieties of meat: lamb, veal, chicken and wildfowl. In addition to traditional methods of thermal processing French people often prepared meat on the coals or open fire. A place of honor is given to the menu of seafood and fish dishes. The main feature that distinguishes French cuisine is the presence of hundreds of different sauces. Using sauces helps increase the taste of even the most ordinary dishes.

Favorite drink of the French people

France is one of the favorites in the production of wines. The French do not imagine a full repast without wine. The most popular in the country is a dry wine, which is also used for cooking sauces, marinades, and baked goods. From the strong alcohol residents choose brandy, absinthe, and calvados. Young Frenchmen prefer beer. During the eating a mineral water is necessarily present on the table. At breakfast most prefer the fresh orange juice.

The national dishes of France

Recipes of French cuisine can please any true gourmet. From the variety of dishes can be distinguished traditional, the most affordable for most of people dishes. One of those dishes is the steak with blood, which is served with a side dish of roasted potatoes. Very popular ragout made from white meat with white sauce.

Special attention is paid to pates made from chicken, pork and goose liver, as well as of meat rabbit with pork and duck. The French are very fond of fish and seafood, which are often baked or fried. Legendary French dish, which is known worldwide, are snails. Burgundy snails, usually served in their shells with butter, onions, garlic and herbs. At connoisseurs of fine cuisine are very popular oyster. Oysters are served and eaten alive by pouring lemon juice. Everyone knows that in France is used a special meat breed frogs for food. Frog legs can be purchased at any supermarket. Before use, they are marinated, rolled in flour and fry until golden brown.

The dishes of French cuisine are different depending on in which region of the country they are preparing. Some of the culinary delights derive their name from the locality in which they were invented. These dishes include foie Périgord, Bayonne ham, tomato Provençal, beans and sausage in a pot of Toulouse. Marseilles ear called bouillabaisse enjoys a great success. The French cooks often cooked onion soups and thick soups as a first dishes. Normandy is famous for Camembert cheese and Calvados apple and Burgundy famous for Dijon mustard. Bretagne cooks prepare wonderful pancakes crepe with a variety of fillings. Burgundy has always been famous for collection wines, rare sort of cheeses, truffle dishes and beef.

The French are the big sweet tooth, that is why you can find many recipes of desserts in their cuisine. Even people, who are watching their weight, cannot resist the Clafoutis cherry pie, open cakes with fruit, various soufflés, jellies and creams.

4. Practical Part

4.1 Structure of a business plan

The purpose of writing a business plan is the development of a specific project. In this work it is the opening of the French restaurant in Yuzhno-Sakhalinsk. The practical part is based on the specific terms of a theoretical part and takes into account the facts that are available to beginning entrepreneurs.

4.1.1 Summary

Given business plan of the restaurant is a description of the project on creation of public catering - restaurant with a payback period of 1 year and 4 months.

Objectives of the project implementation:

- opening of highly profitable venture
- obtaining a stable income
- filling the consumer market with services in the field of catering and organization of activities

The total cost of the opening of restaurant: 6 360 065 rubles

Source of financing: own funds

Payback period: 1 year and 4 months

This restaurant "Supreme" class provides a wide range of services, comfort and convenience of placing visitors in the hall, a diverse range of original, exquisite dishes, a wide selection of drinks and cocktails, corporate style and sophistication of the interior.

Restaurant "Claude Monet" is a city restaurant located in the central part of the city. Not far from the restaurant are several business centers, a hotel and a nightclub.

The restaurant is designed for 60 seats, the service is done by waiters, is oriented to the service of visitors of any age.

This restaurant is a public catering company that provides consumers with a wide range of complex cooking dishes, as well as alcohol drinks, and confectionery.

Also, the restaurant offers services for organizing and holding of celebrations and weddings.

The relevance of the project lies in the fact that there are no French Restaurants in Yuzhno-Sakhalinsk. The project provides the creation of the enterprise, which will take an empty today niche market catering in the region. The restaurant will be designed for the discerning customers who expect a personal approach, for whom a visit to the restaurant "Claude Monet" will be an element of lifestyle.

4.1.2 Company Description

Number of seats:	60 seats (the restaurant has 10 tables for two people, 5 tables for four people and two positions for large companies around 10 people.)
Area:	350 m ²
Opening hours:	Mon-Thurs: 10:00 - 23:00 Fri-Sun: 10:00 - 1:00
Class:	Top class
Average markup:	Main dish 300%, Drinks 70%, Coffee, tea 600%, Desserts and ice cream from 300%.
Special offers:	business lunch from 12:00 to 16:00

The composition of production facilities: hot department, cold department, vegetable department, meat and fish department, confectionery department, washing facilities. The product of my restaurant is the provision of catering services. The restaurant offer hot and cold dishes, a wide selection of French wines and spirits, as well as a delicious and high-quality coffee.

In addition, the restaurant offers:

- The daily menu - soup / appetizer, main course and water
- Weekly / seasonal menu
- Other additional services: corporate events, celebrations, weddings and banquets.

4.1.3 Concept of the Restaurant

Restaurant of French cuisine "Claude Monet" is the place of combination of quality and comfort. During the creation of a restaurant will take into account features of the French style, so the visitors would be able to plunge into the atmosphere of amazing France.

Yuzhno-Sakhalinsk is located on the Sakhalin Island, which is on the other side from France. Not everyone can afford a trip to Europe. Restaurant "Claude Monet" gives the unique opportunity to every visitor to feel himself in France, thanks to the interior, which is decorated in the French style, professional cooks and quality of service.

