

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

**Business plan for a restaurant in a selected city of
Russia**

Maksim Poptcov

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Maksim Poptcov

Business Administration

Thesis title

Business plan for a restaurant in a selected city of Russia

Objectives of thesis

The main objective of writing the thesis is to develop a business project for the new organization of public catering (restaurant) and evaluate the effectiveness of the project.

Also one of the objectives is to plan the activities of the company in accordance with the needs of the market and the possibilities of obtaining the necessary resources. Identify specific areas of the firm's activities, target markets and the place of the firm in these markets. Formulate the company's long-term and short-term goals, strategy and tactics of achieving them. Determine the composition of marketing activities for the study of the market, advertising, sales promotion, pricing, etc.

Methodology

The bachelor thesis is divided into theoretical and practical parts.

Theoretical part is based on literature research after business planning that provides definitions of relevant terms, describes the structure of the business plan, defines strategies and tactics necessary for implementation.

The methodology of the practical part is devoted to identifying factors with the micro-climate of the company through financial, SWOT, Break-Even analyzes and other methods. Investments will be valued at a purchase price, including such costs as fees for banking services, duties and other expenses.

The proposed extent of the thesis

40 – 60 pages

Keywords

Business plan, restaurant, marketing plan, organizational plan, financial plan, services, customers.

Recommended information sources

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The Bachelor Thesis Supervisor

Ing. Petr Procházka, Ph.D., MSc

Supervising department

Department of Economics

Electronic approval: 5. 3. 2018

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 6. 3. 2018

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 14. 03. 2018

Declaration

I declare that I have worked on my bachelor thesis titled "Business plan for a restaurant in a selected city of Russia" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 14.03.2018

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I would like to thank my supervisor Ing. Petr Procházka for his support in writing the bachelor thesis, especially for his comments, corrections, and valuable tips. At last but not at least, I would like to thank my family for ongoing support.

Podnikatelský plán pro restauraci ve vybraném městě Ruska

Souhrn

Tato práce se zabývá teoretickými výklady založenými na vědecké literatuře a slouží jako podnikatelský plán pro nové veřejné stravování. Praktická část je založená na popsané teorii.

Teoretická část popisuje základní znalosti spojené s vytvářením podnikatelského plánu, jeho struktury, stejně jako různé situace, které vznikají při jeho vývoji.

Praktická část popisuje vypracovaný podnikatelský plán pro gastropub "Creed", založený na učení popsaném v teoretické části. Praktická část představuje jasnou vizi celého obrazu podnikatelského plánu, konkrétně jeho provozní, marketingové a finanční aspekty.

V průběhu praktické práce byly použity různé metody analýzy, porovnání a prognózování např. SWOT analýza, analýza NPV, analýza trhu, konkurenční analýza, analýza peněžních toků, analýza bilancí a analýza bodu zvratu.

V procesu analýzy bylo jasné, do jaké míry je třeba projekt realizovat, a ujasnit si, že investice budou zajištěny investicemi vlastníků a bankovním úvěrem. Analýza peněžních toků odhalila vyšší výdělku po dobu tří let. Podle analýzy NPV se zjistila výše výdělku, který bude získán v dnešních penězích.

Podle realistické analýzy bodu zvratu musí společnost každý měsíc vydělat 22 013 EUR.

Finanční ukazatele navíc ukazují, že hlavní položkou výdajů jsou mzdy (5275 EUR). Finanční plán byl připraven s ohledem na všechny faktory ovlivňující změnu cen. Jedná se o faktory jako amortizace (několik skupin), inflace (5%) a daně (daň z příjmů = 13%).

Tyto výsledky naznačují, že doba návratnosti restaurace je od jednoho do dvou let.

Klíčová slova: podnikatelský plán, restaurace, marketingový plán, organizační plán, finanční plán, služby, zákazníci.

Business plan for a restaurant in a selected city of Russia

Summary

This thesis considers the theoretical teachings, based on scientific literature, as well as a business plan for a new public catering enterprise in the practical part of the work, based on the theory described.

The theoretical part describes the basic knowledge associated with writing a business plan, its structure, as well as the various situations that arise in the process of its development.

The practical part describes the developed business plan for gastropub "Creed", based on the teachings described in the theoretical part. The practical part gives a clear vision of the whole picture of the business plan, namely its operational, marketing and financial aspects.

In the course of practical work, various methods of analysis, comparison and forecasting, such as SWOT analysis, NPV analysis, market analysis, competitive analysis, cash flow analysis, balance sheet analysis, breakeven analysis were used.

In the process of analysis, it became clear how much the project needs to be implemented, and become clear that investments will be secured by the owners' investments, as well as by a bank loan. The cash flow analysis revealed the amount of earnings for three years. According to the NPV analysis, it was revealed the amount of earnings that will be earned, in today's money.

According to a realistic break-even analysis, the company must earn 22,013 EUR every month.

In addition, financial indicators indicate that the main expense item is wages (5275 EUR). The financial plan was prepared taking into account all the factors affecting the price change. These are factors such as depreciation (several groups), inflation (5%) and taxes (income tax = 13%).

These results indicate that the restaurant's payback period is from one to two years.

Keywords: Business plan, restaurant, marketing plan, organizational plan, financial plan, services, customers.

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1. Introduction

Everybody knows that any business organization begins with the creating of a business plan. It reflects all the operational, marketing and financial problems that entrepreneurs face in the process of achieving their goals. By definition, a business plan is a management system aimed at improving the performance of any firm, regardless of the scope of its activities. With the development of the market and in Russia, the need for business plans has become obvious that already in 1994-1995 their application becomes mandatory.

Due to the business plan, the management has the opportunity to look at their own enterprise from the outside. The process of developing a business plan includes a detailed analysis of organizational, marketing and financial issues. The objectives of the business plan may be different, such as obtaining a loan, attracting investments, determining the strategic and actual objectives of the firm. Mastering the technique of business planning is becoming an urgent task for entrepreneurs today. At the initial stage of business development, they must clearly represent the need for financial, material, labour and intellectual resources, the sources of their receipt, and be able to clearly calculate the efficiency of resource use in the course of the firm's operation.

The aim of the bachelor thesis is to write a business plan of a new restaurant "Creed" in Orenburg, analyse its marketing activities and to suggest strategies of development to promote the services.

Thesis is subdivided into two parts, which are theoretical and practical. In the theoretical part, in the first chapter is written about what means restaurant, what characteristics it has and what kind of services provides. The second chapter describes the business strategy, which includes manager's personality and planning and decision-making processes in the restaurant.

The base for writing of the theoretical part is literature research of proper books and internet resources. The basic source of information for the practical part was information obtained from the different methods of financial, economic and strategic analysis, comparison.

2. Objectives and Methodology

2.1 Objectives

The purpose of this thesis is the correct development of a business plan for the creation of a public catering establishment and evaluation of its effectiveness, the study of its main theoretical knowledge based on extensive lists of literature, and practical aspects of drafting a business plan in general and in the field of hospitality (restaurant business plan).

To achieve this goal, it is necessary to solve the following main objectives:

1. Investigate and write out the main theoretical questions arising in the preparation of a business plan;
2. Study the structure of the business plan, the procedure for recording the costs of its development;
3. Create a business plan for the restaurant "Creed";
4. Describe operational and marketing plans in detail;
5. Analyse the main financial indicators of the enterprise and draw appropriate conclusions about the results of its work;

The object of the research is the "Creed" gastropub, which is being created.

The subject of the study is the development of a business plan for LLC "Creed" to establish a catering facility in Orenburg.

2.2 Methodology

The work uses methods of financial, economic and strategic analysis, comparison.

In the operating part of the diploma, a method such as SWOT analysis is used to assess the current situation and future business prospects, the main task of which is the definition of Strengths, Weaknesses, Opportunities and Threats.

In the marketing plan, the following methods are used:

- Market analysis is carried out by identifying market trends, by elementary Internet surfing and by reading customer reviews.
- Comparison of competitors. This analysis is done by comparing prices, attendance, working hours, the interior and the services they provide.

- Analysis of the target market, which allows to identify potential customers by such parameters as location, social status etc.

To implement the financial plan, methods such as:

- The Net Present Value analysis is used to estimate the profitability of projects or investment.

- The method of finding a break-even point to clarify the amount of money that needs to be earned so that the enterprise does not bring losses.

- Method of forecasting earned and spent funds. The forecast is based on the earnings and expenses of several restaurants in Orenburg.

All methods are described in detail in the theoretical part.

3. Literature Review

3.1 Restaurant

3.1.1 Hospitality Industry

M. Yakimenko and A. Saak (2012) wrote that different specialists interpret the concept of "hospitality industry" differently. For example, L. Wagen (1975) believes that the hospitality industry is a sector of the tourism industry responsible for the accommodation of tourists, as well as industries whose activities are aimed at selling alcoholic beverages, providing shelter, food and entertainment.

According to J.R. Walker (1974), the hospitality industry combines tourism, hotel and restaurant business, catering, recreation and entertainment, the organization of conferences and meetings.

