

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

Business plan for Start-up Company

Luka Chokhonelidze

© 2018 CULS Prague

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Bc. Luka Chokhonelidze, BA

Business Administration

Thesis title

Business plan for Start-up Company

Objectives of thesis

The diploma thesis aims to develop business plan for start-up company.

Methodology

"Literature Review" part will be elaborated based on relevant secondary data analysis and synthesis.

"Analysis" part will result from relevant secondary data and original primary reconnaissance combination.

Recommended structure:

1. Introduction
2. Goals and Methodology
3. Literature Review
4. Analysis
5. Results and Discussion
6. Conclusions
7. References
8. Appendices

The proposed extent of the thesis

60 – 80 pages

Keywords

business plan, strategy, marketing, break-even point, customer, hospitality

Recommended information sources

- BAYE, M. *Managerial Economics and Business Strategy + Data Disk*. 2005. ISBN 9780073050195.
- BEST, R. J. – HAWKINS, D. L. – CONNEY, K. A. *Consumer behavior : implication for marketing strategy*. Homewood: Irwin, 1989.
- BRADLEY, N. *Marketing research : tools and techniques*. Oxford: Oxford University Press, 2007. ISBN 978-0-19-928196-1.
- FREDERICK, W. C. – POST, J. E. – DAVIS, K. *Business and society : corporate strategy, public policy, ethics*. New York: McGraw-Hill, 1975. ISBN 0-07-015613-1.
- HESS, E. D. – GOETZ, C. F. *So, you want to start a business? : 8 steps to take before making the leap*. Upper Saddle River, N.J.: FT Press, 2009. ISBN 0137126670.
- KANUK, L. L. – SCHIFFMAN, L. G. – WISENBLIT, J. *Consumer behavior*. Boston: Pearson Prentice Hall, 2010. ISBN 978-0-13-700670-0.
- KOTLER, P. – KELLER, K. L. *Marketing management*. Harlow: Pearson, 2015. ISBN 9781292092621.
- MCCARTHY, J. – PERREAULT, W. *Basic marketing*. Boston: Irwin, 1990.
- RICHARDSON, B. – RICHARDSON, R. *Business planning : an approach to strategic management*.
- ZIKMUND, W. G. *Business research methods*. Mason: South-Western, Cengage Learning, 2010. ISBN 978-1-133-19094-3.
-

Expected date of thesis defence

2018/19 WS – FEM (February 2019)

The Diploma Thesis Supervisor

Ing. Michal Chocholoušek, Ph.D.

Supervising department

Department of Management

Electronic approval: 19. 11. 2018

prof. Ing. Ivana Tichá, Ph.D.

Head of department

Electronic approval: 21. 11. 2018

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 27. 11. 2018

Declaration

I declare that I have worked on my diploma thesis titled Business plan for start-up 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 30.11.2018

Acknowledgement

I would like to thank Professor Michal Chocholousek for supporting, supervising and giving relevant recommendations. I also would like to thank to all of the professors, which helped me to learn and develop new skills, during my studying period at CZU.

Business plan for Start-up Company

Abstract

Business plan can be described as the map, which gives the direction of how to be successful in the current and future business. By using the correctly planned document, investors are able to spend their budget on the profitable project and gain long-term benefits from the start-ups.

Business plan gives us opportunity to enter correctly in the new market and gain competitive advantage. It concludes financial and operational missions of the company; also includes detailed marketing plans and budgets, shows how the mission of the organization should be realized. With the help of correctly created business plan, companies are able to attract investors.

The main goal of the Thesis is to review actual and relevant theory on business plan and then to practically apply it on real company. Thesis will represent the crucial points that the business plan should include and how start-ups should plan their marketing, financial and management steps. The example of the creating business plan is created for the start-up company, which is going to enter into the new market, in this case Georgian Restaurant industry.

Thesis practical part includes industry analyses, surveys, examining customers' needs and expectation; making appropriate segmentation is essential for every business to survive especially in restaurant service industry case, where the customers are the most valuable assets. It is also crucial to choose the correct positioning strategy in order to enter in new market successfully and to identify competitive advantages of the start-up company, by using SWOT analyses. As a management part of the business plan, value chain analysis should be done. Conducted value chain analysis gives clear understanding about every operation that occurs in the company, by using value chain it's much easier to maintain strong reputation and attract as much customers as possible. Considering the risks of the company is also important. Start-ups should predict, analyze and prevent possible risks, which may occur in their company.

Keywords: Business plan, Customer, Success, Start-up, Analyse, Steps.

Podnikatelský plán pro začínající společnost

Abstrakt

Podnikatelský plán může být popsán jako mapa, která poskytuje směr, jak být efektivním v současném a budoucím podnikání. Využitím správně naplánovaného dokumentu, investoři jsou schopni zaměřit vlastní finanční prostředky na příjmový projekt a získat dlouhodobé výhody ze začínajících podniků (start-upů). Podnikatelský plán poskytuje nám možnost správně vstoupit na nový trh a získat konkurenční výhodu. To zahrnuje finanční a operační mise společnosti a také podrobné marketingové plány a rozpočet, ukazuje, jak mise organizace může být realizována. Pomocí správně vytvořeného podnikatelského plánu, společnosti jsou schopny přilákat investory.

Hlavním cílem práce je přezkoumání aktuální a relevantní teorie podnikatelského plánu a její praktická aplikace vůči reálné společnosti. Práce předkládá klíčové body, které by měl obsahovat podnikatelský plán a to, jak by start-up měl plánovat vlastní marketingové, finanční a manažerské kroky. Příkladem vytvoření podnikatelského plánu je start-upová společnost, která hodlá vstoupit na nový trh, konkrétně do gruzínského restauračního průmyslu.

Praktická část práce obsahuje analýzu odvětví, průzkum a zkoumání potřeb a očekávání zákazníků; provedení vhodné segmentace je nezbytné pro přežití každého podnikání, zvláště v případě odvětví restauračních služeb, kde zákazníci jsou nejcennějším aktivem. Také je klíčové zvolit správnou strategii umístění produktu k úspěšnému vstupu na nový trh a k identifikaci konkurenčních výhod start-upové společnosti využitím SWOT analýzy.

Jakožto manažerský nástroj podnikatelského plánu, v práci je provedena analýza hodnotového řetězce. Provedená analýza hodnotového řetězce poskytuje jasné pochopení každé operace, ke které dochází ve společnosti. Využitím hodnotového řetězce je mnohem jednoduše podporovat dobrou pověst a přilákat co nejvíce zákazníků. Je nutné také brát v potaz rizika společnosti. Start-upy by měly předpovědět, analyzovat a předcházet možným rizikům, které mohou vzniknout v jejich společnosti. Hlavním cílem práce je přezkoumání veškeré existující relevantní literatury a praktická aplikace ji vůči start-upové společnosti.

Klíčová slova: Podnikatelský plán, zákazník, úspěch, start-up, analýza, kroky.

Table of content

Introduction.....	11
Objectives and Methodology.....	12
1.1 Objectives.....	12
1.2 Methodology	13
Literature Review	14
1.3 Description of Business plan.....	14
1.4 Main parts of a business plan	14
1.5 Market industry Analysis	16
1.6 Marketing objectives	16
1.7 Segmentation.....	16
1.8 SWOT ANALYSIS.....	17
1.9 Positioning Strategy	18
1.10 Competitors Analysis - Boston Consulting Group Matrix.....	18
1.10.1 Strategy	19
1.11 Product life cycle.....	20
1.11.1 Location & facilities	20
1.12 Pricing	22
1.13 Value chain.....	22
1.13.1 Reduce Delivery Time	22
1.13.2 Optimize Inventory	23
1.13.3 Improve Customer Relationships.....	23
1.13.4 Strengthen Revenue and Profit	23
1.13.5 Primary activities and support activities.....	25
1.13.6 Goals and outcomes	25
1.13.7 DPMO.....	26
1.13.8 DMAIC	26
1.14 Risk Management.....	27
1.14.1 BASIC FEATURES OF RISK	29
1.14.2 RISK MANAGEMENT	30
1.15 R&D	30
1.16 Financial part in business plan	30
Practical Part.....	31
1.16.1 About Service restaurant Industry	31
1.17 Industry Analysis:	31
1.17.1 Marketing objectives are the following:	32

1.18	Surveys.....	33
1.18.1	Collected answers from Surveys.....	39
1.19	Introduction of the company	40
1.19.1	Executive Summary	40
1.19.2	Mission.....	42
1.19.3	Key to success.....	43
1.19.4	Company and ownership	43
1.19.5	Strategy	44
1.20	Strategic Plan	44
1.20.1	Source of investment	45
1.21	Survey Analyses.....	46
1.22	Marketing & Sales.....	47
1.23	Tasty’s marketing strategy	48
1.23.1	Word-of-mouth/In-store Marketing.....	48
1.23.2	Local Store Marketing	48
1.23.3	Local Media	49
1.23.4	Website	49
1.24	SWOT Analyses.....	49
1.25	Segmentation.....	51
1.26	Sales & seasonality	52
1.27	Competitors Analyze.....	53
1.27.1	Competitors’ objectives & strategies.....	56
1.28	Pricing	57
1.29	Product Life cycle	58
1.29.1	Service	59
1.29.2	Development.....	59
1.29.3	Procurement.....	60
1.29.4	Distributions.....	60
1.29.5	Technology Plan & inventory control	60
1.30	R&D	61
1.31	Goal where to go	62
1.32	EXIT plan:.....	63
	Financial plan.....	64
1.32.1	Tasty team startup costs are the following:	64
1.32.2	Assumptions.....	66
1.32.3	Break even analyses.....	66
1.32.4	Gross profit	66
1.32.5	Industry Averages	67

Conclusion	68
References.....	70
Internet Sources	70
Appendix.....	71

List of tables

TABLE 1. 1 NUMBER OF QUESTIONNAIRES DISTRIBUTED	33
TABLE 2. 1 GENDER OF RESPONDENTS	33
TABLE 3. 1 AGE GENDER OF THE RESPONDENTS'	34
TABLE 4. 1 SOURCE OF INVESTMENT	45
TABLE 5. 1 COMPETITORS	54
TABLE 6. 1 PRICES	58
TABLE 7. 1 FINANCIAL PLAN.....	64
TABLE 8. 1 START UP COSTS.....	65
CHART 1. 1 DO THE RESPONDENTS VISIT CAFÉ/RESTAURANTS?.....	34
CHART 2. 1 SHOWS WHAT ARE THE KEY FEATURES CUSTOMER PAY ATTENTION, WHILE CHOOSING RESTAURANT	35
CHART 3. 1 REPRESENTS THE NUMBER OF RESPONDENTS WHO HAVE HEARD ABOUT THE “TASTY”	35
CHART 4. 1 REPRESENTS RESPONDENTS THOUGHT ABOUT THE WEBPAGE	36
CHART 5. 1 HAVE THE RESPONDENTS TRIED TO COOK BASED ON THE “TASTY” RECIPES?	36
CHART 6. 1 WAS YOUR COOKING RESULT, AS DESIRED?	37
CHART 7. 1 WOULD YOU LIKE IF TASTY WILL BE OPEN IN TBILISI.....	37
CHART 8. 1 WOULD YOU BE THE CUSTOMER OF “TASTY”	38
CHART 9. 1 FROM WHERE DID YOU HEARD ABOUT THE “TASTY”	38

Introduction

Globalisation is going too fast and the world is continuously developing. Needs and demands of the population are changing every day and due to the fact, that we live in the era of high technologies, there is a huge demand for innovative, easy to use and digital products. Nowadays more and more people are creating innovative business ideas and what unites them is the exact, specific and effectual business plan.

Organization involved in the exchange of goods and services to the customers can be described as a business. A business owned by the several individuals can be identified as a company. For a business, to be successful and achieve its goals, every member of the organization should have a clear understanding of the firm's vision, strength and weaknesses. Every company should have an extensive business plan. It will provide an organization with the essential knowledge about the insight into the business. This document can be described as a powerful financial proposal.

Each company has a unique business plan, full of the different type of information. The person creating the plan looks at the business in a critical and objective way. By looking organization in an objective manner, entrepreneur can identify its threats and weaknesses. Constructing business plan helps the company to identify the main purpose of the organization, its management and marketing parts, examine the company's competitors. The business plan helps the company to manage the organization and prepare it for success. A comprehensive business plan can prevent the organization from the bankruptcy and meantime attract investors. The finished document can serve as an operational tool to identify the organization's current position and future possibilities.