Author wants her restaurant associated with clean white table served with quality dishes, with excellent waiters, dressed by dress code, excellent service, clean and stylish surroundings and especially the delicious food accompanied by first-class alcoholic beverages and wine, which are perfectly complements the menu.

The main features of the restaurant:

- The first freshness, seasonality, and mainly, the quality of selected raw materials, from which meals are prepared. In the menu are presented different salads, soups, a wide selection of meat and seafood dishes and desserts.
- A wide range of high quality French wines that perfectly complement the traditional menu in a restaurant. Any offer of wines is complemented by quality service and at the request of a short presentation and recommendation of wines to complement the menu.
- On weekends in the evenings, the restaurant will have live music. An experienced musician will play classical music on the piano, which will add comfort, emphasize the atmosphere of preciousness and set the visitors to a relaxing mood.

4.1.4 Strategy of Promotion

The main goal of marketing is to make that my restaurant penetrate in the subconscious mind of potential customers. My benefits can get from a good position of the restaurant, an exclusive concept and a new taste of cuisine in the region.

Main goals:

- Penetrate into the subconscious of the target market customers
- Offer customers to taste the new menu
- Maintain regular customers and encourage others to return to the restaurant

Price

Determination of the price category is not easy in this case. The restaurant offers only high-quality and fresh ingredients. So owner should set prices to satisfy her potential customers, but also satisfy her interests, to keep her restaurant in profits. The owner going to take note of the pricing policy of competing restaurants, but also believes that for the potential customers it is important to a certain quality of services but not the price. On the menu are a few items that cannot be done without increasing the amount of money, but also lunch menu will be offered, it costs around 500 rubles, as well as a seasonal menu that want to keep in the affordability of up to 800 rubles.

The menu will be composed by the chef. Therefore, the orientation when calculating profits goes to the average check. The average check in the restaurant is around 1800 - 2000 rubles.

Menu

Customers can choose from the regular menu, which will change four times in a year, will also be available daily and seasonal menus. Constant menu will be in A4 format, daily and seasonal offers will be in a smaller format. There will also be wine list with a brief description of wines. Always will be able the opportunity of advice from high-quality service, which offers the latest news from the menu and recommend a suitable wine selection.

Advertising

This is a very important component in the first year of business for the new restaurant in the town. Author need to attract the largest number of potential customers and get them to come and try new overseas dishes. She is going to hire an experienced professional marketer, who owns the modern methods of product promotion. But the main forms of promotion are:

- Web site
- Social networks
- Advertising in print
- Information leaflets
- Direction indicators

Website - this is an important thing to provide an overview of current data and information services for new and regular customers. Here you will find the current menu, reservation option, contacts, prices, the possibility of organizing events and restaurant opening hours. The website will also provide the opportunity to view a virtual tour of the restaurant, as well as links to the created profiles on social networks, where customers can post reviews.

In close connection with the website are profiles on social networks such as Facebook, VKontakte, and the Instagram application. These pages for a businessman are very advantageous because it is for free, and it gives opportunities to be in direct contact with the customer.

Advertising in local print media is focus on the promotion of a new trend in the cuisine. In addition, citizens will learn about current information and current events.

An inexpensive way of advertising is the information leaflets that will be distributed in mailboxes around the city. They will also be placed in strategic locations.

The latter form of promotion is pointers. Pointers will be on the main roads of the city.

4.1.5 Partners and Suppliers

The owner is going to use the services of the company "KLEN" to design the restaurant, decoration, supply of equipment, furniture, tableware, cutlery, uniforms for the staff and for the promotion of my restaurant.

“The company "KLEN" for over 20 years working in the Russian HoReCa market, specializing on complex equipment of restaurants, cafes, bars, cafeterias, food production and stores in various formats.

"KLEN" is a large stable company. Company "KLEN" on the Russian market since 1993, employing more than 200 staff, with years of experience in the restaurant business.

Two exhibition halls are in Moscow, and dozens of representatives and dealers throughout Russia.

The range includes more than 30,000 products. A full range of professional equipment for catering and trade: crockery, kitchen, pastry and bar equipment, restaurant and commercial furniture, accessories for the table, and textiles.

Company established regular direct delivery of material and equipment from Italy, China and Russia.

The company offers a full range of services: the opening of the restaurant, cafe or bar, engineering and technological design, corporate identity design and places, outdoor advertising, video surveillance, consulting, real estate, as well as lending and leasing.”⁵

All costs can be calculated directly on the website of the company.

For “Claude Monet” it is **4 228 265 rubles**.

Price included:

- ready set of equipment (a set of equipment, furniture, kitchen utensils, implements, professional porcelain and cutlery);
- design;
- decoration.

⁵About the company [online]. [cit.2017 – 01- 28]. Available from:
<http://www.klenmarket.ru>

Suppliers

№	Supplier name	Product category
1.	OOO «Luding»	strong alcohol, wine
2.	OOO «RusImport»	French wines
4.	OOO «Stary Master»	Beer
5.	OOO «Coca Cola»	soft drinks, juices, water
6.	OOO «Oniks 21 vek»	flour, sugar, cereals
7.	OOO «Dolce Fruta»	fresh fruits and vegetables
8.	OOO «Raritet»	jams, marmalade
9.	OOO «Yunijel»	Ice cream
10.	OOO «ESKO»	seafood, fish
11.	OOO «Restoransnab»	meat, poultry, seafood
12.	OOO «Delfi»	peppers, olives, olive oil
13.	OOO «7 morei»	seafood
14.	OOO «Megapolis»	coffee beans
15.	OOO «Dyushes»	tea
16.	OOO «Vostok-Zapad»	meat

4.1.6 HR Plan

Table 1: Personal cost (personal income tax = 13%; unified social tax = 30 %.)