According to the explanatory dictionary of N. Webster (2000), the hospitality industry is a sphere of entrepreneurship, consisting of such types of services that are based on the principles of hospitality, characterized by generosity and friendliness towards the guests.

From the point of view of R.A. Bramer (1999), the hospitality industry is a collective concept for a diverse and numerous forms of entrepreneurship that specialize in the services market associated with the reception and maintenance of guests. The main directions of the hospitality industry: catering, accommodation, transportation and recreation.

From the above, it can be concluded that the foreign methodology of the hospitality industry includes accommodation, catering, transport and cultural-entertainment sectors.

3.1.2 Restaurant Business

By definition of M. Yakimenko and A. Saak (2012), the restaurant business is a sphere of entrepreneurial activity connected with the organization and management of a restaurant or other catering enterprise aimed at satisfying the people's needs for tasty, varied and healthy food, as well as making a profit. In addition, the restaurant business performs important social and economic functions.

- economic functions of the restaurant business: the unity of production and circulation. The functioning of the restaurant business is determined by the framework of the economic space, the conditions of competition, the investment opportunities and the speed of return of the invested funds;
- social function of the restaurant business is expressed in the fact that this sphere is aimed at satisfying the public interests and does not contradict it in any way. It defines the culture, forms and methods of customer service.

The "customer is always right" principal is the basis for creating an atmosphere of true hospitality in the restaurant business. We can say that the restaurant market is of a dual nature, because the subject of supply and demand on the market, on the one hand, is the goods (restaurant products), and on the other hand the service (hospitality and service).

The main task of food enterprises is to prepare products, sell dishes and drinks and organize recreation and entertainment.

3.1.3 Classification of Restaurants

M. Yakimenko and A. Saak (2012) divided the food enterprises into the following categories.

1. According to the nature of production activity, there are:
 - restaurant provides guests with a wide range of dishes and drinks, confectionery products, including branded and sophisticated preparations. Must provide a high level of service, a program of recreation and entertainment;
 - cafe - an enterprise for catering and recreation with a limited assortment of dishes and drinks as compared to the restaurant;
 - bar specializes food enterprise with a bar counter, providing guests with various drinks (mixed, strong alcoholic, low-alcohol and non-alcoholic), desserts, sweet dishes, snacks, etc.;
 - snack-shop makes and sells various dishes and drinks of simple cooking; it is intended for fast service to consumers.
2. By location, the following are distinguished:
 - food enterprises operating in the city's trade and administrative zone (designed for a wide range of visitors, working at certain hours);

- enterprises operating in recreation and entertainment zones (their work can be seasonal);
 - station enterprises (can work on a daily basis, usually offer a limited range and relatively fast service);
 - the enterprises serving passengers who are on the road (the level of restaurants is determined by the class of the train or the heating plant);
3. By type of control, they are:
- independent (the advantage of such an enterprise is that they have the opportunity to create specific conditions: image, menu, etc., and they have great flexibility and the ability to adapt to changing market conditions);
 - networked (management of such enterprises is simplified, firstly, due to the existence of unified network standards, such as products, services, management policy, and secondly, due to the possibility of savings in the procurement process).
4. By assortment is distinguished by:
- full service catering enterprises (both restaurants and cafes, offering their visitors a wide choice of food and drinks);
 - specialized food enterprises (specialization can be different: from dishes of a certain national cuisine to one or several dishes (desserts, dishes from chicken, seafood, etc.)).
5. By the method of service, the following are distinguished:
- enterprises with full service by waiters;
 - self-service enterprises;
 - enterprises with mixed services (waiters perform only part of the work)
6. By the time of operation, the enterprises are:
- working constantly;
 - working at a specific time.

3.2 Business Plan

According to L. Pinson (2007), the business plan is a blueprint of your business and will provide you with the tools to analyze your business and implement changes that will make your business more profitable. It will provide detailed information on all aspects of your company's past and current operations, as well as its projections for the next few years. F. Flore (2005) described a business plan as two things:

1. An organizing tool to simplify and clarify your business goals and strategy.
2. A selling document that sells your business idea and demonstrates that your product or service can make a profit and attract funding and/or company resources.

A business plan shows that a product or a service can find its customers, to establish the capacity of the market and prospects for its development; estimates expenses necessary for production and marketing of products; determines the profitability of future production and shows its effectiveness for the business (investor), L. Pinson wrote (2008).

The main functions of a business plan:

- is an instrument by which an entrepreneur can assess the actual results of an activity for a certain period;
- can be used to develop the concept of doing business in the future;
- is an instrument for attracting new investments;
- is an instrument for implementing the enterprise strategy.

One of the most important stages of the planning process is the compilation of a business plan, which is necessary for both intra-firm planning and for justifying the receipt of funds from an external source. To make a business plan successful, it is necessary to follow a few principles in its making. First, a plan should be clear for everyone because not only managers will read and check it, but also investors, which are not specialists in the restaurant industry. Secondly, a plan should be brief and consistent logically. The most important thing for a plan is that all written information was true. A business plan is created not only for investors, it is written for entrepreneur will implement that plan, by F. Flore (2005).

L. Pinson (2007) mentioned that the business plan reflects all aspects of the company's production and commercial activities, its financial results. Since the business

plan is an instrument for implementing the enterprise strategy, the structure of the document must be unified.

A standard business plan should include the following main sections:

- cover page
- table of contents
- executive summary
- business description
- business environment analysis
- SWOT analysis
- market analysis/ industry background
- competitor analysis
- marketing plan
- financial plan
- attachments and milestones

3.2.1 Cover sheet

A. Sharma (2012) wrote that the cover sheet of each business plan compares with the cover of a book. It lets the reader understand what about a business plan is and provides the first impression. It should be neat and attractive and should contain information that will grab the reader's attention.

The very first page of a business plan will be the cover sheet. It serves as the title page and should contain the following information:

- Company name
- Company address
- Company phone number (including area code)
- Web address, if you have a web site
- Logo, if you have one
- Names, titles, addresses, and phone numbers of the owners or corporate officers
- Month and year in which plan is issued
- Name of the preparer

- Number of the copy
- Confidentiality statement (optional)

L. Pinson wrote (2008) that such things as the company name, phone number, address and web site address should be written in the top one-third of the page. If a potential company has a logo it will be an added enhancement to the page, especially if it is printed in colour.

Information considering the owners or corporate officers of the business will appear in the centre of the page.

At the bottom of the page should be the remaining information. The exact date when the plan was written lets the investor or the lender know if it is up-to-date. For example, if the plan is six months old, a lender or investor might request an update on certain financial information. Many lenders and investors prefer that one or more of the business owners or officers write the plan. This shows a hands-on approach to the running of the company. Numbering plan copies helps keep track of them. The writer can choose to add a confidentiality statement at the end of the cover page, by L. Pinson (2007).

3.2.2 The Table of Contents

The table of contents is one of the most important part of a finished business plan. It should be well-organized so that readers would be able to find any issues of a business plan. For instance, if the reader looks for financial documents, he should have an opportunity to look at the table of contents and find the page number in a business plan where addresses the financial information, by F. Flore (2005).

Evidently, the table of contents cannot be finished until a business plan is complete. The writer can use some headings in a plan to develop the Table of Contents. When the writer finished his business plan he can inset the page numbers.

The size of the table of contents depends on the complexity of a plan. For example, a small start-up usually needs only one page. Another thing with existing companies which should have historical information and financial statements as well as projections.

According to L. Pinson (2007), business plan will have the following major divisions in the table of contents. The subheadings will depend on writer's decision as to what he include in a plan.

- Executive Summary
- Part I: Organizational Plan
- Part II: Marketing Plan
- Part III: Financial Documents
- Supporting Documents

3.2.3 The Executive Summary

Executive summary - one of the most important sections of the business plan, as it briefly reflects the essence of the project. It will make or break an opportunity to raise capital. As G. Kawasaki (2014) said in his book: *“Of the effort you put into write a business plan, 80 percent should go into the executive summary. There are the most important paragraphs of your organization’s existence.”* Those are strong words, but they are warranted.

The Executive Summary should be written in a language that will persuade a potential investor to want to learn more about the company.

According to L. Pinson (2007), the summary should contain the following:

- goals of the project;
- brief description of the company;
- a summary of the most attractive moments from all other sections with an emphasis on the positive aspects of the proposed business idea;
- the capacity of attracted investments and / or credit resources;
- the main financial indicators characterizing the effectiveness of the project;
- the expected period and procedure for repayment of borrowed funds;
- numbers and dates of obtaining patents and certificates;
- facts confirming the reliability of the enterprise, legal and economic guarantees.

L. Pinson mentioned (2008), that the Executive Summary is just that a summary of a business plan. If an author is writing a plan to serve as a guide for a firm, and not planning to look for a lender or person or business who gives money to help start a business, writing an executive summary will help to formulate a good overall picture of where an writer is planning to go in a business. If a small business starter is seeking a

lender or investor, the Executive Summary will be the first introduction to his business and should answer key questions related to his company and its potential for growth and profitability.