Business plan is not just written report; it can be described as the final document of the company. Each business has a different personality and the business plan should reflect this. Business plan helps the entrepreneurs to manage the company more effectively, before they will become the experts in their industry.

Comprehensive business plan creates a framework for the company to start and grow its business. Business plan is the great motivator for the start-uppers. It also, helps the company to think long-term - about the big picture, not just regarding starting the business, but staying in it.

Objectives and Methodology

1.1 Objectives

The goal of the Thesis is to review an actual and relevant theory on business plan and then to practically apply it on real company. Business plan gives clear understandings about the importance of planning, allocating resources, choosing the best approaches in order to identify start-up's competitive advantages and gain as much profit from the innovative ideas as possible. The comprehensive business plan will be the good example for those people who have lots of innovative ideas and want to turn them into reality, especially in the food-restaurant industry. Having creative mind is not enough to start up something new. Start-uppers have to make predictions, analyze market, competitors, be clear about the ideas, identify competitive advantages, make surveys, SWOT analyses, and deal with segmentation, pricing, strategy positioning and financial issues.

The main aim of the Thesis is to find out how companies should make business plan regarding the given example. The work describes every step, that comprehensive business plan should include.

Theoretical part of this thesis briefly describes the importance of business plan and reviews the most important literature topics. The part is based on the recommended books, web-pages, standard literatures, articles and online links. The work starts with the theoretical part by giving an introduction to main topics, the section involves description of the methodologies that are used in creating business plan, and the practical part describes applying theoretical knowledge into the real business plan

1.2 Methodology

This thesis starts with the Literature review part and covers all necessary information regarding the creating a comprehensive business plan. After Literature review, there is practical part, which describes practical appliance of the business plan for real start-up company. For this part were done managerial and marketing plans for the current company, with financial assumptions. In the practical part there is given example of how the companies should make a comprehensive business plan and what crucial steps should be included.

As a methodology used for creating business plan, most relevant and important parts were chosen. Business plan should cover marketing fields. The marketing part includes industry analyzes, identifying segment and customer needs based on the conducted survey, also how the organization is going to promote the idea, what marketing tools will be used and how it is going to sell the service/product. Second field is the managerial part, how the company will manage to allocate resources and strengthen the production/service life cycle and the third part is financial. This section should cover all of the costs that will be expenses for the company and gains that will represent revenues. Should calculate when the start-up will get the profit and also, analyze future possibilities. In the practical part of the Thesis, all of the above mentioned steps are created.

Literature Review

1.3 Description of Business plan

Business plan is a document, which concludes financial and operational missions of the business, it includes detailed marketing plans and budgets, showing how the mission should be realized (Torkko, 2000)

Business plan can be also described as the map, which gives the direction of how to be successful in the current and future field. By using the correctly planned document, investors are able to spend their budget on the profitable project and gain long-term benefits from the start-ups. (Torkko, 2000)

Having strong business plan is essential as for start-up companies so as for growing current business. It helps the companies understand their current situation, challenges and better determines the goals and mission to improve the performance. For the start-up companies it is crucial to have a correctly identified business plan, that will cover the current vision of the company, goals and expectations, marketing and management plan, strong financial analysis, that will be convenient for the external source to invest. (Ries, E. 2011)

1.4 Main parts of a business plan

Executive summary – The first part should be an overview of the business plan. The overview should be specific and clearly identify company goals and visions. The executive summary of the business plan should include:

- Business name/location
- Service/product description
- Vision and mission
- Specific purpose of the plan

Company description - brief description of the business history. Who the company is and what it is going to achieve. Company description should include:

- Brief history
- Overviews of customers
- Summary of the industry
- Summary of goals

Services/Products - this section should include:

- Detailed description of products
- Advantages of service
- Product/service life cycle
- R&D

Analysis of Market- Should include:

- Targeted customers
- Industry description
- Marketing data
- Competitors
- SWOT

Strategy/ Implementation

- Promotion plan
- Pricing/costs
- Distribution/logistics
- Operation cycle
- Locations/facilities

Company and management

- Ownership
- Names of owners
- Partners /investors

Financial section

- Break even analysis
- Forecast for 3 years
- Assumptions

1.5 Market industry Analysis

Market industry analysis involves identifying the overall economic, political, and legal and market factors that may influence the way the industry develops. It's the most useful tool for business strategies, helps to identify the dynamics, competitors and analyze generally industry. (Jean Paul Simon, 2012)

The analysis, helps to identify current trends and industry characteristics. Gives the company an example how the natural flow from the industry should reflect to the product/service. Industry analysis help the company to identify particular needs of the specific segment of the customers. Trends can be an assistant for the company to identify the long-term goals in the market. Lots of the companies follow the industry life cycle curve, identifying where the company is going to fit in the curve, helps to develop promotional and marketing strategies. (Torkko, 2000)

1.6 Marketing objectives

The mix of goals set by a business when promoting its products or services to potential consumers that should be achieved within a given time frame. A company's marketing objectives for a particular product might include increasing product awareness among your targeted consumers, providing them with the information about product uniqueness and gaining the leading positions in the current market (O. C. Ferrell, 2010)

1.7 Segmentation

Segmentation can be described as defining targeted customers and dividing the whole market into clearly identifiable segments, the group of people that will have similar needs, wants, requirements and demands. Making proper segmentation is very important for the company to gain success, by operating for the group of people (Hart, 2008)

A target market is a specific group of the potential customers that have a willingness, need and want to buy a business' product/service. Understanding the size of the specific segment of customers, will help the business to identify and forecast the sales of the company. To forecast the profitability of the business it is essential to determine the size

of the segment. Correctly defined target group helps to create marketing mix. (Torkko, 2000)

Four basic factors that affect market segmentation are: Clear identification of the segment, Measurability of effective size, segment accessibility and its appropriateness

Another four basic market segmentation-strategies are based on:

- behavioral
- demographic
- psychographic
- geographical

1.8 SWOT ANALYSIS

SWOT analysis is a process that identifies an organization's strengths, weaknesses, opportunities and threats. Specifically, SWOT describes what an entity is able to do or cannot do in both internal and external point of view. Conducting SWOT analysis helps the company to be ensured about their strength and opportunities and to solve the problems related to weaknesses and threats (Snelling, 2012)

Conducting SWOT analysis for the business, forces an entrepreneur to think about the business in a whole new way. The main aim of the SWOT analysis is to develop a strong business strategy, based on the strengths and weaknesses parts of the company, as well as the threats and opportunities it may face in the market.

SWOT analysis is an identified list of the business's greatest strengths, weaknesses, opportunities and threats. Strength and weaknesses can be described as the internal parts of the company, that can be changed over time. Opportunities and threats belong to the external part, that are happening in the market. Business can use SWOT analysis, to follow the trend of the changing environment and respond proactively.

Start-ups should use SWOT analysis as a part of their business plan. Thinking about new business in the terms of its specific, unique "SWOTs" will put the company in a right way.

1.9 Positioning Strategy

A positioning strategy is a deliberate branding plan or process that operates on the symbolic levels of consumer consciousness, where meanings and associations – even of individual words – really hold weight. A market positioning strategy is built on business data and seeks to compose the precise chain of words to balance concepts of differentiation, distinction, and similarity in a unified brand-narrative. It is a long-term effort to solidify the identity of a company, and its products or services, in a unique space within the minds of the target audience. It is an organized attempt for a brand to set itself apart from the crowd and influence the way their target audience perceives them. (Njoku, 2015)

1.10 Competitors Analysis - Boston Consulting Group Matrix

For my project regarding the competitors' analysis, which was made in order to be more clear who the main competitors are and what is their competitive advantage. For being more precise about the competitors, was used The Boston Consulting Group Matrix, where products are classified into four distinct groups: Stars, Cash Cows, Problem Child and Dog. (Carl W. Stern, 2006)

Stars (high share and high growth)

Stars illustrate products or services with rapid growth and dominant market share. What means that star products can be considered as market's leading products, who generate a lot of income due to their strong positions in the marketplace. Star's product can become Cash Cows, if the market growth starts to decline and they keep their high market share.

Cash Cows (high share, low growth)

Cash cows usually enjoy their dominant positions, gained from economies of scale and have quite low growth market. They are still able to generate some kind of income, but cost the organization too much to maintain

Dogs (low share, low growth)

Product unified as dogs always have a very low market share with low growth market. These products usually face too much loss or a very low profit. These products can be considered as a big damage for the company and waste for management time and

resources. The main questions for managers are whether the investment is currently being spent on keeping these products as required or could be spent on making something different that would be more profitable for a company. The answer to this question is usually yes.

Problem Child (low share, high growth)

Also regarded as Question Marks, these products prove to be tricky ones for product managers. These products use to have a high growth market share but do not seem to have a high share of the market. The reason could be a very new product to the market.

A final completed matrix can be used to identify the strength of your organization. Organizations would like to have a good mix and combination of cash cows and stars. There are four assumptions that you have to consider, while using the Boston Consulting Group Matrix: If you want to gain leading market share positions you should invest in a competitive package, pay too much attention on marketing. You should generate a cash surplus. The maturity phase of the product life cycle is where the most cash surplus is most likely to be achieved. The best opportunities for the company to build a strong market positions usually occur during a market's growth period

1.10.1 Strategy

A strategic plan is clearly communicated message through, which the required task for reaching the overall goals of the company are identified. Strategy mapping is one of the best ways to achieve your defined goals and even it helps you to exceed them. They provide a way for companies to 'tell the story' of their strategy to employees and other corporate stakeholders, thereby increasing engagement in the strategic process, using the strategy mapping management they let the whole company and every single person to get the whole idea of the organization and to be as much précised as possible.

Creating an appropriate strategy helps companies to make specific steps in order to gain success, is beneficial for implementation plans, strong strategy means having all resources allocated as required and supports companies' value propositions and overall objectives. (Douglas, 2003)

Company strategy unifies all goals into a single approach. Often, organizations or single persons have floating ideas of what the company strategy is about, and what it should look like. But if employees and even the interns don't know which strategic ideas are important, the strategy becomes confusing.

Appropriate strategy gives every employee a clear goal of the company and they are able to be the parts of gaining success while accomplishing tasks. When a company decides to create a strategy they arrive upon high-level goals. So if you'd like to create a strategy, it's never late and always good idea. It allows companies to better understand which elements of the strategy needs more work, which of them is the most important, from what the company can start and what needs to be improved (Douglas, 2003)

1.11 Product life cycle

(PLM) is the perfection of strategies by business management as a product goes through its life-cycle. The ways in which a product is sold or a service is provides (advertising...) changes over time and must be adapted to innovative approaches

The main goals of Product Life Cycle management (PLM) are to improve current products or service quality, decrease time and costs, reduce environmental impacts and increase benefits.

To provide customers with beneficial products or services the company must deeply identify its customers, markets and competitors. Product Lifecycle Management (PLM) combines business system, operations, data and people. Strong PLM system helps organizations overcome the increased complexity and deal with important issues. (Antti Saaksvuori, 2014)

1.11.1 Location & facilities

It's an important strategic level and sometimes critical part of a decision making process for a company to choose desired location and allocate facilities.

The selection of location is a key-decision, especially in restaurant industry. Location should be chosen appropriately, it should be desired place for potential customers, satisfy their requirements and be easy for them to access. For the restaurant services the most valuable assets are their customers, they should adopt meet and even exceed their

potential customer's expectations. It is not advisable and not possible to change the location very often; companies should think in advance and measure every step correctly. An improper location may lead to damage and huge waste of all the investments that were made in business regarding building, machinery and equipment. So, overall goals would not be reached due to an incorrect selection. Before a location is selected, long range forecasts should be made anticipating future needs of the company. The plan for choosing location should be based on the company's potential customers' needs, expectation and requirements, changing market conditions, the changing sources of raw materials and many other factors that may influence the choice of the location. The purpose of the exact planning is to find an optimum location one that will result in the greatest advantage to the organization. The most important part is based on the predicted or potential customers' expectations. (Zanjirani Farahani, R. H 2009)

Costs are always important while selecting a location for the first time, but the company should keep in mind the cost of long-term business objectives and measure regarding the short-term ones. The following are the factors that should be considered while selecting the location for the start-up company:

Correct identification of region: In this case lots of factors should be considered included: geographical environment, long-term considerations about marketing, management. Also, should foresee opportunities of digital technology, internal and external SWOT analysis and business environment. Companies should take into consideration the legal-governmental and social environment

Choice of a landing site within a region: Once the suitable region is identified, the next step is to select site from an available set. Facilities-location problem can be resolved for their tangible or intangible costs. After selecting the right region for your restaurant choosing the landing site would not be problem regarding for example conducting surveys among the potential customers. After choosing the landing site you can continue with dimensional analysis (Zanjirani Farahani, R. H 2009)

Since both tangible and intangible costs needs to be considered for a selection of a site, dimensional analysis is used direct bearing on factors like, financial, employment and distribution patterns. In the long term plan relocation of plant may even benefit the organization's overall objectives.