Position	Personal costs after tax (for the position, in rubles)	Number of employees	Personal costs before tax (for each person, in rubles)	Personal costs after tax (for each person, in rubles)	Unified social tax (in rubles)
Administration					
CEO	100 000	1	113000	100000	33900
Marketer	40 000	1	45200	40000	13560
HR Manager	35 000	1	39550	35000	11865
Accountant	35 000	1	39550	35000	11865
The secretary	20 000	1	22600	20000	6780
Purchasing manager	30 000	1	33900	30000	10170
Hall					
Hall manager	35 000	1	39550	35000	11865
Bar manager	35 000	1	39550	35000	11865
Bartender	13 000	2	29380	26000	8814
Senior waiter	15 000	2	33900	30000	10170
Waiter	10 000	6	67800	60000	20340
Cloakroom attendant	12 000	1	13560	12000	4068
Hostesses	7 000	2	15820	14000	4746
Musician	36000	1	40680	36000	12204
Kitchen					
Chef	80 000	1	90400	80000	27120
Su-chef	55 000	2	124300	110000	37290
Chef-confectioner	55 000	1	62150	55000	18645
Hot department chef	35 000	3	118650	105000	35595
Cold department chef	23 000	4	103960	92000	31188
Confectioner	20 000	1	22600	20000	6780
Maintenance department					
Driver	20 000	1	22600	20000	6780
Janitor	15 000	2	33900	30000	10170
Cleaner	12 000	2	27120	24000	8136
Dishwasher	12 000	2	27120	24000	8136
Security Service					
head of security	35 000	1	39550	35000	11865
security guard	20 000	4	90400	80000	27120
Total	805 000	46	1336790	1183000	401037

This table was designed to determine the percentage of taxes that the employer pays to pension and insurance funds, as well as to calculate personal costs, taking into account the personal income tax. Thus, personal costs are equal 1 336 790 rubles + 401 037 rubles = 1 737 827 rubles.

4.1.7 Financial Plan

Table 2: Initial Investment

Items	Value (in rubles)
Registration	6000
License for alcohol (for 5 years)	320 000
Equipment	2 973 265
Design	505 000
Decoration	750 000
Materials	1 285 800
Rent and utilities	370 000
Promotion	150 000
Total	6 360 065

Source: Author's calculations

Summing up all initial investments, the total cost of the project was received. The total cost of the opening of the restaurant is 6 360 065 rubles. For investment are used own funds.

Table 3: Costs

Items	Value (in rubles)
Fixed costs	
Personal costs	1 737 827
Rent and utilities	370 000
Promotion	23 930
Variable costs	
Material	1 285 800
Total costs	3 417 557

Source: Author's calculations

The table shows the monthly fixed and variable costs. There are 46 employees in the restaurant Claude Monet. Personal cost was calculated based on the wages of the population

of Yuzhno-Sakhalinsk with considering the social and insurance payment, as well as the deductions to the pension fund, which is in total amount of 30% that payed by employer, and personal tax rate, which is 13%, which is taken from the employee's salary.

A contract will be concluded between the tenant and the lesser, which will describe rent and utilities. The rent will be paid from the January 2018. Utilities include energy and water consumption.

After the opening of the restaurant, the cost of advertising will decrease, because the main advertising funds will be spent on opening a restaurant. In the future it will be necessary to maintain the reputation of the restaurant.

The acquisition cost of materials must be up to a total of 40 % of selling price.

Table 4 : Average number of visitors (persons per day)

Months	2018 year	2019 year	2020 year
January	-	80	100
February	-	80	100
March	40	100	150
April	40	100	150
May	50	150	150
June	50	150	150
July	80	150	150
August	80	150	150
September	90	150	150
October	90	150	150
November	90	150	200
December	90	150	200

Source: Author's calculations

Average price of consumption is 1800 rubles per person. Thus, by using the average price of consumption per person, expected profit can be calculate. The number of visitors per day was estimated based on general information about restaurants. Yuzhno-Sakhalinsk are not very familiar with French cuisine, so at the beginning there may be a small number of visitors. Then, after a great promotion, people will come to the restaurant. The emphasis is on a useful kitchen, freshness and quality of raw materials and good service. It is presumed that the

number of visitors will increase with time. Therefore, in the following table you can see the big difference between profit for a few years.

Table 5: Income statement (all currency numbers in rubles)

Items	2 018 year	2 019 year	2 020 year
Profit	38 574 000	85 770 000	98 910 000
Total revenues	38 574 000	85 770 000	98 910 000
Material costs	15 429 600	34 308 000	39 564 000
Personal costs	20 853 924	20 853 924	20 853 924
Other costs	4 727 160	4 727 160	4 727 160
Depreciation	326 496	326 496	326 496
Total expenses	41 337 180	60 215 580	65 471 580
Earnings before tax	-2 763 180	25 554 420	33 438 420
Rounded tax base	0	25 554 400	33 438 400
Tax 10%	0	2 555 440	3 343 840
Earnings after tax	-2 763 180	22 998 980	30 094 580
PROFIT/LOSS (+/-)	-2 763 180	22 998 980	30 094 580

Source: Author's calculations

Negative profit in the first year was expected, as Claude Monet restaurant of the top class and for the opening was spent more money than on the middle-segment restaurants.