3.2.4 Organizational Plan

By L. Pinson (2007), the first main section of a business plan addresses the organizational details of your business. It begins with a description of your business and its products and/or services. The rest of the organizational plan is dedicated to administrative setup or how your business is put together in order to function in an efficient and cost-effective manner.

F. Flore (2005) said that the organizational structure must be well defined and based on realistic operational needs. The organizational form of a business affect an organizational structure and the human resource requirements of a new company. The organizational form also affects the number and types of personnel who make up a management team.

Writing short, but at the same time informative statements, address the following sections:

- Summary of the business
- Products and/or services
- Administrative plan

3.2.4.1 Summary of the Business

F. Flore (2005) wrote, describing a new business in this section will help the creator of a business plan to think about it in conceptual terms. The writer needs to understand his own vision of the business – what he wants to accomplish and how he wants his business to be viewed by others. According to that vision, the writer will determine the strategy he will use and the strategic relationships that he will develop to help him reach the goals and objectives.

L. Pinson mentioned (2008), that using the key word approach, the writer should begin by telling when and why the company or new business was formed. The author also

might describe the nature and uniqueness of the product and/or service provided and shortly review the general history and future goals of the company. After this short introducing of the company, the summary of the business can be completed by addressing each of the following topics, by F. Flore (2005):

- **Mission.** Establish the company's mission, projecting a sense of what the creator's goals are related to its future place within the industry and within the community. A mission statement is a short description of the company's fundamental goal including nature, values, and its work. It should clearly explain why the company exists and what it plans to achieve in the closest future.
- **Business Model .** The author should describe the company's business model and why it is unique to a particular industry regarding his new business. This model is the method of doing business by which a company can generate income and sustain itself.
- **Strategy.** In this topic an overview of the company's strategy should be given— its short and long-term objectives and how you plan to realize those objectives. A strategy is a plan of action destined to achieve a certain goal that has been established.
- **Strategic Relationships.** In case of having strategic relationships, the author has to write who they are with and how they will benefit the company. L. Pinson said (2008), that a strategic relationship is a mutually beneficial formal contractual alliance established between two or more organizations.
- **SWOT Analysis.** In the end an analysis on the business should be conduct, examining key factors which are internal and external to the business.

3.2.4.2 SWOT Analysis

SWOT is a popular four-box strategy analysis and strategy development framework. The acronym SWOT is consist of the following:

- Strengths
- Weaknesses
- Opportunities
- Threats

Table 1 SWOT Analysis

Source: www.trader.uz

SWOT Analysis

Strengths	Weaknesses
Opportunities	Threats

SWOT analysis has a lot of advantages, by A. Sarsby (2016), which are:

- It is easy to understand – just a simple diagram without mathematics
- It is applicable to many levels in a company – from an individual, a team, a business unit or division, and the corporate strategy.
- It can be applied at different depths – lightweight treatment for simpler circumstances, through to highly detailed treatment for larger and complex questions.
- It is highly visual, consequently easy to communicate to other stakeholders.

Apart from advantages, SWOT analysis also has disadvantages, which was mentioned in the book “SWOT Analysis” (2016). A few of these are:

- Using poor quality data
- Using data that is biased by perceptions, beliefs, personality types and preferences.
- Not separating the analysis elements of data collection, the consequent decision-making, and its evaluation.

3.2.4.3 Products or Services

In this section of a business plan the writer will describe company's products and services.

L. Pinson (2007) said, in case of providing services (restaurant industry), the author should write what a service is, why the company can provide it, how it is provided, who will be doing the work, and where the service will be performed. The author also has to tell why his business is unique and what he has that is special to offer to the customers. If he has both a product and a service that work together to benefit his customer (such as warranty service for the products he sells), be sure to mention this in the business plan.

L. Pinson wrote (2008), that it is necessary to consider equipment and supplies needed to perform a service together with associated costs. It is also needed to think about other related overhead. The author has to ask himself - will he be providing service at the customer's location or will he work from an office or shop?

Of primary concern to a service provider is the relationship between the amount of time spent in providing the service and the amount of time that can actually be billed to the customer. Even if the service is billed by the job, rather than by the hour, it will be necessary to plan carefully to see that compensation is enough to cover the time spent providing the service. The writer has to remember that time involved and billable hours are a key to success for a service provider, by L. Pinson (2007).

3.2.4.4 Administrative plan

This section of the organizational plan will show how a new business is put together administratively. It will help the creator to setup his business so that it will function in an efficient and cost-effective manner as L. Pinson mentioned (2008). She also divided the Administrative Plan into following:

- Location
- Legal Structure
- Management and Personnel
- Accounting and Legal
- Insurance

- Security
- Intellectual Property

3.2.4.4.1 Location

In this section, the location of a company should be specified. The author describes the reasons for choosing a particular location. A. Sharma described (2012) following points for discussion:

- What is the location of business?
- Why this location was chosen?
- How and why this location contribute to the success of the business?
- What is real estate cost of the location?
- Is this location easily accessible to our suppliers?
- What competitive advantages do this location offers?

F. Flore wrote (2005), if location is not a marketing decision, the writer will include it in this section (administrative plan). For instance, it might be a web seller or a manufacturer that ships by common carrier such as United Parcel Service. Their locations would not be directly tied to their target markets. However, if location is a marketing consideration, the writer may prefer to address it in his marketing plan. For example, if the creator is opening a retail shop and should be directly accessible to your customers, your choice of location will be figured out by your target market and might, therefore, be more strictly addressed in company's marketing plan as L. Pinson mentioned (2008).

3.2.4.4.2 Legal Structure

A. Sharma described (2012) wrote that the writer should describe the legal structure that he has chosen and explain why it is the most beneficial for his business. Name owners or corporate employees, highlight their strengths and weaknesses, and include a summary of each of them in the "Supporting documents" section of a business plan.

If you expect changes in your legal structure in the future, make predictions as to why you will change, when there will be changes, who will participate, and how the change will benefit the company

There are three main forms of legal business. In most countries of the world, the three main types of legal forms are used to manage small business organizations. These business forms are as follows:

- Sole proprietorship - where usually only one person finances entrepreneurial activities
- Partnerships - where two or more people join together to fund or manage an enterprise
- Corporations/limited companies - where several friends / family members or up to many thousands can subscribe to a share in business property

If you are a sole proprietor, L. Pinson wrote (2008), that it is necessary to give a brief overview of your experience and abilities. Assess your strengths and weaknesses and indicate your plans to getting help in the required areas. The biggest disadvantage of being a sole proprietor is that you are completely responsible for any debts of your business gets. If you go bankrupt, your creditors are entitled to seize and sell your possessions - personal as well as business.

If you formed a partnership, explain why partners were chosen, what they bring to your companies and how their abilities complement each other. Show their experience and qualifications by including copies of the resume. Include a copy of the partnership agreement in the "Supporting Documents" section, as mentioned L. Pinson (2007). In your agreement, there should be provisions for the withdrawal of partners and the dissolution of the company. Distribute profits and financial responsibility for any losses. Explain the rationale for the terms of your agreement.

If you created an LLC or corporation, in this form of business your liability is limited to the amount you contribute by way of share capital. In this section, the author should describe the legal structure of the company (Professional Corporation, corporation S, Limited Liability Company, nonprofit corporation, etc.) In addition, indicate the information about the owners or corporate employees. Who are they, what are their skills, why they were chosen, and what will they bring to the organization? If you have a Board of Directors or an Advisory Board, mention who they are and what benefits they bring to the company that will help achieve the company's goals, by L. Pinson (2007).

3.2.4.4.3 Management and Personnel

As F. Flore mentioned (2005), the capabilities of business owners, the amount of time they can do for business, and the requirements of the market will determine your management and personnel needs. Small businesses usually start with the fact that owners do most of the work. As your business grows larger and your sales grow, your management needs and staff will also change. Develop your company's goals for growth and plan for changes that will be required for management and staff.

Management

The most important problem that needs to be solved in any business can be management problem. Many potentially profitable start-ups have failed because of a lack of skills to effectively manage the overall operation of the company. A. Sharma wrote (2012), that one of the first questions asked by a potential lender or investor is: "Why should your management team be trusted with our money?" A few years ago, investment capital was strongly pouring into high-tech start-ups based on great ideas, but without any experience. Most of them failed. There is still capital, but the rules have changed. A new model of investment business is a company with an appropriate combination of entrepreneurial vision and an experienced management team.