1.12 Pricing

Pricing is the process whereby a business sets the price at which it will sell its products and services. There are several views about the benefits of pricing. For example: From the marketer's point of view, an efficient price is a price that is very close to the maximum that customers are prepared to pay. In economic terms, it is a price that shifts most of the consumer economic surplus to the producer. A good pricing strategy would be the one which could balance between the price floor (the price below which the organization ends up in losses) and the price ceiling (the price by which the organization experiences a no-demand situation). (Reed Holden, 2010)

The objectives of pricing should consider:

- Financial aims of the company
- Price should fit the realities of the marketplace realities
- Extent to which price supports a product's market positioning

1.13 Value chain

Companies should optimize value chain while controlling and managing the flow of production and sales from inbound logistics to operations, marketing and sales, outbound logistics and of course service. Organizations gain too much benefit by applying value chain management principles within the company's (William.D.Presutti, 2013)

Some of the benefits are listed below:

1.13.1 Reduce Delivery Time

Any kind of distribution channel member can benefit from reduced delivery times. The restaurant industry can benefit from on time products distribution, always serve customers timely with the fresh ingredients and try to satisfy their expectations.

This kind of service will increase the number of loyal customers and help the company to gain more success and leading roles among competitors. (William.D.Presutti, 2013)

1.13.2 Optimize Inventory

Retailers can work with suppliers to reduce delivery time and improve outbound process with the retailer's inbound logistics. Lots of retailers use time management approach also known as "just-in-time" inventory processes and it is the part of value chain management.

With JIT just-in-time management the retailer can make smaller, more frequent and fresh orders of goods and products to reduce inventory levels. It helps managers to decrease potential waste and ensure that shortages will not occur (William.D.Presutti, 2013)

1.13.3 Improve Customer Relationships

Monitoring, controlling and managing the initial value chain factors such as: inbound logistics, operations and outbound logistics, companies can become more time efficient, minimize costs for customers and be always ready to satisfy customer requirements. The marketing, service and sales aspects of the value chain are essential to improve customer relationships.

Companies and start-ups can make lots of events in order to gain as much customers as possible, they can use loyalty or rewards programs, make some discount coupons, give them free vouchers to generate customer loyalty and to persuade customers to buy more products over time. Customer service is also important to get feedback from them it gives the company an opportunity to ensure an ongoing satisfaction. (William.D.Presutti, 2013)

1.13.4 Strengthen Revenue and Profit

Strong value chain management directly illustrates with positive revenues and profits. The bottom line benefits of value chain management and properly chosen approaches are represented with improved revenues and profit.

With powerful logistics and distribution system companies can have fresh products available when customers want them. When the managers are able to use beneficial

marketing and sales approaches they are more likely to attract customers and motivate them to buy their product or service with relatively high prices.

The synergy of quick and time efficient logistics with less distribution costs, optimal price points and higher revenues gives the best possibility to gain more profit for small business or newly launched start-ups.

To be more concrete and give better understanding of how to conduct a value chain analysis, a start-up should first know and realize what the value chain is. A value chain as a whole process is the full field of activities — including design, marketing, production, logistics and distribution —

Everything that occurs in the value chain finally is reflected by the degree of customer satisfaction. Start-up, for example newly launched restaurant goes through to bring a product or service from perception to delivery. For restaurant industry the value chain analysis starts with the fresh products delivered from distributors and everything related to final service before it is sold to consumers.

Value chain management is the actual organizing process of all these activities so as they can be clearly analyzed. The main goal of value chain management is to ensure that all activities and stages are well-communicated and the final product or service will get in the hands of customers as quickly and efficiently as possible. Porter's Value chain analysis model is used to become more precise about on what the company operate. The key for the start-up to succeed is the clear understanding of the companies' Competitive advantage; it cannot be understood by looking at a firm as a whole, but needs deep analyzing. (William.D.Presutti, 2013)

Porter wrote. "It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its product. Each of these activities can contribute to a firm's relative cost position and create a basis for differentiation. If the organization strives to gain competitive advantage and be successful, all of the activities within an organization, services or products that the company produces, should be run at optimum level, revenues should exceed cost, customer satisfaction should be at the highest level so as feedback from them.

1.13.5 Primary activities and support activities.

Inbound logistics: Involves receiving, storing and distributing the raw materials used in the production process.

Operations: This is the phase where raw products are turned into the final product.

Outbound logistics: This is the distribution of the final product to customers.

Marketing and sales: everything related to advertising, promotions, selecting distribution channels, pricing, and managing customer satisfaction of the final product to make sure that the service or products is targeted to the correct group of segment.

Service: activities that help the organization to maintain the product's performance after it has been released. This stage includes things like installation, training, maintenance, repair, warranty and after-sales services.

The support activities help the primary functions and comprise the following:

Procurement: This is how the raw materials for the product are gathered.

Technology development: research and development stage R&D, illustrates how new products are developed and designed, in order to gain success.

Human resource management: These are the activities involved in hiring and retaining the proper employees to help design, build and market the product, everything related to their trainings and professional improvement.

Firm infrastructure: This step involves an organization's structure (Pressutti, W. D. 2013)

1.13.6 Goals and outcomes

Ideally, correctly made value chain analysis will help the organization to identify areas that can be optimized for maximum efficiency and profitability.

"One common misconception is that every constraint identified in a value chain analysis must be addressed," Campbell said. "Value chain analysis should be used to prioritize the most binding constraints — the ones that, if addressed, will produce the most beneficial impact — and/or those constraints that can be addressed relatively quickly and easily to produce momentum for change among value chain actors."

Campbell also noticed that if an analyst constructs your value chain analysis, it is up to you as the business owner or manager to make the most of his or her suggestions.

"Social norms exert a huge influence in many contexts over what strategies are considered possible or acceptable," Campbell said. "A vision for VC development cannot be imposed by the analyst onto the local actors. Market actors have to embrace the vision if they are to invest their resources and change the way they do business." (Rachel Davis, 2015)

1.13.7 DPMO

Defects per Million Opportunities (DPMO) are the number of defects in divided by the total number of defect opportunities multiplied by 1 million. DPMO standardizes the number of defects at the opportunity level and is useful because you can compare processes with different complexities. (Parker, 2013)

DPMO main advantage is that it gives the company's managers the possibility to found (if there is any) multiple defect under inspection. It gives clear understanding how to identify specific opportunities for defects, how to count them and categorize in an efficient and useful way for an organization.

It's essential to count correctly and know how to categorize defects in process output in order to be always in time and do not waste too much time on useless problems that could be done in process and not in front of customers hands, not paying attention to the problems in process would cause lots of costs and effort from the employees. Timely, quick and less cost efficient fixing would reflect to the most important thing to customer satisfaction (Parker, 2013)

1.13.8 DMAIC

The definition of the DMAIC is to Define Measure Analyze Improve and Control the activities by using Six Sigma methodology. DMAIC describes the quality strategy approach for improving the organization's overall processes, and is an integral part of the company's Six Sigma Quality Initiative (Walton, M. 2011)

Each step in the DMAIC Process is required to ensure the best possible results. The steps are following:

- ✓ Define the Customer, their Critical to Quality (CTQ) issues, and the Core Business Process involved.

- ✓ Define who your customers are, what their requirements are for products and services, and what their predicted expectations are
- ✓ Define project boundaries the stop and start of the process
- ✓ Define the process that needs to be improved
- ✓ Measure the whole performance of the Process involved.
- ✓ Develop a data collection plan for the process
- ✓ Gather data from many sources to determine types of defects and problems
- ✓ Compare and analyze surveys
- ✓ Analyze the gathered data to determine root causes of defects and opportunities for their resolution and improvement.
- ✓ Identify difference between current performance and goal performance
- ✓ Prioritize opportunities in order to improve
- ✓ Identify degree of variation
- ✓ Try to design creative solutions to fix, solve and prevent defect.
- ✓ Create innovate solutions using new technology
- ✓ Develop and perform an implementation plan
- ✓ Monitor and Control the improvements

1.14 Risk Management

Any start-up idea has risks and there does not exist any business without them. Even no one not an investor neither business partner does not expect a risk-free plan. Start-ups are the most risky issues. Company as an entrepreneur has some predictions in advance, but can't be insured of all unexpected circumstances, but since entrepreneurs are optimistic persons by nature, they tend to get away with predictions and try to overcome as soon as the risks arrive (Coleman, T. S. 2011)

A businessman should always pay attention to possible risks and make some predictions, ways how to avoid them, provide approaches to resolve and decrease the chance of arising them. The risk analysis is the essential part of any business plan it helps to identify all possible risks and think the way of removing them.

Risk analysis plan can address several kinds of risk. You as an entrepreneur don't need to take into consideration every kind of risk, but should pay attention to the risk categories that are most relevant to your company and try to make some step for analyzing them and thinking the ways of prevention. The followings are the general kinds of risk, that can be arose in the company: Product risk- for example most commonly this kind of risk is faced by Biotech firms that often have a high degree of product risk. They never know for sure that their productions will be as predicted and their produced drug will or will not be the same as they were predicting (Khera, 2018)

Market risk – if the market will not develop as expected. May be it will take too long to develop or crush out, while a start-up company is waiting for gaining places in the market with the top ratings and is predicted to gain too much customers.

People risk – this kind of risk is the part of human resources management system (HR). For example there are lots of companies who are depended on having strong chain of employees, who have responsibility and are guarantee for the company to gain success. If they would not be able to find required candidates, who are expected to be the crucial part of achieving companies defined goals the organization may face losses and crush out

Financial risk – It's a Risk that is common for lots of organizations. Every company can run out of money or mismanage their finances, so they will end up with bankruptcy and end up their business fiscally (Allen, 2013)

Competitive risk - is the kind of risk that represents a competing product or service that will or will not be able to win the competitors competition. Lots of start-up businesses have high competitive risk since they start with little money and may have no way of attracting gaining and maintaining customers.

What investors are expecting to know how you as an entrepreneur or start-up business owner are prepared to respond to the extent possible problems and also expect from you outline response to the anticipated risks. By showing investors some of the alternatives you've thought about, your plans to deal with unexpected risks, you raise their confidence and gain more respect from them

Given example describes several restaurant industry risks. The most common and damageable risk for the restaurant is the degree of customer satisfaction, that will reflect in their attitude toward the restaurant, if something goes wrong in the restaurant,

customers will not come back to that place and company will lose clients and profits will dramatically decrease.

Restaurant owner or manager should consider every detail that is connected to customer satisfaction. Companies should start with analyzing the environment and end up with the creating the lovely stuff and employees. As customers satisfaction is essential for the restaurant industry to gain success you should consider everything that will increase restaurant's awareness and will bring desired number of satisfied customers on the table. If there are problems and things go wrong, managers should immediately think about the ways of resolution and be as proactive as possible.

The key for being proactive and resolving problems quickly is that companies should acknowledge, that things can go wrong and everyone should be ready for finding solutions and getting away with any kind of problem. The main goal of the start-up business that strives to get financing sources and attract investors is make them feel secure as you are able to anticipate and dealt with major risks.

It's not enough just to plan and predict, because everything is not in the company hands and can't be handled simultaneously. There are many external factors that should be considered in advance, that may impact your business plans

1.14.1 BASIC FEATURES OF RISK

Some kinds of risks are partly unknown – The most important thing is that the biggest problems may be partially unknown, can't be predicted and appear in the future.

They are changing over time – Since the business runs over time and in continuously changing and developing environment, the expected risks that may or may not occur cannot always be predicted.

Can be predicted – regardless the previous part, there are some kinds of risks that can be predicted and handled out in a right time. (Yoe, 2011)

Should and must be managed – you should always try to predict, find out and resolve risks.

1.14.2 RISK MANAGEMENT

Risk Management approach can be described as interactive process in which information should be gathered, constantly updated, analyzed and the new innovative ways of preventing them represented (Gala, 2013)

Risk Management process must include monitoring system, in order to make sure the approach is working appropriately and guarantees future elimination of predicted risks.