Table 6: Cash flow statement from operating activities (all currency numbers in rubles)

Items	2 018 year	2 019 year	2 020 year
Own capital	5 674 265	0	0
Profit	38 574 000	85 770 000	98 910 000
Total	44 248 265	85 770 000	98 910 000
Cash paid to suppliers	15 429 600	34 308 000	39 564 000
Cash paid to employees	20 853 924	20 853 924	20 853 924
Other costs	4 727 160	4 727 160	4 727 160
Income tax paid	0	2 555 440	3 343 840
Total expenses	41 010 684	62 444 524	68 488 924
CASH FLOW	3 237 581	23 325 476	30 421 076

Source: Author's calculations

Table 7: Net cash flow (all currency numbers in rubles)

Items	2018	2019	2020
Expected revenues	38 574 000	85 770 000	98 910 000
Total revenues	38 574 000	85 770 000	98 910 000
Expected costs	41 010 684	59 889 084	65 145 084
Depreciation	326 496	326 496	326 496
Total expenses	41 337 180	60 215 580	65 471 580
Earnings before tax	-2 763 180	25 554 420	33 438 420
Tax base	0	25 554 400	33 438 400
Tax 10%	0	2 555 440	3 343 840
Earnings after tax	-2 763 180	22 998 980	30 094 580
Depreciation	326 496	326 496	326 496
EAT + depreciation	-2 436 684	23 325 476	30 421 076
NET CASH FLOW	-2 436 684	23 325 476	30 421 076

Source: Author's calculations

Table 8: Cumulative net cash flow (all currency numbers in rubles)

Year	Net Cash Flow	Cumulative Net Cash Flow
2018	-2 436 684	-2 436 684
2019	23 325 476	20 888 792
2020	30 421 076	51 309 868

Source: Author's calculations

In order to calculate the Net Present Value and profitability of the investment Net Cash Flow and Cumulative Cash flow were calculated.

$$PB = 1 + \frac{6360065 - (-2436684)}{20888792 - (-2436684)} = 1 + 0.38 = 1.38 \quad (2)$$

Payback period is 1 year and 4 months.

$$NPV = -6360065 + \frac{-2436684}{(1+0.5)^1} + \frac{23325476}{(1+0.5)^2} + \frac{30421076}{(1+0.5)^3} \quad (1)$$

$$NPV = -6360065 - 1624456 + 10366878.2 + 9013652.15$$

$$NPV = 11\,396\,009.3$$

$NPV > 0$, the investment is profitable

$$PI = \frac{17756074,3}{6360065} = 2.8$$

$PI > 1$, it means that every money investment are returning 1.8 times. The project is acceptable.

4.1.8 Risks

External risks

- Political situation in the country. As an example, the sanctions imposed by some countries of the world against Russia in 2014-2015.
- The economic situation in the country - all the same sanctions, unstable exchange rate, regular changes in tax legislation, lack of guarantees of a stable future for entrepreneurs.
- Legal discrepancies. Unfortunately, Russian legislation differs little from the weather, which it became very difficult to predict. It is impossible to know what the deputies of the State Duma are guided when adopting certain laws. A concrete forecast in business under such conditions is extremely difficult.
- Natural cataclysms, natural disasters, and other destructive phenomena, which man cannot withstand.

Internal risks

- Production risks - the danger of deviation from the deadline for the implementation of the work plan;
- Market risks - a decline in prices in the market, the emergence of new "players", the change in demand under the influence of external factors, etc .;
- And, as a consequence of the previous two paragraphs - the financial risk, in which the company receives much less than the estimated profit.

Methods for reducing possible risks

1. Diversification of production

Quite often, those company, who dependents on one supplier got into an unpleasant situation if supplier does not meet the deadline for the supply of raw materials, unilaterally terminates the contract, etc. It is best to find 2-3 reliable partners and either to purchase from each of them by turns, or to have an appropriate contract for an unforeseen event.

2. Business Insurance

Bankruptcy of the company is an extreme measure in business, which is solved when there really is nothing to do for "resuscitation". Insurance is one of the few ways that makes it possible not to lose absolutely all the funds as a result of the liquidation of the company. Having received the insurance, you will have an initial capital for another attempt to continue the business, taking into account the mistakes made, or to start a new business. These measures are especially effective when providing services, or selling products on credit, or by installments.

3. Reserve Accumulations

In order to allow the company to continue paying its bills in a threatened situation, and to continue its activity fully, many entrepreneurs use the "financial cushion" method. A sufficient amount of funds on the accounts of the company will also allow to eliminate unexpectedly arising points, such as:

- Transport failure
- Payment of wages
- Purchase of raw materials and additional equipment

It is impossible to forecast all risks, and therefore the availability of additional financing point out at prudence of the business owner.

4. Obtaining warranties

Recently, obtaining all kinds of guarantees is the most popular way to reduce risks. As a rule, executive obligations are such documents as:

- Lease contract
- Contract with customers for the purchase of certain volumes of products
- Warranty letters, etc.

In general, the documentary registration of all types of cooperation should always be used when drawing up any types of cooperation and arrangements.

4.2 Market analysis

4.2.1 PEST analysis

“PEST is an acronym for Political, Economic, Social and Technological. This analysis is used to assess these four external factors in relation to your business situation.