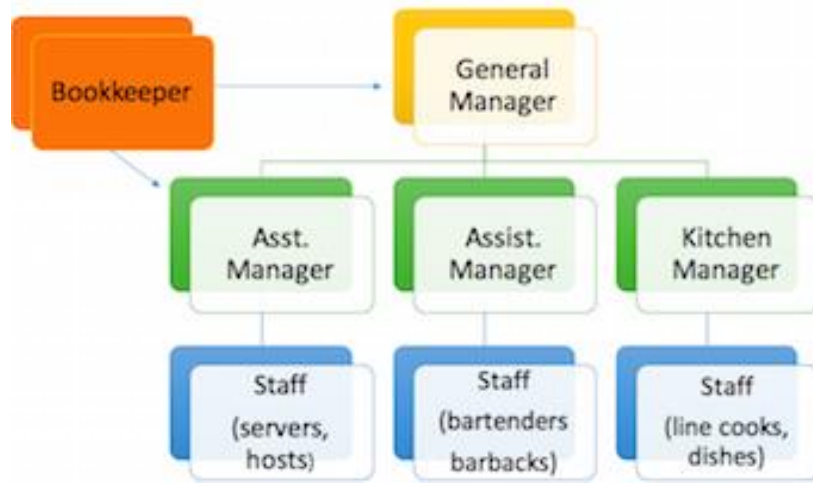
As the decision-maker in a new business, there are two questions that the creator needs to ask himself: "What are the main areas of management in his business?" and "What kind of external assistance will his company need?"

By L. Pinson (2007), the rules of hiring, job descriptions and contracts with employees are part of making the right decisions. Decide how your managers will be compensated: salaries, benefits, bonuses, vacation time, and plans for buying shares.

F. Flore wrote (2005), that the organizational chart (see example for restaurant below) could visually display the areas of responsibility and personnel responsible for each section, as well as the number of employees they will manage. For example, the writer may need key people responsible for administration, operations, marketing and finance. Each of these individuals can have middle managers whom they will control. In turn, the vice president of marketing can be directly responsible for mid-level managers whose responsibilities are divided into web site marketing, media advertising and public relations. In case, if the company is engaged in global trade, the writer may need an international marketing manager.

Figure 1 Hierarchy of Restaurant Personnel and Managers

Source: www.study.com



Personnel

L. Pinson (2007) marked out main questions that the writer should ask himself. How many employees will be needed for the effective operation of the company? What kind of jobs do you need? At what stage of the business will they be hired? What qualifications / experience will they need to have? What hours will they work? What kind of salary and benefits will they receive?

Some enterprises fail because too many people are hiring too early, expecting more than their market share of business. Other enterprises fail because they too quickly become too successful, and they are not organizationally ready. Any business plan is the key to prompt response to unforeseen circumstances in order to ensure the smooth operation of any business.

The staff is one of the main parts for implementing your short and long-term goals. Therefore, for each, indicate the type of employee, the desired qualifications, salaries and benefits, and when the writer expects that the hiring will take place. This will provide financial assumptions for planning your cash flow.

3.2.4.4.4 Accounting

L. Pinson (2007) asked to describe their accounting department. Write which accounting system will be used and why it was chosen. What part of your accounting will be done inwardly? Who will be responsible for reliability, efficiency, and these records? Will you use an external accountant to maximize profits? If so, who of your company will have experience working with an accountant and who will be responsible for reading and analyzing the financial statements provided by the accountant?

It is important to show not only that your account will be cared after, but the writer will also have the opportunity to use your financial statements to make changes to make your company more profitable, said A. Sharma (2012). After reading this section, the lender or investor should be confident in your company's ability to keep and interpret the full set of financial statements. Information about writer's accounting and audit of his books is often requested in the financial statements provided by potential lenders and investors. If the writer are planning to hire someone for internal accounting, wages should be paid under the supervision of or by the staff. If the writer use external accounting specialists, be sure to include their fees in your financial projections.

3.2.4.4.5 Insurance

Insurance is an important factor for every business. The goal is to protect companies from general requirements and from serious risks to your particular industry. L. Pinson (2007) advised to consider the types of coverage appropriate to your business and adopt aggressive policies to reduce the likelihood of insurance claims.

Responsibility for products is an important factor, especially in some industries. If the writer own your business, he will need property insurance. If the writer lease, he may need insurance related to the content or inventory. Some types of businesses require bonding. It is necessary to take a decision on the major health insurance that the writer intends to provide for management and / or employees.

3.2.4.4.6 Security

As L. Pinson (2007) wrote, security includes not only theft of office supplies, equipment and implements by employees and / or customers, but also theft of information or intellectual property.

Nowadays serious problems arose regarding the security of the Internet. Among the important issues that need to be answered are issues of information transfer via the Internet. Companies that accept credit cards online must protect their customer's vital information by creating a secure website that will be able to keep private information safely. They also need to protect their own confidential information from intruders in their systems.

F. Flore (2005) asked writers to predict problem areas in their future business, determine the security measures that they will take in practice.

3.2.4.4.7 Intellectual Property

If the writer own intellectual property or property rights, he can write about it in this section. His inventions, projects, products and ideas can be protected in accordance with the laws of the country where he runs or going to run a business and international intellectual property laws that cover trademarks, patents, secrets and copyrights, L. Pinson wrote (2008). By the definition of S. Kuregyan (2013), intellectual property means a temporary exclusive right fixed by law, as well as personal non-property rights of authors to the result of intellectual activity.

L. Pinson (2007) mentioned that the writer will need to back up his applications by including copies of registrations, photos, product diagrams in the development process, or any other relevant information in “Supporting documents”.

3.2.5 Marketing Plan

The term “marketing plan” is used to describe the methods of applying marketing resources to achieve marketing goals. By definition of J. Westwood (2002), a marketing plan is a document, which describes a plan for marketing products and services.

L. Pinson wrote (2008) that the marketing section of a business plan identifies all the parts of a marketing strategy. When the creator writes his marketing plan, he will refer to the details of his market analysis, sales, advertising and public relations campaigns. The plan should also integrate traditional (offline) programs with new media (online).

Marketing plan is consist of many components but not all of them are used to it. It depends on the size of the company. If the writer has a very small or completely new business, he does not need to include all the components. The writer will need to decide which of them fit his business. On the other hand, if he has larger or more complex business, he will turn to most of these components to develop an aggressive marketing plan, by L. Pinson (2007).

J. Westwood (2002) defined the components of marketing plan as following:

- Market Analysis (Target Market, Competition, Industry Trends)
- Marketing Strategy
- Customer Service

L. Pinson mentioned (2008), that your marketing strategy combines activities related to marketing, sales, advertising, public relations and the network. Each of these parts of your overall marketing strategy serves a unique purpose, offers particular benefits and complements every other part. All components should work together to improve the image of your company and strengthen the strength of your brand.

A marketing plan should have formal structure, but can be used as a formal or informal document, which has great flexibility, J. Westwood (2002) wrote.

Each marketing strategy follows goals that can include creating a strong brand, creating a reliable customer base and increasing sales of products and services.

3.2.5.1 Market Analysis

The "Market analysis" section of a marketing plan contains information about your target market, competitors and trends in marketing. Methods and results of market research are also described in this section.

Target Market. Who are you going to sell or serve? Who are your ideal clients? L. Pinson wrote (2008), that your target market should be defined in terms of demographics, psychographics and special characteristics of niche markets, if applicable.

Demography refers to the statistical data of the population, including parameters such as income, average age and education. The data of the state census are the common source of demographic information.

Psychographics is one of the most common methods of measuring lifestyle that uses demography to determine the attitudes and tastes of a particular segment of the population such as the activity of the consumers (their occupation, i.e. profile work, spending free time, vacations, etc.), the interests of the consumers (what they eat, how they dress, etc.) and opinions of the consumers (what they think about themselves, about their immediate environment, the country's politics, the economic system, etc.).

Niche markets are a small segment of the population that has common characteristics, interests, spending habits, J. Westwood (2002) wrote.

Competitors

Who your competitors are? This is the main question in this section. After identifying the target market, it is necessary to recognize what other companies are in the same market. What are their strengths and weaknesses relative to your business? If the writer are not sure who his competitors are, use several search engines such as Google, Seznam etc., to see what company names are presented when the writer looks for your own products and services online. L. Pinson also asked (2008) to remember that because it is so easy to check out any company online and get far more detail than the writer could have received by a telephone call or brochure, many people and businesses will follow this procedure. If the writer does not follow this, he will be working with closed eyes, L. Pinson wrote (2008).

Studying your competitors, get to know with the health of the business, their approach to marketing and their financial information. In addition, F. Flore (2005) called on specifically investigate the following:

Check their websites. Look at their design, format and content. Is the site professional and complete? What features and benefits do they promote? How do they position their product / services in their target market? What other sites do they link to? What is the nature of the content that they provide? Do they offer any public buildings, message boards or meeting rooms? Do they have special events?

Study the prices of their products and services. Compare them with yours. Do they offer the same products / services? Do they offer discounts? Do they offer any other special offers?

Determine their advertisers. Who advertises on competitor's website now? What are the rates charged for advertising? What are the conditions for their partnership programs?

Assess Market Trends

The marketing plan should reflect your observations and understanding of trends in your industry and in the target market. Information about the general direction of the market should help the writer to determine the desires of people.

Industrial trends affect almost every business in its segment. These are the main trends, such as an increase in the number of serving enterprises in your country, a decline in production etc.