1.15 R&D

Research and development (R&D) describes the process, which is directly investigating activities a business conducts in order to improve existing activities and to lead to the development of new products and procedures. Almost all kind of companies use R&D approach to improve on product lines, many corporations increase growth and gain benefits through these improvements and through the development of new goods and services (Khera, 2018)

R&D in general, is a department staffed by scientists, researchers, sociologist and engineers who try to develop new products, after conducting extensive research. Their responsibilities also include not current but development of future products or the improvement process of current products, services and procedures (Mark N. K. Saunders, 2015)

R&D differs from most activities performed by an organization in the process of operation. The research and development in general is not performed with the expectation of immediate profit. But, it is focused on long-term benefits and profitability for a company.

1.16 Financial part in business plan

The financial section is one of the most crucial parts of the business plan. Companies do the financial calculations, forecast and assumptions for attracting the investors or getting banking loans. Even, companies do not search for finances they need do the financial analysis of their business plan, in order to be simply successful. (Torkko, 2000). This part turns company's plans into the numbers. Financial forecast should cover the next 3 years. Meantime the first year's forecasts should have the detailed financing calculations, including assumptions both in terms of costs and revenues.

Practical Part

In the practical part, there is a given example of the new start-up company “Taste” that tries to enter the Georgian Market. Practical part of the Thesis includes the marketing, management and financial steps that needs to be done, when creating the business plan, based on the surveys and collected data.

1.16.1 About Service restaurant Industry

There is a massive restaurant industry in Tbilisi, and its growth shows no signs of slowing down, company’s competitive edge is that “Tasty” is already well-know and quite popular, highly demanded brand name. Menu – which will be quite various - is innovative and includes dishes from all over the world. Chefs, environment, portative gadgets, main monitors (which will illustrate the slideshow of delicious dishes including their preparation process), management, service and friendly environment (which will be elegant and comfortable with warm and relaxing décor) will be Tasty’s main competitive advantage.

The National Restaurant Association estimates that there are lots of restaurant locations in operation in Tbilisi, and the industry’s rate of job growth continues to outpace that of the national economy. For a new restaurant to get noticed, it will take marketing efforts that are strategically focused, as several different objectives must be addressed for any restaurant to be successful.

1.17 Industry Analysis:

In Georgia as the statistics show, the demand on restaurants and cafes is high and for that reason, the market size is quite large. As from year to year many of tourists visit Georgia (there are several events such as check in Georgia and jazz festival), the market has the potential of growth, because the demand on such service increases automatically and there is a need to open new restaurants. Let’s calculate MDI: approximately 1 000 000 people live in Tbilisi. Minimum 30 % have the opportunity to use café and restaurant services so current market demand is 300000 and the maximum number of potential customers 1 000 000.

$MDI=300000/1300000=0.23$

MDI less than 33 would suggest that there is a considerable growth potential. According to the calculation, opening a new restaurant is suitable for the market

1.17.1 Marketing objectives are the following:

Fill the Seats - Getting the Tasty's name out there and filling the seats is the first goal of marketing strategy. In order to have strong campaigns target market should be identified (the consumers most likely to frequent eatery) and tailor marketing messages and placements accordingly.

Build Customer Loyalty – This will include: providing good customer service, a clean and comfortable eating environment and high-quality food. Customers should be satisfied by implementing customer loyalty programs, such as birthday clubs, responding to all customer complaints in a timely manner and periodically surveying customers to find out where the company may be falling short, let them be involved in creating and improving Menu diversity.

Increase the Frequency of Customer Visits - Once company will gain loyal customers that will come back to the establishment, Tasty will gear its marketing efforts toward increasing the frequency of their visits. In a typical restaurant, repeat customers will account for roughly 33 percent of your sales, so start-up should do it best to use Social media support and other marketing programs (which is discussed later). Company should offer bounce-back coupons for discounts on future visits, entice customers to come back by implementing seasonal or rotating menu items or offer a buy-one-get-one-half-price campaign when loyal customers bring friends to dine with them. Use website to collect email addresses, and send periodic emails to the customers and keep them always thinking about Tasty restaurant.

Increase Check Size - To increase the average check size at restaurant, servers will be motivated in the art of up selling and use a properly designed menu, placing high-profit dishes in the most strategic places on the menu -- normally the upper-right corner and the bottom of the menu -- and placing inexpensive, simple items next to more complicated, higher-profit items to entice customers to purchase them latter.

The main question in marketing strategy is: What do customers want? (What are their priorities when they come to the restaurant?), if they visit or not cafes-restaurants and if yes, find out their needs and expectations.

1.18 Surveys

Table 1. 1 Number of questionnaires distributed

Number of distributed questionnaires	Number of returned questionnaires	Percentage of returned questionnaires
550	375	68%

Source: Own, 2018

Table 1 represents that percentage of returned questionnaires is 68%, Number of returned answers is 375 out of 550.

Table 2. 1 Gender of respondents

Options	Frequency	Percentage
Male	179	48%
Female	196	52%
Total	375	100%

Source: Own, 2018

Table 2 illustrates that there is a slight difference between the genders of the respondent's. 52% of them appeared to be female potential customers, while 48% represents to the Male group.

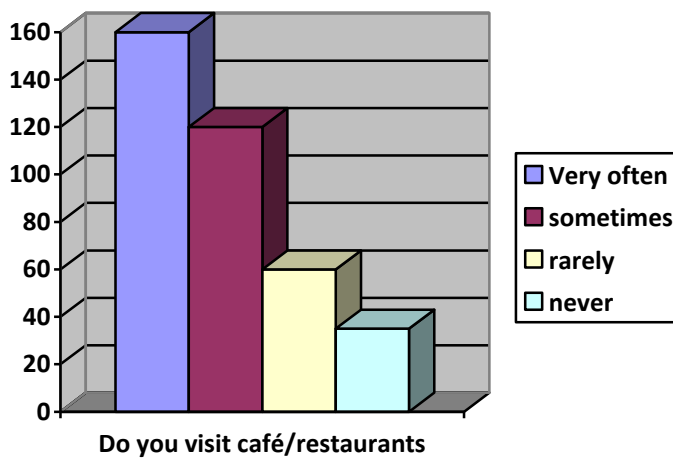
Table 3. 1 Age Gender of the Respondents'

Age	Frequency	Percentage
Under 18	60	16%
18-24	160	43%
24-34	100	27%
35-45	50	13%
45+more	5	1%
Total	375	100%

Source: Own, 2018

Table 3 shows that the majority of the respondents seem to be between the 18-24 ages, their percentage is 43. Second the highest number equals 100 respondents and 27%. The minority appeared to be people above the 45 age and represent 1%.

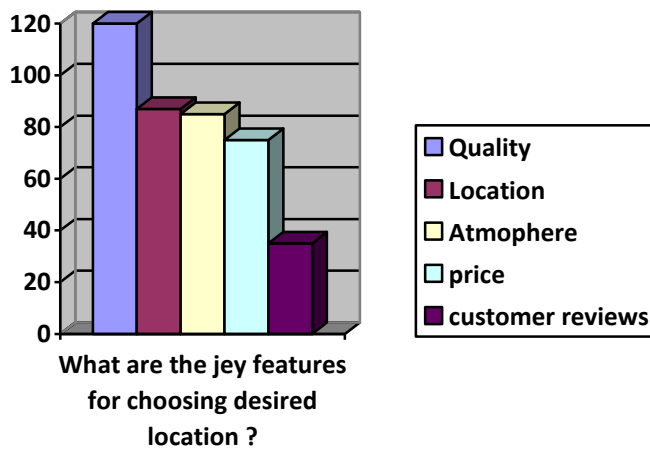
Chart 1. 1 Do the respondents visit café/restaurants?



Source: Own, 2018

Chart 1 represent that the majority of the respondents 43% are the customers for the cafes/restaurants and their visits seems to be very often. 32% visit restaurants sometimes. There are 16% of the respondents who visit cafes rarely and only 9% are those who never go to the restaurants.

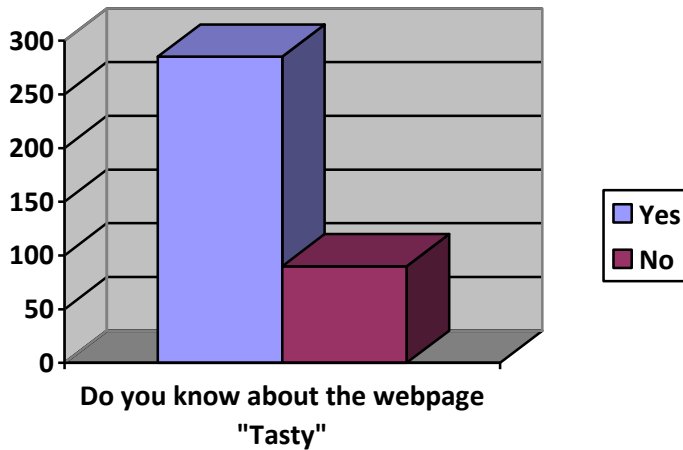
Chart 2. 1 shows what are the key features customer pay attention, while choosing restaurant



Source: Own, 2018

Chart 2 illustrates the key features customers take into consideration, while choosing the restaurant. Top three features appeared to be food quality with the percentage of 32, location – 23% and the atmosphere of the restaurant – 22.6%.

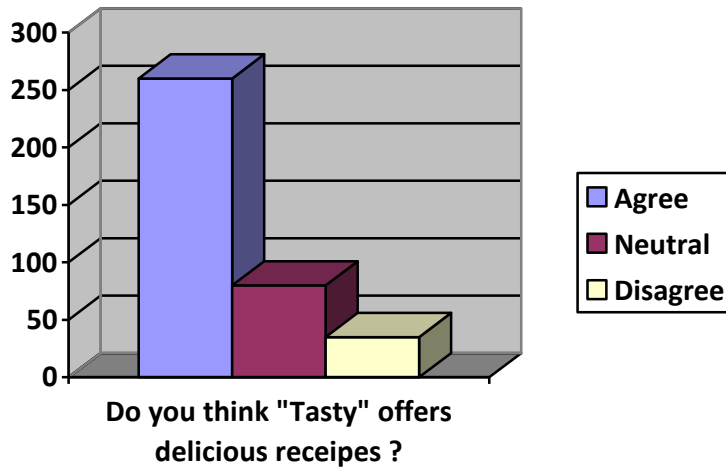
Chart 3. 1 represents the number of respondents who have heard about the “Tasty”



Source: Own, 2018

Chart 3 represents that the majority of the respondents have heard about the webpage “Tasty”. 285 out of 375 gave positive answers and their percentage is 76. Only 90 people do not know about the webpage and represent 24% of the respondents.

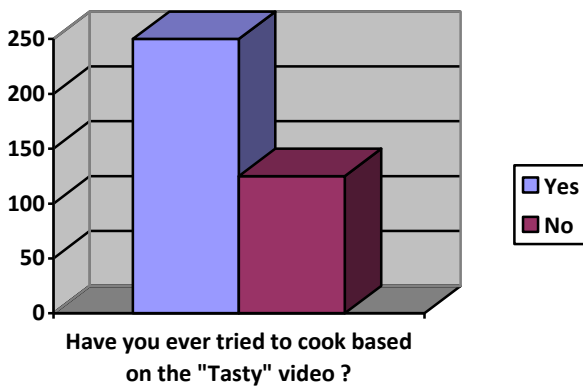
Chart 4. 1 represents respondents thought about the webpage



Source: Own, 2018

Chart 4 represents the positive attitude toward the “Tasty” webpage. 69% of the respondents agreed that Tasty offer delicious recipes to its visitors. 21% chose the neutral answer and only 9% disagreed.

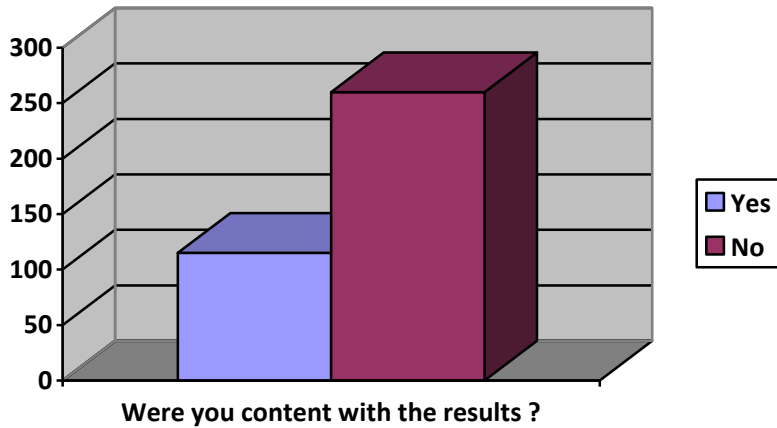
Chart 5. 1 Have the respondents tried to cook based on the “Tasty” recipes?