Basically, a PEST analysis helps you determine how these factors will affect the performance and activities of your business in the long-term. It is often used in collaboration with other analytical business tools like the SWOT analysis and Porter’s Five Forces to give a clear understanding of a situation and related internal and external factors.”⁶

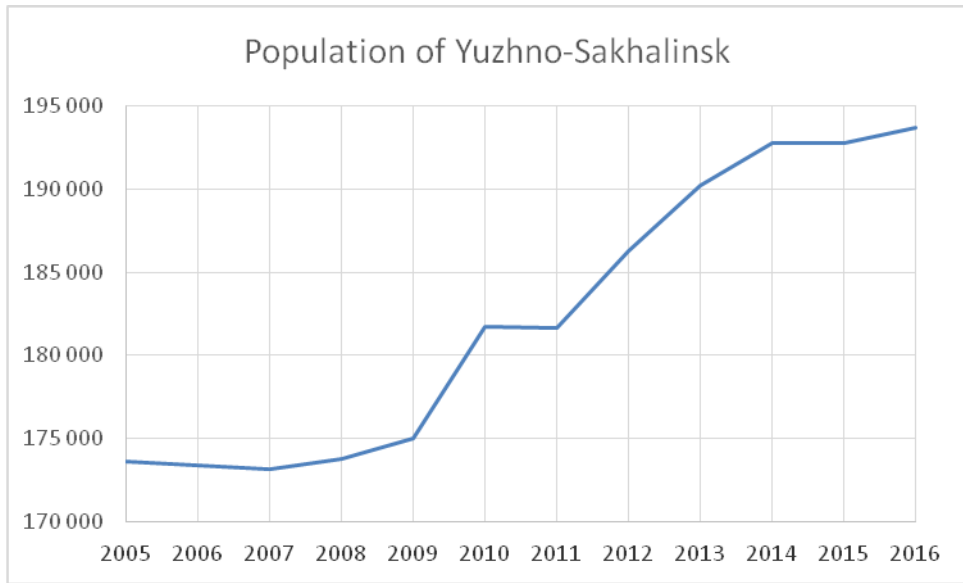
⁶ PEST analysis [online]. [cit.2017-02-25]. Available from:
<http://pestanalysis.com/pest-analysis/>

Table 9: PEST analysis

POLITICAL	ECONOMIC
<ul style="list-style-type: none"> • Strategy of public catering • State support programs for small and medium-sized businesses 2016-2017 (organizations (LLCs) and individual entrepreneurs): • Cash grants (58800 TR from the employment center and others), • Subsidy from departments of investment and entrepreneurship, administrations. Subsidy in the amount of 70% of the cost of the business, but not more than 300 000 rubles. 	<ul style="list-style-type: none"> • The real monetary incomes of the population in 2016 were 94.6%. • The level of registered unemployment on February 1, 2017 was 0.75% • The level of annual inflation for February 2017 was 4.59%
SOCIAL	TECHNOLOGICAL
<ul style="list-style-type: none"> • Change in the basic values of the population. • Change in the structure of income and expenses of the population. • Increase in population growth (in 2015 – 192 780 people, in 2016 – 193 669 people). 	<ul style="list-style-type: none"> • Development of competitive technologies (using the newest ovens and deep-frying for cooking hot dishes, which speeds up cooking time). • Introduction of new software and energy-saving equipment (purchase of energy-efficient refrigeration equipment). • Information and communications, the influence of the Internet (informing the media about the restaurant, publishing "secret buyers").

Source: Author's conclusions, based on data from the different internet sources

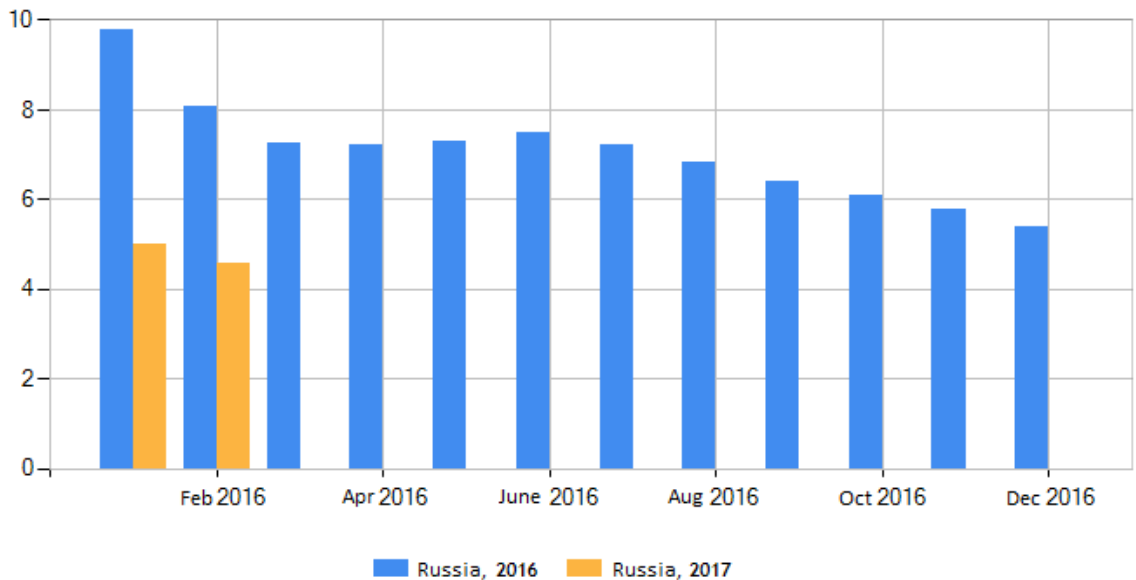
Figure1: Population of Yuzhno-Sakhalinsk



Source: Cities of Russia

The graph shows that the population of Yuzhno-Sakhalinsk is steadily growing, which is a favorable factor for opening a restaurant, so that the more the population, the more potential customers.