Target market trends, L. Pinson (2007) wrote, such as events classified by Faith Popcorn and other respected experts from the marketing world, influence the direction of a smaller segment of the population or the business community. Trends may depend on demographic factors, such as the aging of our population and the huge number of baby boomers reaching the age of 50 every second, or cultural and social influences outside of demography.

L. Pinson (2007) also mentioned that the marketing plan should demonstrate that the writer carefully analyzed the market trends and considered all these trends in creating his marketing strategy.

Conduct Market Research

F. Flore (2005) said that market research can protect your company from making erroneous decisions that lead to costly design errors in new products, marketing campaigns and much more. Previously, market research was conducted using methods such as questionnaires, surveys and focus groups. Nowadays, your business can use both online technology and offline marketing research.

There are several methods of research that F. Flore (2005) described:

Questionnaires can exist on paper or in the form of online surveys. In any case, the questionnaires are more likely to receive answers if there is an incentive for the consumer to respond. Online polls that offer incentive "thanks for your time" can provide the most timely and valuable information. The incentive for potential customers can be a discount or coupon for a popular product or service.

Focus groups usually provide more information about client preferences and thought processes than questionnaires, L. Pinson (2007) wrote. In focus groups, small groups of potential consumers are combined under the guidance of a moderator from your company, while researchers record their observations, responses, reactions and comments. Consumer reviews of new products, price structures and branding problems can be analyzed relatively quickly using focus group techniques. Participants are usually paid for their time. Focus groups can also be conducted online through internet-chats. The most important advantage of online focus groups is the speed with which they can be organized, as well as reducing the cost of implementation. Observers can watch from their computers, intervene in questions, to explore the problem in more detail without any inconvenience.

3.2.5.2 Marketing Strategy

According to Steven P. Schnaars (1998), marketing strategies focus on manipulations of the marketing mix variables – product, price, place and promotion. In accordance with this definition, setting a strategy consist of selecting a price for a product, designing an advertising campaign and deciding on a plan of distribution.

3.2.5.2.1 Methods of Sales and Distribution

L. Pinson (2007) described main questions you should ask to complete this section. How will your company be able to contact your customers? Will your sales mostly processed by bricks (physical stores), clicks (website), directories (direct mail) or hybrid (multiple channels)? Do you have plans to expand your sales / distribution methods as sales increase?

There are two methods of sales and distribution, by L. Pinson (2007), which are:

- **Direct sales** allows you to establish direct contacts with customers, without resorting to the services of independent intermediaries. Direct sales are common in the market of means of production. Less often, direct sales are used in the consumer goods market. Firms prefer to use the services of independent intermediaries, and invest in their main business, which brings higher profits;
- **Indirect method** of sales and distribution - the method of marketing, in which the producers of goods use the services of various kinds of independent intermediaries.

3.2.5.2.2 Price Policy

How flexible is your price strategy? What is your price minimum (the lowest price you can charge and still cover your expenses), and what is your price maximum (the highest price on the market)? Your marketing plan should address your pricing policy and how you can adjust prices if necessary to increase demand or cover unforeseen income deficiencies, wrote L. Pinson (2007).

As mentioned by S. Primm, T. Roncevich (2007), pricing is a key component to the success of any business. If the price of your services is too high, you can lose a large segment of your market. If the price is too low, you will attract clients who only care about price. In this case, you should find a range between the price minimum and the price maximum, which offers considerable freedom of action. Somewhere in this range is the right price for your product or service. You can determine the exact price for a product or service through the focus groups and internet surveys mentioned above.

3.2.5.2.3 Branding

By definition of S. Primm, T. Roncevich (2007), a brand is a name, term, sign, symbol, design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. L. Pinson (2007) also mentioned that branding defines and focuses a company's image. Branding will add value to the company because the clients view a brand as an important part of the service. The writer's brand is going to determine the long-term success of his business. If his brand is weak, he will likely see shrinking profit margins that will eventually crush his business. In case, if his brand is built on value, great service, dependability, and a vast knowledge, then he will see long-term growth and business expansion.

3.2.5.2.4 Sales Strategies

Steven P. Schnaars (1998) wrote that this section describes the use of online and offline materials for sale in the target market. Traditional sales include creating printed materials to accompany writer's sales. Online sales include the niceties of his online strategy to best represent his products and services.

Direct Sales

The marketing plan should determine how the writer will contact potential customers, what materials he plans to send or deliver, and what his next actions will be. His approach to direct sales should include both personal (offline) contact with potential customers and online sales through his website, L. Pinson (2007) wrote.

For *offline (personal) sales*, the writer needs materials that can be sent to potential customers and presented by the seller for presentations, as Steven P. Schnaars (1998) wrote. In this part, the writer should ask the following questions:

- Do I need to develop new materials for sale?
- What is needed?
- Do I need to create a new logo and graphics for your material?

Usually it can be brochures, brochures, leaflets, stationery, business cards, catalogs, flyers, etc. Here the writer needs to identify the specific materials that he will need to design and print for use in his advertising campaign.

For *online sales*, a website is needed. According to L. Pinson (2007), in addition to technological reasons for website design, special attention should be paid to attracting a visitor to the site and encouraging them to buy. Websites containing creative functions that attract new visitors and encourage them to return to the site are called "sticky", which indicates the ability of the site to return visitors for additional purchases.

Direct Mail

The cost of direct mail campaigns is estimated at about \$ 2 in the Czech Republic and \$ 1 in Russia per item. As the cost of shipping and paper grows, direct mail becomes a less attractive option for sales. F. Flore (2005) described alternative types of marketing:

E-Mail Marketing

Compared to direct mail, email marketing is a transaction in the amount of \$ 0.01 to \$ 0.25 per item. According to experts, e-mail marketing is now ahead of direct mail. People read e-mail more often than direct mail.

Affiliate Marketing

Affiliate marketing attracts services of almost unlimited sales force through some commission structure for sales, potential customers or website visits. Branches are paid only for actual sales, and their commission is a small percentage of the total sale. The most striking example of affiliate programs is Amazon.com

Reciprocal marketing

An example of mutual marketing can serve organizations in which one company offers customers a discount on the goods of another company either in their store or on their website. This kind of marketing is popular in partner organizations.

3.2.5.2.5 Sales Incentives and Promotions

S. Primm, T. Roncevich (2007) wrote that sales promotions can be a great way to drum up business during slow times of the year. Sales promotions should be short-term incentives to encourage the purchase of your service. Whereas advertising and personal selling offer reasons to buy your service, sales promotions offer the reasons to buy now. However, the main goal is to have clients pay full price for your products or services. S. Primm, T. Roncevich (2007) also warned that relying on clients who always demand discounted prices will cheapen your brand and will ultimately ruin your business.

3.2.5.2.6 Advertising Strategy

Advertising is the most potentially expensive investment of the marketing strategy. Because of the high prices, the writer needs to carefully study the effort. He needs to understand the complexity of advertising or hire someone with advertising experience. Today the standards are very high, even in the smallest local newspapers. Online advertising is no longer a new area and uses different guidelines than printing. Graphics, photographs, layouts, text and design should be fully professional for positive affect both in online and in offline advertising options, by L. Pinson (2007).

F. Flore (2005) said, if the writer can accurately determine the target market in the smallest details, he can specify exactly where your advertising campaign should be located.

The size, time, duration, frequency are very important factors. The best way to avoid mistakes is to get guidance from an expert.

Traditional Advertising

Traditional media include television, radio, print and extreme advertising. L. Pinson (2007) wrote that the writer should invest only those objects that affect his target market. What television shows do they watch? What kind of radio programs do they listen to? What are they reading for business and entertainment? Where do they travel and by what means of transportation? Accurate marketing research will help the writer avoid expensive advertising mistakes.

- **Television.** Network television advertising remains the most expensive advertising investment according to L. Pinson (2007). Despite the active growth of online advertising, TV commercials still have the right to create brands. Large corporations are looking for major commercials and are willing to pay exorbitant rates to reach a huge audience and create a major effect.
- **Radio.** Radio advertising offers small businesses the opportunity to attract national or local audiences with significantly lower costs than television advertising. Radio advertising can reach the target market during working hours, as well as personal time, while resting or traveling by car. This is the main advantage of this type of advertising.
- **Print.** The marketing research should provide the writer with information about newspapers, magazines, periodicals and professional or trade magazines that are of interest to his target market. Print ads are most effective when they have one coordination point, a distinctive picture and a clear headline message of nine words or less.
- **Extreme advertising.** Extreme advertising includes billboards, bus wraps, airships etc. Extreme advertising is most effective when the message is simple, without complex graphics and extended descriptions. This type of advertising is the cheapest of the above.

Web Advertising/New Media

Your Internet (online) advertising money should be invested with the same care and precision as your investments in traditional media. Variants of web advertising include banner advertising, PDA advertising, advertising on portals and vortals and interactive television.

L. Pinson (2007) calls to answer the following questions: On what sites do they visit? Where do they shop online? What portals do they use?