Source: Own, 2018

Chart 5 shows that 250- 67 % respondents out of 375 have tried to cook on their own, based on “Tasty” videos, while 125- 33% have never tried.

Chart 6. 1 was your cooking result, as desired?



Source: Own, 2018

Chart 6 represents that the majority of the respondents almost 69% were not content with the result they had, while 31% were quite positive.

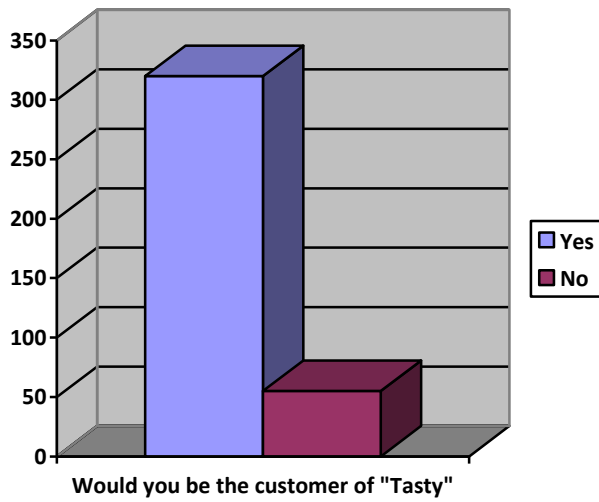
Chart 7. 1 would you like if Tasty will be open in Tbilisi



Source: Own, 2018

Chart 7 shows that the majority of the respondents 72% would like to see “Tasty” restaurant in Tbilisi – 270 people out of 375. Only 28% reacted negatively to the question, they represent 105 people out of 375.

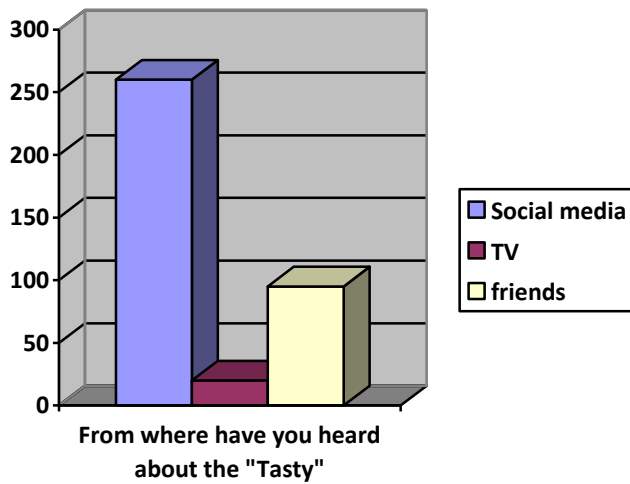
Chart 8. 1 would you be the customer of “Tasty”



Source: Own, 2018

Chart 8 shows that the majority of the respondents 320 out of 375 would like to be the customers of the “Tasty” restaurant. They represent 85% and quite more than the minority who will not visit the restaurant- 55 respondents.

Chart 9. 1 from where did you heard about the “Tasty”



Source: Own, 2018

Chart 9 shows that the majority of the respondents 69% heard about “Tasty” from social network, such as Facebook, Instagram and Twitter. 25% of people hear about the “Tasty” from their friends and only 5% from Television.

1.18.1 Collected answers from Surveys

Answers on the question if the potential customers will visit restaurants appeared to be very positive.

From the distributed survey – 550, Returned questionnaires represent to 375. The majority (91%) of the respondents seemed to be potential customers of cafes. Before starting the creation of business plan, surveys must be done to identify potential needs of the customers. After the first question, if the answer was positive, they had to list the priorities they pay attention while choosing the best restaurant for them. Received answers helped me to identify and be precise about the customer needs and priorities. These are the example of questions that should be asked in the first stage. There were different answers about customer priorities, which will be discussed later, but according to their rankings the three most prioritized reasons for which they choose restaurants are:

- Food quality
- Friendly and comfortable atmosphere
- Location of the restaurant

To discuss the first issue, food quality, the company has chosen distributors with strong reputation, who will supply the restaurant with high quality products. Despite the premium quality ingredients, start-up has to hire the professional staff (chef and chef assistant) with sufficient experience in this industry. For the given case it is important to have professional staff and strong suppliers.

Creating friendly and comfortable environment requires well-trained, experienced, polite, highly motivated, concentrated and quick waiters. The environment requires cleanness and tidiness of the restaurant, including kitchen and restroom. In addition companies should let their customers enjoy the pleasant music, band and feel relaxed.

With the help of the City Hall the company has chosen several alternatives for restaurant location. All of them are suitable for customers, because they are all in the center of Tbilisi and have the sufficient parking area.

1.19 Introduction of the company

Company: “Tasty Team”

Activities: service restaurant

Slogan: Taste your dreams!

Mission: be the first and the best innovator in the industry.

Objectives: To become high quality restaurant with most comfortable atmosphere; to position in customers minds as most attractive and desirable place for hungry people;

Be the place where people can eat anything they can dream of!



Logo own made

Nowadays in Georgia, especially in Tbilisi there is a growing number of cafes and restaurants, but the problem is the monotonous service (menu) they offer.

Regardless the high competition in this business sector, it's possible to be profitable and popular if the company offers an innovative and original idea to customers.

Tasty's main goal is to transfer virtual product into the reality and let customers have the opportunity to taste their dreams. As globally known web-page tasty has more than 95 m followers and is very popular among Georgian population, Start-up decided to open restaurant, which would operate according to Tasty's meal and drink videos. The main inspiration was the surrounding peoples' attitude towards Tasty meals

1.19.1 Executive Summary

Tasty is a 34 seat fine-dining restaurant (8 seat lounge) with different ordering system. Tasty is focused on high degree of menu diversity and premium quality with affordable

prices. The menu consists of dish videos, which are demonstrated on famous Facebook page Tasty. The recipes are know-how for Tasty followers who love and adore this page.

The restaurant will be located in the booming place, center of the city, where Universities and working places can be found. Tasty will have the construction of 60-80 m² with comfortable parking place.

The area will be warm and friendly place with excellent food. The restaurant will be place where customers will always enjoy the day. Tasty will feature a cozy dining. Creatively designed atmosphere and innovative decorations are key features for startup restaurants. For extra comfort and to please a large group of people tasty will make up special evenings with pleasant music.

The menu will be inspired from Tasty page. There will be meal and drink videos from different countries' specialties .there are Mexican as well as Asian, Italian and other European meals.

Because of the huge amount of videos, Tasty decided to cut the number (from 300 to 45) based on the results collected from potential customers. Prices will be affordable, but competitive with other restaurants in the city.

The restaurant will be open 7 days a week (working day will start from 10 a.m. till 12 a.m. cuisine, 2 a.m. restaurant). Companies need to offer special events to attract new customers and maintain their loyalty. For example New Year's Eve party, Valentine's Day, women's day, mother's day.

Special events will be every Friday and Saturday to help the customers relax after long and hard week. The restaurant will have a cozy atmosphere, warm colors, fresh flowers, music, and creative artwork from some modern artists.

The staff will be polite and friendly, with always smiling face. Every startup company should be motivated to hire professionals, motivate and encourage them.

The revenues will be received only from restaurant service for that reason, Stat-up anticipates, that total sales allocation is supposed to be 100% of restaurant sales

For Tasty and in general for every company it is the most important to successes in financial section, Restaurants can gain profits by offering high-quality service and excellent food. Financial projections should be based on forecasts, which are made with the help of recommendations from experienced people in the restaurant service industry.

With a start-up expenditure of 115,000GEL (1 Gel =0.33 EURO) Tasty can generate 523 000GEL in sales by the end of year three.

Company is seeking a loan guarantee for 30,000GEL with a 20% annual interest rate (effective rate). Company would like to raise an additional 85,000GEL from investors. Preferred instrument will be: according to Estonian financial regulations the government is going to implement new internal corporate tax system meaning that, corporate income taxes won't be charged until dividend payments. According to new regulations which was pushed into the action from 1st January 2017, Start-up won't pay dividends, so sales taxes payments will be avoided. Net income will be put back into the restaurant for three years and after this period invested money will be returned to investors, with 50% monthly percent of the net income.

1.19.2 Mission

Companies should have well-defined mission and vision. Tasty is a great place to eat, combining a friendly atmosphere with excellent, interesting and innovative food. The mission is not only to have great tasting food, but have efficient and friendly service because customer satisfaction is essential for the business. Restaurant would like to be the restaurant choice for all young and old, male and female, families or singles.

Everyone will be treated fairly and with great respect. **HAPPY EMPLOYEES MAKE HAPPY GUESTS.**

Objectives

Tasty's objectives for the first three years of operations are:

- To keep food cost less than 35 % revenue;
- To keep employee labor cost between 25- 30% of revenue;
- Averaging sales between 300000- 500000 GEL per year;
- Supply customers with the delivery service;
- Maintain premium food and service quality;
- Expand marketing and advertising in Tbilisi;
- Meet and exceed customer expectations;
- To become high quality restaurant with most comfortable atmosphere;

- To position in customers minds as most attractive and desirable place for hungry people;
- Be the place where people can eat anything they can dream of

1.19.3 Key to success

Start-up Company should know what the key element for the business to succeed.

The creation of a unique, innovative atmosphere will differentiate Tasty from the competitors. The restaurant will be with unique design and décor. Menu variety and innovation with non-traditional dishes and the ability to choose food from portable smart technology will also differentiate us.

Main key to success is moving the virtual, already famous dishes into the reality. Dishes will be offered in an excellent atmosphere with high quality products and great service for affordable prices. Key to success is already existing demand from the population of Georgia (brand recognition). Attractiveness of customers will also be based on special restaurant nights, local artist's openings, dinners, special food nights

1.19.4 Company and ownership

Company's ownership should be exactly identified in the business plan.

The restaurant will start operating as a tasty team, owned by its founder Luka Chokhanelidze and Ika Peradze.

Tasty is looking for a restaurant space approximately 60-80 m² in the center of Tbilisi. Financial contribution is 30.000 GEL loan guarantee with a 20% annual interest rate (effective rate) and an additional 850000 should be financed from investors to Start-up Company.

Preferred instrument will be: according to Estonian financial regulations the government is going to implement new internal tax system meaning that, corporate income taxes won't be charged until dividend payments. dividends won't be paid and sales taxes payments can be avoided. Major plan is to put back the net income into the restaurant for three years and after this period money will be returned to investors, with 50% monthly percent of net income.

Restaurant costs come to 107119 GEL which is mostly expensed equipment, technology, furniture, start-up labor, legal and consulting (payment for the Tbilisi city hall) cost associated with the opening The Tasty restaurant.

1.19.5 Strategy

Find the place: For the tasty case (e.g. Rent, buy the place)

Deal with interior designers and architecture to create innovative décor.

Find the appropriate furniture for the chosen décor.

Find the desired tablets to implement (tablets in the table, main monitor)

Find and get the needed technology.

Sort the videos; choose the most appropriate one for the segment. (Based on research)

Based on chosen videos identify the required products.

Define the suppliers for those products.

Deal with human resources

Positioning strategy:

Tasty is desirable for customers (Based on survey), its product is accessible by the company and it differentiates from the competitors.

Tasty is a globally know brand name, so the company decided to choose brand leadership positioning strategy

1.20 Strategic Plan

“Tasty” strategy is simple - Company intends to succeed by giving people a combination of excellent and interesting food in an environment that appeals to a wide and varied group of successful people. Start-up will focus on maintaining quality and establishing a strong identity in our community. The main focus in marketing will be to increase customer awareness in the surrounding communities. The company will direct all of tactics and programs toward the goal of explaining who the organization is and on what it operates. Company will keep standards high and execute the concept so that word-of-mouth will be main marketing force.

Tasty will create an appealing and entertaining environment with unbeatable quality at an exceptional price. An exciting and friendly restaurant Tasty will be the talk of the town.