Figure 2: Annual inflation in Russia



Source: StatBuro

The magnitude of inflation depends on the interest rates on loans that banks and citizens give to businesses and businesses.

4.2.2 SWOT analysis

“SWOT, which stands for strengths, weaknesses, opportunities and threats, is analytical frameworks that can help your company face its greatest challenges and find its most promising new markets.

In a business context, the SWOT analysis enables organizations to identify both internal and external influences. SWOT's primary objective is to help organizations develop a full awareness of all the factors involved in a decision, said Bonnie Taylor, chief marketing strategist at CCS Innovations.”⁷

⁷ SWOT analysis [online]. [cit.2017-02-25]. Available from:
<http://www.businessnewsdaily.com/4245-swot-analysis.html>

Table 10: SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • unique (there are no French restaurants in the city); • freshness and quality of products; • style of restaurant; • high level of service; • convenient parking; • the restaurant menu includes unique dishes created by our chef, which cannot find in any other restaurant. 	<ul style="list-style-type: none"> • high costs of opening a restaurant; • meals at the restaurant are rather expensive, not all customers can afford to regularly visit this restaurant; • cuisine is not known well
Opportunities	Threats
<ul style="list-style-type: none"> • closing of the nearest competing restaurants; • the opening of an office center near the restaurant; • the entry into force of the new law to ease customs barriers. Easing of customs policy makes it possible to enter new markets. 	<ul style="list-style-type: none"> • the decline of the ruble; • activating the competing restaurants. In connection with the closing of one of the competitors, other restaurants can activate PR campaign in order to attract new customers; • changes in the supply policy in relation to the restaurant.

Source: Author's conclusions, based on data from the different internet sources

It can be summarized that the restaurant has the possibility of expanding its activities, in particular the ability to enter new markets. However, this will require additional funds, so the management of the restaurant should take care of the possibility of attracting additional funds, for example, obtaining the bank's consent to the issuance of the loan, which may be useful in the future to expand the business. Credit resources will allow investing money in expansion on time. In addition, it is planned that the nearby restaurant will closed, it can give an opportunity to attract new customers, need to expand the menu of the restaurant. Dishes from the different price ranges can be offered customers that will significantly increase the number of visitors to the restaurant. Expansion of the menu and the competent pricing policies will help to

avoid the threat related to tougher competition of nearby restaurants. This policy will help to attract customers to the restaurant.

Changing the terms of the supply of goods to the restaurant may cause some problems that can be solved by correct and regular cash planning the restaurant. It is clearly necessary to plan all costs, taking into account the income received, as well as to plan receipt of credit from a bank, it will provide an opportunity to deal with the situation.

In order to development the restaurant business should use a variety of strategies, in particular, can be used the strategy of development of the market, which is associated with the expansion of activities with the opening of new restaurants.

There is an opportunity to enter new markets; the only thing that can stop it is the lack of funds. Therefore it is necessary to take care of raising funds, if there is a need for them. It is possible to draw up a business plan for a new restaurant, to attract investors. It is necessary to use modern methods of promotion on the market restaurant, which will increase its profits at the expense of attracting new clients.

It is reasonable to hire a marketer, who owns the modern methods of product promotion.

It is necessary to search for suppliers of goods that can offer favorable conditions for the restaurant.

Also, efforts should be directed at expanding the field of activity of the restaurant. For this the additional services can be offered to customers. For example, you can hold Wi-Fi in a restaurant (to offer customers surf the Internet over a cup of coffee, which will undoubtedly attract new visitors to the restaurant.