- **Banner ads** are widely criticized, but they are still a popular form of online advertising. New standards for online ads represent a more convenient format for advertisers. Even critics agree that banner advertising offers a brand headliner method over and over again, creating brand awareness, even if the click rate is below five percent. It is believed that multimedia banners are three to five times more efficient than standard ads, as they can be more creative and interactive.
- **PDA advertising.** Advertising a personal digital assistant (PDA) meets unique requirements for the space and size of smartphones. PDA advertising is most effective, as people are increasingly using their smartphones. Web marketing campaigns need to be restructured to meet the limitations of smaller screen space, lack of color and font selection, graphic restrictions and slow delivery of content due to tight bandwidth limitations that must ultimately be eliminated.
- **Portals** guarantee a huge number of viewers at a very high price. Advertising on the portal goes beyond most small businesses, but placing on the market on the portal can be a way to create online traffic. Amazon.com's zShops, Shopping@Yahoo.com, iMall and other similar venues provide an opportunity for a wider exposure without the high cost of a portal ad. Advertising on portals needs an understanding of the behavior of consumers in your target market for the best results.
- **Vortals or vertical portals**, such as iVillage.com, Oxygen.com and Women.com, offer access to niche markets on a larger scale. Vortal advertising is about twice as expensive as portal ads, but can be accessed for a more flexible audience, if it is properly identified.

3.2.5.2.7 Public Relations

S. Primm, T. Roncevich (2007) described public relations as the process of building good relations with the public by obtaining favorable publicity, building up a good image, and handling or heading off unfavorable rumors, stories and events.

As mentioned by F. Flore (2005), a public relations campaign has its distinct advantages and disadvantages. The main difference between advertising and public relations is that advertising space costs money, and media coverage of your efforts in the field of public relations is "free". However, since public relations exposure is free, the writer cannot control whether the exposure is unfavorable. Before any public relations campaign is implemented, the writer must first research how public relations will affect your company. Press releases should be made available to newspapers and television stations to promote the service. However, the more exposure the writer receive as a small company, the greater the threat of competition becomes as copy-cat entrepreneur piggy back off his idea. It would be best to gain local exposure and brand recognition before the writer decide to pursue a public relations campaign

3.2.5.2.8 Networking

Networking will be very important to the development of the business, S. Primm, T. Roncevich (2007) mentioned. The network is inexpensive and reliable. This gives the writer the opportunity to interact personally with potential clients and directly sell his services. Networking is a constant task, because no matter where you are or who you are talking to, you can discuss your business.

L. Pinson (2007) define networking as a two-way street, the exchange of information. Real networks require that you do more than try to provide and receive business cards. Give a little information and get a sincere idea of what others have. Then you really stretched.

The writer will need to participate in several levels of networks to provide him with contacts:

- the business community as a whole
- your peer group

- your local community
- the community as a whole.

3.2.5.3 Customer Service

Consumer expectations of high quality service should be met if the writer wants to retain his customers. Consumers expect that they will be able to contact the customer's representative with questions, problems, complaints and feedback. Business customers expect the same. Your business will need to determine your plans to meet these needs.

L. Pinson (2007) offered to answer the following questions:

- Will you offer 24/7 access to customer service representatives?
- Can your customers contact you by phone or email at any time?
- How will you deal with customer contact in the meantime?

As the business grows, the writer may need to consider adding a call center service that offers uninterrupted service to his customers.

The old marketing maximization is that keeping existing customers is much cheaper than adding new ones, so your business gets immediate benefit from creating a loyal customer base, by F. Flore (2005).

3.2.6 Financial Plan

By definition of L. Pinson (2007), financial documents are those records that were used to display past, current and forecasted finances. J. Booker (2006) described it, by nature, as forward looking.

L. Pinson (2007) divided financial plan into:

- Summary of Financial Needs
- Cash Flow Statement (Budget)
- Three-Year Income Projection
- Break-Even Analysis
- Balance Sheet
- Profit & Loss Statement

F. Flore (2005) wrote that the section "Financial documents" is a quantitative interpretation of everything that the writer indicated in the operational and marketing parts of his plan. Well-executed financial statements will give the writer the opportunity to realistically look at his business in terms of profitability.

3.2.6.1 Summary of Financial Needs

J. Weinberg (2008) described the beginning of the financial plan with a summary of how much money the writer will need to operate the business for the first year. If he needs to raise some of this money, specify how much you are looking for and how it will be spent. Show a breakdown for how much will be used for leases and equipment and how much will be used for operating expenses. If the writer has applied for loans, include information on loan repayment in this section.

3.2.6.2 Cash Flow Statement (Budget)

L. Pinson (2007) defined a cash flow statement as a financial document that describes what your business plan means in dollars or other currencies. N. Ramachandran (2014) defined it as cash summary of the machine, wherein all the cash inflows and outflows in a business over a period of time are stated, registering how much cash is available in a business to keep the business running.

J. Langabeer (2008) mentioned that cash is needed to pay short-term bills, pay wages and to fund daily operations. The statement of cash flows represents all cash flows received from current business activities and investments, as well as outflows of money for expenses, labor and other activities. The statement of cash flows reflects both sources and allocations, and reconciles both the income statement and the balance sheet with changes in cash flows.

The statement of cash flows indicates when it is expected to receive cash, and when it should be spent on paying bills and debts. It also allows the manager to determine where the necessary money will come from.

3.2.6.3 Three-Year Income Projection

A three-year income projection is a profit and loss account (or profit or loss). This statement is different from the cash flow statement in that it includes only projected revenues and deductible expenses. That means that you should create a Cash Flow Forecast, which is an estimate, made by the business, of the cash, it expects to receive over a period and spend, depending on the progress of the business during that time, N. Ramachandran (2014) wrote.

Information on a three-year income projection can be developed from your cash flow statement and marketing analysis. Data for the first year can be translated from the results of income and expenses. The results of the second and third years are obtained by combining these results with the projected trends in your particular industry.

3.2.6.4 Break-Even Analysis

J. Booker (2006) wrote that break-even analysis is used to give answers to questions such as "what is the minimum level of sales that ensure the company will not experience loss" or how much can sales be decreased and the company still continue to be profitable". Break-even analysis is the analysis of the level of sales at which a company (or a project) would make zero profit. As its name implies, this approach determines the sales needed to break even.

M. Cafferky (2010) mentioned that traditionally, breakeven has been expressed in one of two ways. If the desired result is the quantity of units that must be sold achieve to breakeven, the following formula is used:

$$\textit{Break Even in Units to Be Sold} = \frac{\textit{Fixed Cost}}{\textit{Contribution Margin per Unit}}$$

If however, the desired result is the dollar amount of sales required to reach breakeven, the following formula is used:

$$\textit{Break Even in Money to Be Sold} = \frac{\textit{Fixed Cost}}{\textit{Contribution Margin Ratio per Unit}}$$

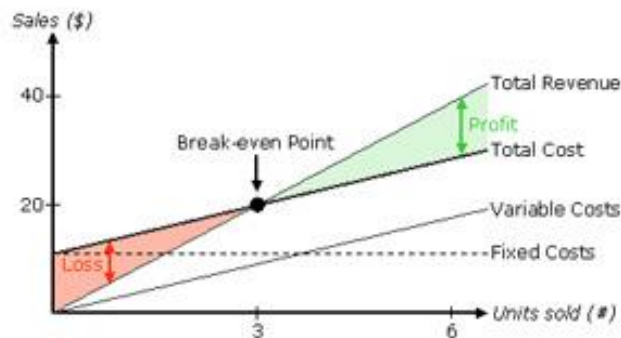
There is a special formula for restaurants, which is:

$$\text{Break Even} = \text{Total Fixed Costs} \div \left(\frac{\text{Total Sales} - \text{Total Variable Costs}}{\text{Total Sales}} \right)$$

As mentioned by L. Pinson (2007), all the data can be obtained from a three-year income projection. Since breakeven is not achieved until the writer's total revenues match up with his expenses, calculating your break-even point will require that he adds sufficient amounts of income and expenses together until he see that total revenues exceed total expenses.

Figure 2 Break-Even Analysis

Source: www.memrise.com



3.2.6.5 Net Present Value Analysis

By opinion of E. Belverd and M. Needles (2011), the net present value method estimates capital investments by discounting future cash flows to their current (present) values and subtracting the amount of initial investment from their proposed investments is estimated equally, and projects with the highest net present value are the amount that exceeds the original investment are chosen for implementation.

M. Needles (2011) mentioned advantages of the net present value method. A significant advantage of the net present value method is that it includes the time value of money in the analysis of proposed capital investments. Future inflows and outflows of cash are depreciated by the company's minimum rate of return to determine their current values. The minimum rate of return must be at least equal to the company's average cost of capital.

4. Practical Part

4.1. Organizational Plan

4.1.1. Summary of the Business

To implement this business project, a new company is being created in the form of LLC.

LLC "Creed" is a public catering company, namely a gastropub.

Limited Liability Company "Creed" is a legal entity, maintains accounting and statistical records, and independently determines the form of management.