Therefore, the execution of concept is the most critical element of the plan. All menu items are moderately priced for the area. While the company is not striving to be the lowest-priced restaurant, it is aiming to be the value leader.

1.20.1 Source of investment

Table 4. 1 Source of investment

Phase 1	phase 2	Phase 3	Phase 4	Phase 5	Phase 6
Get the information from City Hall about this project.	According to their guidelines collect all documentation (orthophoto, construction project, recommendation from architect.)	Fill the application form, which includes request to hold a tender for chosen location	If City Hall considers chosen location and architectural project to be adequate for business plan, gives permission to participate in tender (tender for land)	City Hall financial department evaluates the costs and value for the land, defines the leasing time, amount and type of payment (annual/semi-annual, 5-20 years)	Participation & winning the tender
	Choose the desired and appropriate place for restaurant building construction (take into consideration Tbilisi city maps)	Register company (ltd)	Time needed for getting the permission from city hall is 3-4 weeks		

1.21 Survey Analyses

Additionally, to gain more competitive advantages and be innovative, Companies need to take into consideration not only the priorities of the customers, but also their needs and expectations about the start-up.

The final outcome consists of 375 responses. Based on this, some important answers were collected and managed to define the following: As already mentioned above, Tasty is globally known web-page which has more than 95 million followers they provide us with delicious meal recipes, which include: appetizer, breakfast, dinner, desserts and drinks. Tasty is also quite popular in Tbilisi. 76% of the population knows about the web-page Tasty. The majority of respondents think that tasty meals are very delicious and desirable- 69 % proved their positive attitude towards tasty dishes and strengthened believes. This survey seemed to be the main advantages of the start-up – 33% of respondents have not even tried to cook Tasty meals, because of deficit and diversity of the ingredients. They also thought that regardless the fact that tasty meals at one glance appears easy to cook, it's quite difficult to receive the desired outcome. Those who tried, and their percentage is 67 appeared to have negative result. About 69 % of them said that their prepared dish was not as good as they were expecting. The most important issue for me was to find out the average number of expected customers. Based on survey, company managed to have more detailed knowledge about the number or the percentage of customers who would like to visit Tasty restaurant. The outcome was really positive and satisfying, my expectations were exceeded, and 85 % of the respondents would like to be the customers of the Tasty. They are great motivators for the idea realization

Another important question of the survey, which is related to some legal issues, is the location of Tasty (In advance it was already discussed many issues related to the place, e.g. where will be open Tasty). Supposition was consolidated with the answers of respondents: Top three features appeared to be food quality with the percentage of 32, location – 23% and the atmosphere of the restaurant – 22.6%

As it was expected, the majority of the respondents appreciate the quality of the restaurant, the quality of the Menu, the quality of the atmosphere and everything that is related to high standards.

Second and one of the most important priorities among the respondents appeared to be the friendly and comfortable atmosphere. As already mentioned above, Tasty be oriented on

creating the lovely environment in the restaurant, with friendly staff, pleasant music and innovative design. So regarding this fact, customers will always be happy to visit Tasty. They will always have the desire to come in the restaurant and taste not traditional but mixed international meals.

High quality, fantastic atmosphere with friendly staff, innovative environment, visual choosing and ordering system, opportunity to be the part of the great community (choosing their preferred meals to add in Menu) and of course, flexible location (which turned out to be the third important priority of the respondents) is the competitive advantages.

As mentioned in the management part and also repeated above, main advantage is too keep customers involved in Menu creating and then renewing process. There was an open question in the survey. Customers were asked to write the name, or link of their favorite and the most desired Tasty meals, which they would like to see and taste in the restaurant.

Tasty took into consideration the amount of people who keeps the Fast during religious days and tried to be flexible for them. Based on the results Tasty has created the most valuable, long wished Menu, which mirrors the slogan:

“TASTE YOUR DREAMS! “

1.22 Marketing & Sales

Based on survey, it seems that Tasty is already quite popular among chosen segment; the brand name Tasty (in my case Tasty Team) is already key feature to success. Social media will also be the key to keep customers informed and involved in development process. Company will make discounts, special offers, and daily lunch menus. For example, in case of perishable product that will no longer be useful for the next day, company will try to sell it with extremely discounted price.

Regarding the Brand recognition of Tasty, company is not going to budget too much from the beginning into various elements of print and media advertising, sales promotions, events and experiences, public relations and direct marketing. As already mentioned, main force for the marketing will be social media the cheapest way of advertising and word-of-mouth marketing.

1.23 Tasty's marketing strategy

Tasty Team's most important tactic will be word-of-mouth/in-store marketing. This will be by far the cheapest and most effective of the marketing programs. As Tasty already has the brand recognition, it is not going to use expensive marketing programs.

1.23.1 Word-of-mouth/In-store Marketing

V.I.P. Party - V.I.P. Dinner before the 'Grand Opening.' This will serve the dual purpose of training staff and introducing ourselves to the community. The list of individuals Grand Opening celebration.

- ✓ Once a month invite a new local artist to show their work in the lounge.
- ✓ "Restaurant Night" - Every Monday night Tasty will have a special evening for restaurant people, .perfect night for the local area's restaurant owners and staff to get together on a night off!
- ✓ Valentine's Day.
- ✓ Easter dinner.
- ✓ Wine tasting dinner.
- ✓ International day of children.
- ✓ New Year's Eve party.
- ✓ Special ethnic food nights.
- ✓ Independence Day.

1.23.2 Local Store Marketing

Make a brochure for the large hotels and popular bed & breakfast establishments in town to provide to their guests, containing interior pictures of the restaurant, menus and prices.

There are several nursing homes in Tbilisi. Tasty will approach them to sponsor meals for the elderly. This will offer us higher visibility to a group that may not be as mobile and company will be contributing to the community in a material way. Word-of-mouth referral is very powerful and particularly amongst the elderly to both their peers and their extended families.

1.23.3 Local Media

Newspaper campaign - Placing several large ads throughout the month to deliver concept to local area

1.23.4 Website

Target marketing to businesses for regular business lunch and dinner entertaining.

Social media advertising

Facebook- Instagram page

1.24 SWOT Analyses

The strong points of Tasty restaurant are:

- Business exterior is clean and tidy.
- Prices are affordable than Tasty's competitors.
- Service style is new to the area.
- Offer is service no other business offers.
- Branded image.
- Experienced Chefs
- Employer of Choice
- Strong Management helps us to reach the potential by utilizing strengths
- Location
- Great people
- Pricing Power- Customers typically rebel against price increases by switching to competing products, but Tasty has affordable prices
- Innovative Culture- An innovative culture helps us to produce unique products and services that exceed customer expectations.
- Supply Chain - strong supply chain helps Tasty to obtain the right resources from suppliers and be always ready.
- Cost Advantages - Lower costs will lead us to higher profits.
- Unique Products- unique products and service distinguishes us from competitors.
- Technology - Superior technology allows Tasty to better meet the needs of customers.

Weaknesses

The weak points of Tasty restaurant are:

- Restaurant is new and not established. Limited funds available.
- Costs associated with modern technology and materials will be high and reaching the breakeven may take more time than it is forecasted.
- Customer expectation may not be met, what they had seen in the videos.
- Work Inefficiencies Opportunities:
- Benefits for Tasty restaurant are:
 - Marketing
 - Delivery
- Fragmented Market - Tasty can use in the future Fragmented markets, provide many opportunities for Restaurant industry to expand and increase market sales
- Financial Leverage -Leveraging the balance sheet allows Restaurant industry to quickly expand into other markets
- Acquisition Synergies- future acquisitions can be the great opportunity for us.
- Online Market - The online market offers Restaurants the ability to greatly expand their business (it will be great opportunity for us).
- Innovation - Greater innovation can help us to produce unique products and services.
- New Services- new services help TASTY to better meet the customer's needs. These services can be for example delivery system
- Emerging Markets - Emerging markets are fast growing regions of the world that enable Restaurant industry to quickly expand.
- New Products- new products can help TASTY to expand the business and will help Tasty and diversity the customer.
- New Markets - new markets allow Restaurants to expand (for e.g. opening a branch in other city)
- The reduction of USD currency is a chance to us to decrease costs.
- Festivals like “Checkingeorgia”, ”4gb” can bring us more customers, because more tourists arrive in Tbilisi.

Threats

Instances that can harm Tasty restaurant are:

- A high street brand is moving into the area.
- Operating costs are set to increase soon.
- A main competitor has lowered their prices and started a price war Tasty.
- Bad Economy- bad economy can hurt Restaurant industry's business by decreasing the number of potential customers or sales.
- Volatile Currencies - Volatile currencies make Restaurant industry's investments difficult, because costs and revenues fluctuate. Tasty needs an investor.
- Intl Competition -International competitors are numerous and difficult to combat, because they can have strong brand recognition and too much lovers.
- Intense Competition- Intense competition can lower Restaurant industry's profits, because competitors can entice customers' attractiveness.
- Government Regulations- Changes to government rules and regulations can negatively affect Restaurant industry and can be identified as the threat.
- Change in Tastes - Consumers can change their tastes very quickly. Tasty depends on knowing which goods to offer to customers.
- Political Risk - Politics can increase Tasty's risk factors, because governments can quickly change their attitude towards everything.
- Substitute Products - The availability of substitute products hurts Restaurant industry's ability to raise prices, because if someone would change the products with substitute, it will hurt tasty Team.

Opportunities

- Increase market share
- Add new innovative service
- Gain more customers
- Expand over the country
- Expand globally

1.25 Segmentation

Bases on the collected answers from the surveys, company got exact answers for the question, about respondents' age and gender, but before analyzing the results Tasty would

like to demonstrate groups of segmentation: Tasty restaurant intends to serve wide group of people several groups of the customers was defined as a targeted segment:

Teenagers: who navigate all the time in the internet, know, appreciate and love tasty food will be the significant part of the customers

Workaholics: people who work hard all the day and often stay late at work, they need to relax in friendly atmosphere and eat tasty delicious food, after or even in their lunch time.

Students: group of people who are similar to teenagers, most of them are aware of tasty food and will also be the huge amount of loyal customers. Tasty plans to make some discounts for those students - Students with ID cards.

Lovely couples: tasty will have an intimate, romantic, sophisticated atmosphere that encourages people to bring dates and to have couples arrive. Tasty wants to be a search place where people meet each other and develop a network.

Family: tasty is also suitable for family dinners, children can enjoy with the gadgets and video clips while waiting their order, Families will come for the accommodative menu and friendly service.

Tourist: restaurant will have very attractive atmosphere

Except the groups of segmentation, in order to be clear, survey answers are analyzed below.

Collected answers were from 375 respondents. The majority of the respondents 74.4% were women, but the segment is oriented as well as (female or male). Tasty is globally known web-page it has more than 95 million followers. Regarding the fact that the internet, social media and web-pages are more popular among teenagers and young generation, Tasty anticipated to have the same segment.

Majority (31.5%) of the survey are people from 18-25 and they are the main customers, people who know everything about the Tasty brand and use actively social media.

Surprisingly, Tasty appeared to be quite popular among the people from 25 till 64 almost 63% know about Tasty and would like to be opened in Tbilisi.

1.26 Sales & seasonality

An average sale per months consists of 30000 Gel, depended on customer demand. Tasty needs 32 + 1 customers per day who spend on average 20 Gel in order to operate and cover the monthly fixed and variable costs.

Tasty restaurant will have to deal with seasonality in summer, because most of restaurants are less profitable at this season-majority of customers go outside the city or country for the vacation mostly during the months of August and July. Regarding this fact, the diagrams below demonstrate monthly sales for three year period

1.27 Competitors Analyze

Competitor analysis system:

What competitors do best? In order to monitor and identify major competitors, Tasty decided to conduct a survey. Main objective was to discover companies, which pursue the same market segment and have similar features and their features have similar value. Two questions were given to the respondents: if they visit cafes-restaurants or not, and if yes, asked them to list what where the priorities when choosing which place to visit. They were voting from 1 to 10 rates.

Companies, which have more than 80% of features in common, can be considered as main competitors.