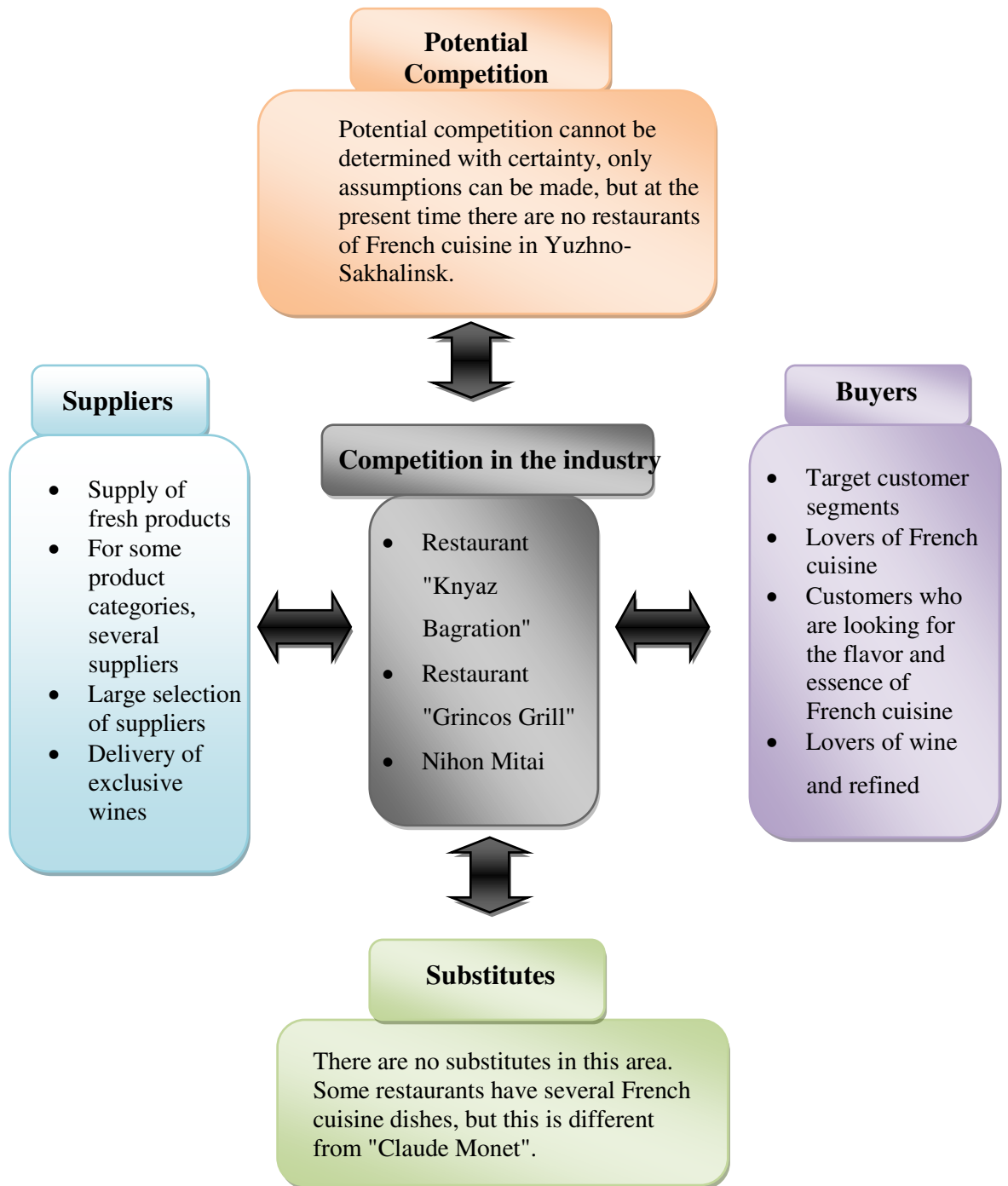
4.2.3 Competitor Analysis

A competitive analysis is conducted using the analysis model of Michael Porter's five competitive forces. Each power in Michael Porter's model represents a separate level of competitiveness of the product:

- “Supplier Power (here you assess how easy it is for suppliers to drive up prices. This is driven by the number of suppliers of each key input, the uniqueness of their product or service, their strength and control over you, the cost of switching from one to another, and so on. The fewer the supplier choices you have, and the more you need suppliers' help, the more powerful your suppliers are)”⁸;
- “Buyer Power (here you ask yourself how easy it is for buyers to drive prices down. Again, this is driven by the number of buyers, the importance of each individual buyer to your business, the cost to them of switching from your products and services to those of someone else, and so on. If you deal with few, powerful buyers, then they are often able to dictate terms to you)”⁸;
- “Threat of New Entry (power is also affected by the ability of people to enter your market. If it costs little in time or money to enter your market and compete effectively, if there are few economies of scale in place, or if you have little protection for your key technologies, then new competitors can quickly enter your market and weaken your position. If you have strong and durable barriers to entry, then you can preserve a favorable position and take fair advantage of it)”⁸;
- “Threat of Substitution (this is affected by the ability of your customers to find a different way of doing what you do – for example, if you supply a unique software product that automates an important process, people may substitute by doing the process manually or by outsourcing it. If substitution is easy and substitution is viable, then this weakens your power)”⁸;
- “Competitive Rivalry (what is important here is the number and capability of your competitors. If you have many competitors, and they offer equally attractive products and services, then you'll most likely have little power in the situation, because suppliers and buyers will go elsewhere if they don't get a good deal from you. On the other hand, if no-one else can do what you do, then you can often have tremendous strength).”⁸

⁸ Porter's model [online]. [cit.2017-03-03]. Available from: https://www.mindtools.com/pages/article/newTMC_08.htm

Figure 3: Model “Porter's 5 forces”



Source: author

5. Conclusion

The aim of this thesis was to provide a business plan for a new French restaurant in Yuzhno-Sakhalinsk. Work was focusing on processing the overall structure of the business plan, special emphasis was be placed on a financial plan, whether the business plan was feasible and whether it had a chance of success.

The work was divided into two parts. The first part is the theoretical component of the business plan, explaining the basic concepts of the subject, to which author use mainly literature from the fields of business economics and management. The second part is practical part in which author was dealing with specific processing of business plan to open a French restaurant in Yuzhno-Sakhalinsk. There were concluded marketing analysis and the financial analysis.

The financial plan was prepared, to calculate the profit and loss, Net Present Value, Profitability and Payback Period. The purpose of this part was to build a real business plan that would be workable in practice, and that would have a chance of success. Partial goals are summary steps needed to create a business in services, market analysis in Yuzhno-Sakhalinsk using, competitor analysis, PEST and SWOT analysis.

All goals were met and according to the results of the research it was revealed that the project is profitable, with a payback period 1 year and 4 months. The opening of the restaurant is require 6 360 065 rubles of initial investment, which will be financed from the own funds.

After some calculations such as calculations of NPV and PI, it was revealed that the investment is profitable.

$$NPV = 11\,396\,009.3$$

$$PI = 2.8$$

Both amount more than 1, so the project is acceptable.

The main goal was achieved.