The creation of the gastropub is unique for the restaurant business in the city of Orenburg. The presence of just one gastropub in the city offers great opportunities for our company.

The goal of the activity of LLC "Creed" is to satisfy the demand of the population for catering services and making profit. In the long term, the goal of this project will be to reach the leading position in the restaurant business of Orenburg, as well as the creation of a restaurant chain.

The mission of this business plan is to create a gastropub, combining the best qualities of such restaurants. The creation of such a restaurant presupposes a competent choice of such a niche market, where the firm could build its long-term strategy. Having established a perspective scheme for establishing business ties, pursuing an optimal pricing policy, caring for the encouragement and support of its regular customers, expanding the range of its activities and, thereby, reducing risks in its activities.

The business project has a clear positioning, in which its customers are the most promising segment of the market - the middle class.

The most numerous representatives of the middle class are residents of Orenburg, whose market is targeted for a business project.

Target segment of visitors is a middle class with income for a family of three people from 8 to 15 thousand dollars a year.

According to the World Bank classification and data, the share of the middle class in the Russian Federation is 60.7%, it is this part of the population that are the main potential visitors to the restaurants of the business project.

Table 2 Operating Hours

Source on input

Hours of Operation	
Day	Hours
Sunday – Thursday	12:00 – 00:00
Friday – Saturday	12:00 – 02:00

The planned date for the company's opening is the 4th quarter of 2018.

Table 3 Investment Information

Source on input

Documentation of the project	Total investment	Possible forms of investment	NPV – Net Present Value	Payback period
Business Plan	220000 EUR	Ownership Inv., Bank loan, Other Inv.	1 st year – 156043 EUR 2 nd year- 171360 EUR 3 rd year –165326 EUR	12-24 Months

4.1.2 SWOT Analysis

The main strengths, weaknesses, opportunities and threats were identified by SWOT analysis. The main strength is the uniqueness of the project as it is a new niche in the restaurant industry of Orenburg, a well-considered development strategy, a variety of special offers gastropub. Out of weaknesses stands out the strong position of the main competitor of "Macarena" in the market and high business development costs. Opening of a chain of restaurants, creating a website, the organization of thematic parties are main opportunities. Strong image position of the main competitor – “Macarena” is the main threat.

Table 4 SWOT Analysis of the Restaurant

Source on input

SWOT Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • A well-considered strategy of development • Large variety of menus • Reasonable prices • Good location • Possibility of booking tables via the “Restan” application • A variety of special offers gastropub • Partner Suppliers 	<ul style="list-style-type: none"> • High business development costs • Insufficient experience of doing business • Weak advertising company • Unformed image of gastropub
Opportunities	Threats
<ul style="list-style-type: none"> • Diversification by model concept and menu • Opening of a chain of restaurants • Creating a website • The organization of thematic parties • Attraction of regular customers • segment capture • Development of information technologies; use of modern automatization systems • Reduced costs associated with the formation and content of stocks 	<ul style="list-style-type: none"> • Strong image position of the main competitor – “Macarena” • Increased competition • Possible theft of staff • Outflow of customers due to poor service • Location next to competitors • Inflation • The appearance of a new type of restaurant services • The growth of taxes and duties

4.1.3. Service

Gastropub "Creed" will provide a range of different services. The main services in the restaurant will be following:

*Table 5 Description of Services
Source on input*

Services	
Type of Services	Description
Catering services	<ul style="list-style-type: none"> • services for manufacturing catering products and creating conditions for its implementation and consumption in accordance with the type and class of the enterprise (gastropub).
Manufacturing services of products of public catering	<ul style="list-style-type: none"> • the organization of a food and service of special actions (banquets, corporate evenings and holidays, etc.); • services of the waiter and the barman; • ordering and booking seats in the catering hall; • provision of sale of discount cards (5% and 10%); • the organization of a food and service in zones of rest, on cultural-mass and sports actions, etc.
Sale services of public catering products and purchased goods	<ul style="list-style-type: none"> • the sale of products to take away from the restaurant.
Leisure Services	<ul style="list-style-type: none"> • hookah service (by LLC "Chilin Group") • organization of music and entertainment (animation) services; • organization of concerts, video programs, etc.;

	<ul style="list-style-type: none"> • providing consumers with music, entertainment and television support; • the organization of thematic parties.
Other services	<ul style="list-style-type: none"> • packaging of products left after customer service; • packing of products purchased at a restaurant; • guaranteed storage of personal belongings (outer clothing), bags and consumer values; • call a taxi on the order (request) of the consumer.

4.1.4. Administrative Plan

4.1.2.1 Legal Structure

The main business owners will be Sergey Poptcov, Andrey Poptcov and Maksim Poptcov. Sergey Poptcov is the main investor with a 50% stake and is the CEO of Limited Liability Company “Creed”. Maksim Poptcov has a 30% stake in the company, is the Deputy CEO and performs all managerial functions. Andrey Poptcov owns 20% and is the main supplier of food-required restaurant.

4.1.2.2 Location

The firm plans to rent a room with a total area of 299 square meters on the first floor of a four-story building on Salmyshskaya Street 1a. The building is owned by the shopping center “Sunrise”, where clothes, electronics, perfumes shops, fast food restaurants (KFC, Burger King) are located, as well as entertainment institutions (bowling center and cinema).

The building is constructed of ceramic blocks, has concrete floors, air conditioning and heating systems. There are two parking lots - internal underground (paid) and external (free). The premises of the shops belong to the owners of the shopping center as private property.

The rented premises have two entrances - from the street and directly from the shopping center. There is a small warehouse for food storage on its territory.

Within a radius of 500 meters from the shopping center are McDonald's, the theater, the restaurant "Iris", the Infinity nightclub, and the stripper "Lighter". The bus stop "Sunrise" is also in close proximity to the shopping center (30 m). Neighborhood with the Infinity nightclub will increase sales, as people will come for an aperitif in the restaurant "Creed".

4.1.2.3 Management and Personnel

The main duties of management and personnel in the restaurant was described in the table below.

*Table 6 Management and Personnel
Source on input*

Management and Personnel	
Position	Duties
Management	
CEO	<ul style="list-style-type: none"> • Execution of representative function
Deputy CEO	<ul style="list-style-type: none"> • Execution of documents necessary for the implementation of activities for the provision of public catering services. • Ensuring the provision of necessary and reliable information to customers about the services provided. • Implementation of the organization, planning and coordination of the restaurant. • Ensuring a high level of production efficiency, developing new techniques and technologies, forms of service and work organization. • Realization of control over the rational use of material, financial and labor resources, as well as assessing the quality of customer service. • Entering into contracts of delivery of food products, the control of

	<p>terms, assortment, quantity and quality of their delivery and realization. Provide reporting on production activities.</p> <ul style="list-style-type: none"> • Representing the interests of the restaurant on his behalf. • Establishment of official duties for employees subordinate to him and taking measures to ensure their execution. • Decides on appointments, transfers and dismissal of restaurant employees, as well as the application of incentive measures to distinguish workers and the imposition of fines for violations of production and labor discipline.
Chef	<ul style="list-style-type: none"> • Implementation of the management of the production and economic activities of the kitchen. • Management of the activity of cooks to ensure the rhythmic release of their own production in accordance with the production task. • Drawing up applications for the necessary food products and raw materials, ensuring their timely receipt from suppliers, monitoring the timing, range, quantity and quality of their receipt. • Compilation of the menu (consulting the CEO). • Realization of the control over technology of preparation of food and observance by workers of sanitary requirements and rules of personal hygiene. • Implementation of the arrangement of cooks and other employees taking part in production. • Drawing up working schedules for cooks. • Organization of accounting, as well as timely reporting on production activities. • Monitoring the proper exploitation of the equipment. • Control over employees' compliance with safety regulations. • Carrying out of trainings on improvement of professional skill of workers.
Administrator	<ul style="list-style-type: none"> • Providing work on efficient service of restaurant visitors, creating comfortable conditions for them. • Control of timely receipt of orders by waiters.