Based on the survey, company tried to discover main competitors, with whom Tasty shares the most similar features, for the same value. The table below shows the results, that were made (ranking is from 1+ till 5+, where one plus is least and five maximum amount)

Competitors	Quality	Menu diversity	atmosphere	location	pricing	Total
McDonald's	++ (2)	+(1)	++++ (4)	+++++ (5)	++++ (4)	16
Wendy's	+++ (3)	+++ (3)	+++ (3)	+++++ (5)	++ (2)	16
Subway	++++ (4)	+(1)	++ (2)	+++ (3)	+(1)	11
Hookah lounge	++ (2)	++++ (4)	+(1)	++ (2)	++ (2)	14
Four season	+(1)	++ (2)	+(1)	+++ (3)	+++ (3)	10
Fragola	+++ (3)	+++ (3)	+++ (3)	++++ (4)	++ (2)	15
Birdy restaurant	++++ (4)	++++ (4)	++++ (4)	+++ (3)	++ (2)	17

Table 5. 1 competitors

Source: own result 2018

As you can see from the table, main competitors are not from only one segment, but they are mixed up as service is international, innovative and includes more than anyone can imagine. Based on survey priorities, Tasty managed to find out the list of the most important competitors.

The first one appeared to be “ Birdy “ restaurant, which has quite high quality, menu diversity (European- Georgian), friendly atmosphere, therefore Tasty should also mark their location (only one branch in Tbilisi at “Mosashvili“ street with poor parking space) and the pricing system which is not too much affordable. Second competitors from the survey appeared to be the fast food segment - McDonald's and Wendy's. Their common priority is great location; their branches are located all over Tbilisi and have suitable services for everyone. Their restaurants are comfortable and they always try to satisfy customers. The main differentiation from these two rivals is Tasty's price and the quality. As surveys show the quality of the Indy's is higher than McDonald's and therefore justifies the expression: “high quality means high prices”.

Tasty restaurant will offer high quality meals with affordable prices, Menu diversity and flexible location.

As discussed one example of restaurant industry, two examples of Fast food and now should be mentioned lounge industry, which is quite popular in Tbilisi and represents one of the competitors. “Fragola” lounge, which operates and offers their customers European meals. The lounge has several branches and is flexible for almost everyone. They have quite good atmosphere, but the main problem customers’ face is the pricing system. From the own and friends experiences prices in this lounge are too high. Their portions are not adequate to what they are selling at enormous prices. In addition to affordable pricing, Tasty offers their customers well distributed portions.

The most important rivals are highlighted and explained their main advantages or even disadvantages. The rest list and rankings of competitors can be seen on the table.

To discuss Tasty competitors in more detailed manner, Boston Consulting group matrix was used. According to the matrix, company can conclude current condition of Tasty competitors. Main objective is to become Stars, gain huge market share and market growth rate. In this case, McDonald’s and Indy’s are the great examples of Stars. They have the best market share and generate the most cash from it. Monopolies and first-to-market products are frequently termed as stars. In my opinion and not only, everyone in Tbilisi agrees that fast food monopoly is in the McDonald’s and Indy’s hands. Because of their high growth rate, stars also consume large amounts of cash. This generally results in the same amount of money coming in that is going out.

Hookah lounge and Fragola belong to the Cash Cows- they are the leaders in the marketplace and generate more cash than they consume. Hookah lounge/ Fragola both have a high market share, but low growth prospects. They basically operate on current situation and do not try to improve or be continuously developed. Hookah lounge and its branches are great example of what Tasty do not would like to become. Tasty offers and promises customers to always renew service and will try to always be interesting and desirable for everyone.

Dogs - Also known as pets, in this case café Four Seasons can be described as dog or pet. Regardless the fact that Four Seasons do not have low market share, it has low growth rate and do not benefit from current market share. The café was the most famous one from the beginning, but nowadays it has no loyal or even enough number of customers. This kind of

industries are generally considered as a cash traps because businesses have money tied up in them, even though they are bringing back basically nothing in return. These business units are prime candidates for divestiture. This example is exactly of what Tasty does not desire to become and the main objective is to always stay popular, with high quality and innovative ideas.

Question marks: These parts of a business have high growth prospects - but a low market share. Birdy restaurant, which has no branches, is quite popular among the population of Tbilisi. They have high growth prospects, tend to be continuously improving ones, always try to offer their customers something new and give them as much pleasant evenings as possible. Their market share is quite low, but since these business units are growing rapidly, they do have the potential to turn into stars.

Finally, all products or services eventually become either cash cows or pets (dogs). The value of a product is completely dependent upon obtaining a leading share of its market before the growth slows. That's what exactly Tasty is going to do!

1.27.1 Competitors' objectives & strategies

To be more precise about Tasty's competitors, information about their objectives and current strategies was collected. As the population of Tbilisi is known with positive attitude towards the restaurants, cafes, lounges or Fast food, Tasty decided to examine some of them, those who are the most important competitors for the company.

As Birdy appeared (based on ranking survey) to be the first competitor for Tasty Team, Tasty decided to start with the current strategy of this restaurant. Birdy is a place, where customers can enjoy their evenings, taste delicious meals under the pleasant music atmosphere. As they operate in Georgian and European cuisine, Birdy has huge segment of customers similar to what company anticipated (made research) for Tasty. Additionally, they are making some events, especially on weekends and use the famous bands or singers to attract customers. Based on the survey, the target segment, for which Tasty is very popular and desired restaurant, is age of 18-24 and similar result turns out to be in Birdy. Their core strategy is product differentiations, as Birdy offers customers mixed of Georgian and European food. They are oriented on diversity and try to attract and be interesting for customers. The main advantage is that Tasty has diversity of products as well as affordable prices for customers (main problem of birdy restaurant). Their

marketing mix implementation was collected and got the necessary information from the manager of Birdy restaurant.

Their main competitive advantage was that they were going to mix the cuisine (not as much or as innovative as Tasty), make interesting synergy of Georgian and European meals. Birdy used social media to get customers' awareness, made some special events for free to attract customers, had special offers for launch menu and made advertisings on Facebook & Instagram. Their pricing consists of cost plus system 150-200%.

1.28 Pricing

After identification the main Menu and all prices of ingredient, Tasty can establish pricing and sales strategy. Sales plan is to create and maintain position with local customers. The strategy is to build more customers in order to increase revenue. Tasty sales come from client service. Tasty will focus on making all customers happy with the food, service and entertainment options. Strategy in the restaurant is to have an experienced staff that know the food, cocktails and are polite.

Tasty anticipate the combined cost of sales to be 33% producing a gross profit of 67% on total sales. The company is oriented on gaining profits and the high sales are guaranteed with the Tasty's brand recognition. Company tried to have affordable meals, but at the same time paid attention to the Georgian reality. Regarding the fact that high prices are associated with high quality, Tasty team did not set too low prices. According to "Forbes", restaurants have a small profit margin, so they need to implement effective food pricing strategies in order to stay successful in the business. Visited places were: "hookah lounge" "Birdy pub" "public coffee" "Erdinger lounge" "coffee room" and "Downtown". All of the managers told us the same story, they guide with the current situation in Tbilisi. Their main principle is: the price of the meal should be 150- 200% cost plus.

The reasonable pricing method was used. This method uses a pricing system that represents a value to the guest. Company researched fluctuations in food prices, the prices of competing restaurants and customer demand. One of the advantages of Tasty pricing is that the company has NO DISH that costs more Than 12 Gel per person. (For prices, see attached file)

Food costs are one of the first considerations that go into restaurant pricing. This is simply what it costs to procure the ingredients used in a dish. There is a reason why in Tasty Menu steak and chicken breasts costs considerably more than items like French fries or green salads. The cost of purchasing these ingredients is much higher. Supplier were choses, so that they are selling us very high quality, local, organic or sustainable ingredients and this can boost the pricing as well.

Table 6. 1 prices

The lowest price	Average price	The highest price	Tasty price
9 GEL	13 GEL	17 GEL	10,91 GEL

Source: Own, 2018

1.29 Product Life cycle

Introduction

First of all, company has to offer service to its customers in an effective manner, which means supplying them with comprehensive information about the company's benefits, and make the service attractive for them.

There will be Facebook page for Tasty and gain awareness among the population of Tbilisi. To create and maintain strong trademark of Tasty service restaurant, money will be invested for ads on Facebook, Instagram (which will cost 5\$-s in one week).

Growth: When sales reach the forecasted peak, or even exceed, company will make more product suggestions and become competitive. For example, Tasty has more than 300 videos; the most popular videos will be chosen and posted on Facebook page, will ask to the customers which of them they would like to probe and what are their desires. This communication will create strong bonds between the company and its customers.

Maturity: At a maturity stage, it is preferable to have gained loyal customers and brand name, it is important to maintain market share and remind customers that Tasty is waiting for them to supply with unforgettable service. New customers should also be attracted by making discounts on lunch menu and special offers for students and workaholic people.

Decline: At this stage, Tasty will try to stay profitable and competitive, screen best-selling products to minimize costs.

To maintain sales stability even during the decline stage and handle with unexpected fluctuations, It is important to identify precisely what customers want, define the right segment (age, gender,) Tasty's brand recognition, potential customers' attitude towards Tasty meals, if they would like to visit Tasty restaurant, for identifying customer's needs a survey was done. The survey helped the company to create menu and cut the number of videos according to customers' answers on the question: which was their favorite Tasty meal? Based on this survey number of videos were reduced from 300 to 50.

1.29.1 Service

The entire goal of Tasty is to offer value to their customers in affordable and convenient way that everyone can enjoy. One of the key advantages is that none of the dishes have the price more than 12 GEL (per person). None of the other restaurants offer their customers opportunity to know the exact time for preparing the meal (with the help of tablet video). Tasty's service will be fast enough and will never make customers wait for too long, based on the planned processes (none of the meals take more than 30 minutes).

Superior customer services are the core source of Tasty competitive advantage and this particular primary activity adds an enormous value to the brand image. Tasty personnel will always genially polite and greet regular customers by their names. Occasionally, regular customer may get their regular coffee free of charge at the discretion of baristas as good gesture and such acts increase the perception of the service quality to a considerable extent.

Furthermore, amid ever-intensifying hectic nature of lifestyle and increasing speed of the provision of customers service, orders at Tasty will never be rushed or late

1.29.2 Development

For being continuously improving, Tasty will always offer a diversity of innovative meals in the menu which will be added from the official web-site. Tasty has chosen 40 meals and 5 drinks from 300 video recipes, which are the most popular and desirable among defined segment. For the development and innovation company will be able to add or remove some of the videos and always renew offers.

Customer satisfaction is the most important for Tasty and will always keep the customers involved in the process of development and make them choose their desired and favorite meals, let them give the company recommendations and feedbacks.

1.29.3 Procurement

Tasty is a restaurant with different meals, it needs well organized supplier management in order to always be ready to satisfy customers with high quality products.

Regarding the fact that company needs mixed variety of products, which is not easy to find in Tbilisi, start-up had to contact and negotiate with lots of distributor companies. After lots of discussions Tasty shortened the list and chose the best alternatives. The distributor companies are the best with high quality and affordable prices and have the strong reputation among the restaurant segment. Based on price lists sent from the suppliers the cost of every meal was calculated).

1.29.4 Distributions

About the distribution mechanism, Tasty will negotiate with the companies and they will supply company with just in time service. It can be daily or weekly distribution, depended on the product. Company is planning to observe how distribution channel will work in about first month and which products are the most demandable in order to define exactly priorities and renegotiate with suppliers.

1.29.5 Technology Plan & inventory control

For the technological and software support (except the kitchen facilities) Tasty coordinates on two main technological inputs:

First and the most important key aspect for business is the innovative way to order the meal with tablets integrated in the table. This will give customers opportunity to choose the desirable dish from the video and in extraordinary way. Regarding the above mentioned fact Tasty should always keep the tablet in the working order. Try to always control the

programming issues and refresh the system. The average price of the tablets ranges between 500-700 GEL

Another software program that will be used is the Tasty restaurant is the gadget for waiters with which they use to take all orders.

1.30 R&D

Research and Development (R&D) is a valuable tool for growing and improving business. R&D involves researching the market and customer needs and developing new and improved products and services to fit these needs. Businesses that have an R&D strategy have a greater chance of success than businesses that don't. An R&D strategy can lead to innovation and increased productivity and can boost Tasty business's competitive advantage.

In the case R&D tends to focus more on product improvement because of budget and cost limitations. The key to successful R&D is extensive market research to identify the needs and desires of customers. Tasty will need to revisit this research regularly as customer preferences frequently change. For this fluctuations start-up will try to use social media as a great helper to keep the customers involved and maintain their loyalty by letting them choose the desired dish to add in Menu (monthly) and let them feel they are also a huge part of Tasty. The web page "Tasty" gives the company great opportunity to be a continuously developing company, because they add lots of videos weekly and give a wide range of variety.