6. References

Bibliography

1. M.V. Novikov, T.C. Bronnikova. (2001). *Razrabotka business plana proekta.Uchebnoe posobie*. Taganrog: TRTU
2. Heston Blumenthal. (2006). *In search of perfection*, Bloomsbury
3. Gordon Ramsay, Mark Sargeant, Emily Quah. (2010). *Gordon Ramsay's World Kitchen*, Key Porter Books
4. O.V. Yarockaya. (2008). *Kak stat uspešnym restoratorom. Otkroveniya 15 liderov rynka*, Eksmo
5. Michael E. Gerber. (2005). *Maly business: ot illuziy k uspechu. Vozvrashenie k mifu predprinimatelstva*, Olimp-Business
6. N. Bogatova. (2012). *Sovremenny restoran. Kniga uspešnogo upravlyayushhego*, Restoranye vedomosti

Internet source

7. Basis of small business. [online]. [cit.2016-11-10]. Available from:
<http://small-business.web-3.ru/basics>
8. Business law. [online]. [cit.2016-11-10]. Available from:
<https://www.inventech.ru/lib/pravo>
9. Kodex. [online]. [cit.2016-11-10]. Available from:
<http://ppt.ru/kodeks.phtml?kodeks=6&paper=23>
10. Business law. [online]. [cit.2016-11-10]. Available from:
<http://foodis.ru/article/trebovaniya-k-predpriyatiyam-obshhepita>
11. About the company. [online]. [cit.2017 – 01- 28]. Available from:
<http://www.klenmarket.ru>
12. PEST analisys. [online]. [cit.2017-02-25]. Available from:
<http://pestleanalysis.com/pest-analysis/>
13. SWOT analisys. [online]. [cit.2017-02-25]. Available from:
<http://www.businessnewsdaily.com/4245-swot-analysis.html>
14. Porter's model.[online]. [cit.2017-03-03]. Available from:
https://www.mindtools.com/pages/article/newTMC_08.htm
15. Types of business plan. [online]. [cit.2017-11-10]. Available from:
<http://www.xn--80ahcnbhkpdfs1a.xn--p1ai/info/vidy-biznes-planov.html>

16. Features of French cuisine. [online]. [cit.2017-11-20]. Available from:
http://pro-france.com/for_tourist/retsepty-frantsuzskoj-kuhni.html
17. Rate of Inflation in Russia. [online]. [cit.2017-03-03]. Available from:
<https://www.statbureau.org/ru/russia/inflation>
18. Restaurant room. [online]. [cit.2017-02-20]. Available from:
http://restconsult.ru/articles/obzory_i_analitika/Vybiraem_pomeschenie_dlja_restorana.html
19. Personal taxes. [online]. [cit.2017-03-03]. Available from:
<http://tvoi.biz/buhgalteriya/raschet-zarplaty/poryadok-rascheta-nalogov-po-zarabotno.html>
20. Risks. [online]. [cit.2017-03-03]. Available from:
<http://business-poisk.com/strahovanie-riskov-v-biznes-plane.html>

7. Appendix

Initial approximate menu with further correction.

Name Of Dishes	Price (in rubles)
Salads and Snacks	
Quiche from the eggplant	460
Nisuaz salad	460
Nordique salad	530
Tartar from salmon	495
“Claude Monet” Salad	640
Parisien Salad	595
Salad with tiger shrimps	690
Cheese plate	850
Fua-gra with chryzantema lipes	1100
Soups	
French onion soup	560
“ Pot-au-feu de Poisson”	580
Cappuccino	430
Claude Monet	400
Cream-soup from chestnuts	490
Fish and seafood	
Codfish with sauce nantua	790
Cutlets from salmon	590
Flounder on grill	750
Sibas with tomato tartars	820
Meat	
Beef “Bourguignon”	790
Duck breast with sauce from passion fruit	970
The beef tongue	790
Gigot d'agneau	890
Burger with beef	890
Rabbit's leg with morels	790
Dessert	
Creambol	450
Cake "Claude Monet"	500
Vanillous cream-brule	390
Sabayon with berries	570
Chocolate foundation	440
Bavarua with strawberry	390
Cake Fraisier	350

Milfey with fruit and berries	490
Clafuti	390
French macaron	150
Gift set “Macaron”	1500
Ice-cream	110
Sorbet	110
Coffee	
Espresso, Lungo, Risretto, Macchiato	130
Doppio, Double lungo	230
Americano	240
French Press	370
Cappuccino, Cappuccino cream	270
Capuchino grande, Cappuccino cream grande	390
Latte	380
Latte with syrup	390
Caramel coffee	370
Coffee decaff (without coffeine)	
Espresso	120
Doppio	230
Americano	240
Cappuccino, Cappuccino cream	270
Capuchino grande, Cappuccino cream grande	390
Latte	380
Coffee with alcohol	
Coffee in French	390
Irish coffee	390
Chocolate Baileys	390
Black Tea	
Assam dejo	310
Red spiral	330
Erl gray blue flower	310
Puer milk	360
Dyan hun	340
Green tea	
Olong Teganin	340
White Fluff	360
Olong Cream	360
Jasmine Pearl	340
Ginseng	350

Wine menu

Red wine by the glass 150 ml	Price (in rubles)
Kindzmarauli	180
Tini Sanjovi di Romania	270
Chevalier du Val muallé Rosso	320
White wine by the glass 150 ml	
Chevalier du Val Blanc Mualle	180
Tini Trebiano	270
White wine 750 ml	
Volontaire Blanc Bordeaux AOC	2100
Petit Chablis Domaine Herve Azo	2600
Chablis Savary Sélection Vieilles Vignes	3500
Billaud-Simon Chablis Premier Cru "Fourchaume"	6000
Red wine 750 ml	
Volontaire Rouge Bordeaux AOC	2100
Chateau d'Arvigny Haut-Medoc	2600
Chateau Roc Taillade, Medoc AOC	3750
Chateau Bertineau Saint Vincent	4500