R&D can lead to innovations in business. These may be in terms of new products and services, improved processes and new ways to interact with customers. These innovations can result in greater profits and lower costs. Innovation is also a useful way to grow the current business. Company will maintain the cost stability in the following way. As already mentioned, when restaurant adds a new dish in menu, at the same time least desirable meal will be removed. In order to identify the least desired dish, Tasty will let customer vote for it. (They can vote in the restaurant as well as through social media).

Except above mentioned activities, Tasty will also try to renew drinking menu and add the seasonal and fresh products, based on Tasty's videos. Company has chosen five cold fresh alcohol/ non-alcohol drinks and shakes (according to the season). Start-up can be flexible and except to what the customers offer it also will have a team of people with different

skills who will help us to be always innovative, integrated with Tasty videos and Georgian reality. In addition to a strong team effort, a systematic, well-defined, process-driven approach to menu R&D will increase efficiency and allow for successful innovation.

Start-up is also planning to take parts in the events and try to organize them in restaurants. Tasty team can get the orders to organize mini events like “a la fourchet “in any other locations and prepare the delicious and attractive meals for them. Event organizing in and outside of restaurant is the great opportunity for us to be continuously developing.

As Georgian people love all kind of sports, (especially during the world cups), another way to attract customers and expand business (regarding the fact that company will have the huge monitors) is to organize fan clubs or football evenings for the fans.

In addition, as for another future plan, company thinks to use delivery system. The plan will be contact and negotiate with the third party company which operates on delivery program. They will provide Tasty with service (for example “food panda” “plus” “food delivery” and so on). The idea was also to invite famous Georgian bands in Tasty restaurant during some evenings and let customers enjoy the fantastic day.

1.31 Goal where to go

Every business is created for gaining the financial benefits and Tasty is not exceptions. But still the start-up has more valuable ambitions to achieve. In the reality, there is huge number of different types of competitors: restaurants with Georgian traditional dishes, cafes with European menu and fast foods. Tasty is very good mix of all these segments and customers can enjoy not only fast food, or European meals, but everything they can imagine.

Key core competence and competitive advantage is the diversity of Menu, with affordable prices. Goal is to create a friendly atmosphere in one place, where you can eat, enjoy the environment and be the part of the future development.

In addition to product diversity, Tasty is also innovative in ordering system. Start-up gives customers the opportunity of visual perception of every dish. They can not only read, but also see the whole process from very beginning till the ending outcome.

Finally Tasty will be the great challenge for competitors and let them think and act more rationally, break boundaries and think out of box in order to let the Georgia be the small part of the world industry.

1.32 EXIT plan:

In the case the proposed plan will not successful; Company will implement necessary measures to exit the business endeavor with minimal damage to the start-up and investors. All equipment and merchandise will be sold to cover any outstanding debts. Any remaining debt will be paid by the company in the form of monthly payments until all debts will be paid in full. Definitions of "successful" and time limits for achieving milestones will be included in the partnership negotiation.

The success of the business will be monitored monthly in the first year and quarterly in subsequent years. It usually takes new businesses three years to start turning a profit and that the business could operate at a loss during that time. Tasty will keep this in mind when evaluating the state of the business, and make adjustments when possible to keep the business running with a positive cash flow. If the business exceeds acceptable amount of loss and will be unable to compensate, The company will begin the process of closing the business and paying back debt.

Financial plan

Start-up is seeking a loan guarantee for 30,000GEL with a 20% annual interest rate (effective rate).

Table 7. 1 financial plan

Loan amount	30 000
Yearly %	20%
Years	10
PMT	(\$579,77)
Year % - effective interest rate includes all commissions	
financing	85000
Contribution (loan)	30000
startup cost	107119
unexpected	7880,73 3

Source: Own, 2018

Seeking to raise an additional 85,000GEL from investors;

1.32.1 Tasty team startup costs are the following:

for the startup	
Vessel	10000
kitchen equipment	20000
air conditioning system (air boxes)	8000
heating system	4500
Conditioner	3000

monitors (2)	4000
tablets(+soft)	5400
bank loan interest for 1st month	\$579,77
furniture & maintenance	25000
supplies(cogs)	10000
ltd expenses	95
location lease +tender	3000
Salaries	5930
taxes(salaries)25%	1482,5
food for employees	450
Silknet (Wi-Fi)	90
Security	80
Procurement	500
cleaning service	80
coffee machine (lease)	25
utility costs (electricity, gas, water)	1300
cash register (60 gel per year)	5
cleaning service	102
grand opening	1500
marketing expenses	2000
	107119,26
	7
cash for unexpected events	7880,7329
	83

Table 8. 1 Start up costs

Source: Own, 2018

Preferred instrument will be: according to Estonian financial regulations the government is going to implement new internal corporate tax system meaning, that corporate income taxes won't be charged until dividend payments. According to new regulations which will be pushed into the action from 1st January 2017, Tasty won't pay dividends, so the company will be able to avoid sales taxes payments. Start-up is planning to put back the net income into the restaurant for the first three years and after this period the company will return the money to investors, with 50% monthly percent of the net income.

According to the plan, no additional funding is needed over the next 3 years for renovations, expenditure of the restaurant or opening new branch.

1.32.2 Assumptions

The financial plan depends on important assumptions and the key underlying assumptions are:

Tasty estimates a slow-growth economy, without major recession.

The company estimates that there are no unforeseen changes in the expectancy in the popularity of the restaurant. (Average sale of 30 000 per months)

Start-up estimates access to investments and financing are sufficient to maintain and achieve financial plan

Tasty customer will spend on average 20 Gel in the restaurant

1.32.3 Break even analyses

For breakeven analyzes Tasty assumes that average money spent by each Tasty customer is 20 Gel.

0,666845

Tasty calculated that With Gel 30 000 monthly sales and Gel 12 541 monthly fixed costs, Tasty needs 941 per month and 32 per day customers in order to break even.

This computes the minimum number of customer needed for the company in order for to generate enough revenues to cover all of its expenses.

1.32.4 Gross profit

Tasty will be achieving a 66% percent GP with the estimated sales. This means that for every GEL of sales Tasty generates, it earns 66 Tetri in profits before other business

expenses are paid. Gross profit is an important concept because it shows management and investors how efficiently Tasty business can produce and sell the product. In other words, it shows how profitable Tasty restaurant is.

The concept of GP is particularly important because it allows us to create budgets and forecast future activities. For instance, Tasty GP was Gel 249 400 and this means that if Tasty restaurant wants to be profitable for the year, all of other costs must be less than Gel 249 400.

1.32.5 Industry Averages

When reading the Income Statement, operators use the cost ratios and need to compare them with the following percentages of industry range:

Cost of Goods Sold: 26% to 36%

Operating/Controllable expenses: 7% to 12%

General and administrative expenses: 1% to 5 %

Earnings before Interest & Amortization: 0% to 19%

The challenge to every operator is to know the ideal percentages for restaurants of similar type and concept of achieving high net profit percentages. With the estimations (you can see the attached excel file: financial part), Tasty restaurant will be in industry range for every category.

Conclusion

The main goal of this thesis was to review all important aspects of theory that can be practically applied to the real startup company in this case “Tasty”. Comprehensive business plan is a key to success for new organizations which are trying to create their brand loyalty and gain competitive advantage. “Tasty” is already globally known webpage with 95 million followers, the main vision of the start-up company is to transfer virtual product into the reality and let customers have the opportunity to taste their dreams in Georgia. Webpage is very popular among Georgian population and Start-up decided to open a restaurant, which would operate according to Tasty’s meal and drink videos. The main inspiration was the surrounding peoples’ attitude towards Tasty meals.

Thesis practical part shows how a start-up company – “Tasty” should create a Business plan, the important written document, which illustrates the financial, marketing and management parts, also shows all the strengths and weaknesses of the company. Meantime business plan helps the entrepreneurs predict the nearest future and attract investors.

Creating business plan includes several steps, which were covered in the practical part of this work. As a conclusion all the methods that Start-up Company should use will be summarized.

First thing that the company should analyze is the current industry, where it is going to operate. It is essential for the start-up companies to get information about the current position and potential of the industry. Is it profitable to start the new business? After analyzing industry, companies should write introduction of their service/product with executive summary. It should include main objectives; mission and vision based on which the company is going to operate. Company should have an answer for the question: What are the main keys to success? After identifying competitive advantage, business plan creation should continue with the allocation of the ownership parts, and describing the source of investment the start-up is seeking for. It is important to describe in the beginning of the plan, how the company is going to apply product life cycle for its service. Another important management part includes description of distribution, development, procurement, R&D, strategic plan, managing risks, exit plan and goal where company would like to go.

Important marketing parts include conducting surveys and analyzing, segmentation, sales & promotion, marketing strategy, SWOT and competitor’s analysis.

Business plan creators should include the financial part, which is the most important section. Comprehensive business plan should include financial analysis for current position, detailed description of the first year. Should cover financial predictions for at least the next 3 years and include calculations for all revenues and expenses company will face.

References

- (Katherine Arline. (2015). *Business News Daily Contributor*.
- Allen, v. S. (2013). Financial risk.
- Antti Saaksvuori, A. I. (2014). *Product Lifecycle Management 3rd Edition*.
- Carl W. Stern, M. S. (2006). *The Boston Consulting Group on Strategy*.
- Coleman, T. S. (2011). *A practical Guide To Risk Management*.
- Douglas, R. E. (2003). *Bate The Power of Strategy Innovation: A New Way of Linking Creativity and Strategic Planning to Discover Great Business Opportunities*.
- Gala, v. M. (2013). *The Essentials of Risk Management, Second Edition*.
- Guillebeau, C. (2012). *The \$100 Startup: Reinvent the Way You Make a Living, Do What You Love, and Create a New Future*.
- Hart, M. B. (2008). *The Marketing Book*.
- Jean Paul Simon, G. d. (2012). *The Book Publishing Industry*.
- Khera, R. (2018). *how to write business plan of your dreams*.
- Mark N. K. Saunders, P. L. (2015). *Research Methods for Business Students* .
- Njoku, V. (2015). *Success Plan and Positioning Strategy 7.0* .
- O. C. Ferrell, M. H. (2010). *Marketing Strategy*.
- Parker, M. (2013). *DPMO – Defects Per Million Opportunities*. Retrieved from www.leansigmacorporation.com.
- Pressutti, W. D. (2013). *Understanding the Dynamics of the Value Chain*.
- Rachel Davis, R. C. (2015). *health pscycology review*.
- Reed Holden, M. B. (2010). *Pricing with Confidence* .
- Ries, E. (2011). *The Lean Start-up*.
- Ries, E. (2012). *Harvard business school review* .
- Snelling, J. (2012). *The Influence of the SWOT Analysis in Organizational Development Strategic planning*.
- Torkko, K. (2000). *writting an effective business plan*. otawwa, canada.
- Walton, M. (2011). *Quality book*.
- William.D.Presutti. (2013). *Understanding the Dynamics of the Value Chain (Supply and Operations Management)*.
- Yoe, C. (2011). *principles of risk analysis*.
- Zanjirani Farahani, R. H. (2009). *Masoud-Facility location*.

Internet Sources

- <https://www.entrepreneur.com/article/247574>
- <https://www.bloomberg.com/markets/economics>
- nfa.gov.ge
- https://www.bplans.com/educational_website_business_plan/executive_summary_fc.php
- <https://www.sba.gov/tools/business-plan/1>
- <https://www.business.gov.au/planning/templates-and-tools>
- <https://www.gov.uk/write-business-plan>

Appendix

Form of Questionnaire (Screenshots)

1. What is your sex ?

- Female
- Male

2. What is your age ?

- under 18
- 18-24
- 24-34
- 35-45
- 45+more

3. Do you visit cafe/restaurants ?

- ver often
- sometimes
- rarely
- never

4. What are the key features for choosing the restaurant ?

- quality

4. What are the key features for choosing the restaurant ?

- quality
- location
- atmosphere
- pricing
- customer reviews

5. Have you heard about webpage "Tasty" ?

- Yes
- No

6. Do you think "Tasty: offers delicious recipes ?

- Yes
- No

7. Have you tried to cook, based on Tasty videos ?

- Yes
- No
- Yes
- No

8. Was your cooking result, as you imagined ?

- Yes
- No

9. Would you like "Tasty" to be open in Tbilisi ?

- Yes
- No

10. Would you be the customer of "Tasty" ?

- Yes
- No

11. 11) From where have you heard about "Tasty" ?

- Social media
- TV
- friends