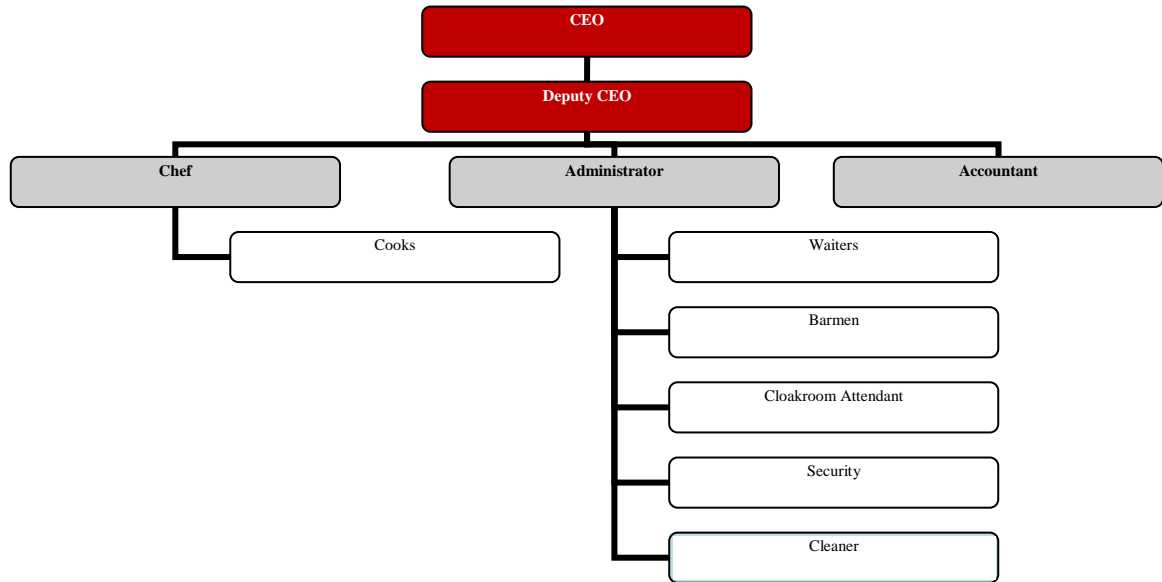
	<ul style="list-style-type: none"> • Adoption of measures to prevent conflicts in the restaurant. • Consideration of claims related to unsatisfactory customer service and work to eliminate them. • Development of a program for organizing and serving events in a restaurant. • Control over the observance of discipline, safety, the requirements of industrial sanitation and hygiene. • Informing the management of the organization about the shortcomings in servicing the visitors. • Implementation of control over the performance of the instructions of the restaurant management by employees.
Personnel	
Accountant	<ul style="list-style-type: none"> • Management of the implementation of accounting, control over the correct execution of accounting documents. • Control over the rational and economical use of material, labor and financial resources. • Control over the correctness of data on the accounting accounts of all business transactions and their compliance with legislation. • Implementation of the economic analysis of the firm. • Formation of a budget for events. • Assisting employees in accounting, control, reporting.
Cook	<ul style="list-style-type: none"> • Preparation of the workplace at the beginning of the working day. • Preparation of main products (food). • Preparation of meals for staff. • Provision of product rotation, as well as control over the shelf life of products. • Drawing up lists of necessary products and their presentation to the chef. • Maintenance of cleanliness in the kitchen in accordance with the requirements. • Informing the administration about the absence of products, about malfunctions of inventory, sanitary equipment.

	<ul style="list-style-type: none"> • Participation in general kitchen cleaning.
Waiter	<ul style="list-style-type: none"> • Serving the table in accordance with established standards. • Control over the cleanliness, condition of cutlery, dishes, tablecloths and napkins. • Knowledge of the main menu items offered to guests. • Advise guests about the peculiarities of food and drinks. • Acceptance of orders. • Serving of dishes and drinks according to the established rules of service. • Taking measures, within the scope of its competence, to resolve problems that arose with the client. • Creating an atmosphere of hospitality.
Barmen	<ul style="list-style-type: none"> • Service of guests. • Knowledge of current prices for alcoholic beverages. • Knowledge of the types of domestic and foreign alcoholic beverages in the bar. • Knowledge of recipes for making cocktails and drinks. • Maintenance of cleanliness of a bar, the equipment and stock. • Ability to support the conversation in a difficult time for the client!
Cloakroom attendant	<ul style="list-style-type: none"> • The implementation of the reception and issuance of the outer clothing of customers.
Cleaner	<ul style="list-style-type: none"> • Providing of cleanness in the restaurant • Cleaning of WC every hour
Security	<ul style="list-style-type: none"> • Implementation of the admission of customers to the restaurant. • Solving issues that arise in case of incorrect behavior of clients. • Checking video-cameras

The restaurant hierarchy is presented in the scheme. It shows levels of management in the restaurant.

Figure 3 Hierarchy of the Restaurant

Source on input



4.1.2.4 Accounting

The accounting department will consist of one employee fulfilling the obligations of an accountant. All the duties that he must perform have been mentioned in the section above.

Restaurant “Creed” will use the online accounting system 1CFlash as the main one. In addition, our company does not refuse to use classical Excel to check data, as well as store it.

1CFlash is a popular system in Russia, which many accountants use. Its main advantages for us are low price, simplicity of use, and the confidentiality of data. The system protects and copies data to Excel automatically using a modern encryption system. In addition, this system automatically creates a table for financial and tax reports. It is possible to use this program offline. The data is stored on the device and synchronized in the database automatically when you go online.

1CFlash works on both PCs and smartphones. This allows us to use this software at any time and in any place.

The CEO, his deputy and an accountant will know login and password.

4.1.2.5 Insurance

It is planned to insure property against risks of accidental damage, or loss as a result of fire, natural disasters, accidents in water supply systems, heating, sewerage, burglary, deliberate illegal actions of third parties.

The objects of insurance are the property of the insurant, namely the restaurant premises, engineering communications, the contents of the restaurant (furniture), production and electronic equipment, semi-finished products, finished products, etc.

“Ingosstrakh” company will insure the restaurant.

In addition, insurance will be provided for restaurant guests from poisoning with stale or poor-quality products, from "dropping a bowl of hot soup from the waiter's tray to the visitor", from spoiling the guests' property in the wardrobe and even from dropping guests on the slippery floor of the establishment.

Our restaurant will refuse the standard insurance of catering establishments in favor of partial insurance. “Ingosstrakh” specialists will conduct a thorough analysis of the entire production process of the restaurant, features of the occupied premises, security and fire safety, storage conditions of products etc. This will significantly reduce the cost of insurance.

4.1.2.6 Security

The restaurant “Creed” will pay great attention to industrial and information security.

Work will be carried out to install security and fire safety. Smoke detectors and a fire extinguishing system will be installed in the main hall and in the kitchen. Also, the restaurant will be equipped with fire extinguishers in accordance with the Federal Law of December 21, 1994 N 69 "fire safety".

In order to help guard, a video surveillance system will be installed along the perimeter of the restaurant excluding the toilet. The company “Maxim P” will install the alarm and video surveillance system.

It is planned to develop a safety instruction for personnel.

The evacuation plan will be elaborated. In case of an emergency, evacuation will be carried out using two exits (exits to the street and to the shopping center).

In addition, the shopping center “Sunrise” has a doctor on duty every day from 9:00 to 22:00. In case of an emergency, the doctor will need no more than 2 minutes to arrive at the restaurant.

Reliable “Kaspersky” anti-virus systems will be installed on all the company's electronic devices. The availability of this software will allow us to work safely with data both online and offline. If necessary, this system makes an emergency deletion of data from online services. With online deletion, all data will remain on devices offline.

4.1.2.7 Intellectual Property

It is planned that the chef of the restaurant will create a menu. In addition to classic dishes of European, Russian and Japanese cuisine, the chef will make his own dishes and desserts. The decoration of the restaurant's author's dishes is also the result of intellectual activity, which forces LLC "Creed" to register unique rights for this.

Holding thematic parties is also part of the intellectual property of the restaurant and will be registered.

With the development of the restaurant will be realized cooking its own beer. However, this event is planned to be implemented in about 2-3 years, so it will not be taken into account in the initial expenses for intellectual property.

The amount that the restaurant should pay for registration of intellectual property is indicated in financial plan.

4.2 Marketing Plan

4.2.1 Market Analysis

4.2.1.1 Target Market

The target audience of the restaurant are men and women aged 16-50 (the core of the target audience is 20-35), with an average / above average income (office staff, individual entrepreneur, managers, students), residents of the city of Orenburg (94%) and nearby villages 5%) and visiting tourists (1%).

Large age limits are explained by the economic well-being of the city, its small demographic size (600,000 people), cheap prices, and the small availability of popular restaurants.

From the geographical point of view, the restaurant is accessible to all residents of the city. Get to it can be a maximum of 25 minutes from anywhere in the city. This is due to the small area of the city (259 km²). For comparison, the size of the nearby regional center of Ufa has an area of 708 km² with a population of 1.1 million.

Orenburg is a rapidly developing city and therefore the city's society in its 16-50 age with great interest takes innovations in the sphere of catering services and others.

The key values of our target audience are family and friends. All his free time prefers to spend with family and friends. In addition, they value stability, comfort and entertainment - everything that our restaurant can offer.

Townpeople (16-50) lead a measured, calm and thus spontaneous way of life. By the nature of the purchase - a follower. Buy popular trend items and visit popular institutions. The purchases trust the opinion of friends and close relatives.

4.2.1.2 Competitors

Now in Orenburg it is about 1 thousand. Catering establishments of which 469 are classic restaurants and bars, and only one gastropub. Approximately 50% of restaurants and cafes are located within the city center or in areas close to it. This is because the city center is a more attractive place for free time and entertainment. However, the research data of the local TV channel "Region" say, "People in our city do not pay much attention to the location of restaurants because of the small size of the city."

The main and only competitor in the field of gastropubs is "Macarena". In addition to "Macarena" in Orenburg, there are institutions claiming leadership in the medium-scale format, which have common characteristics: they either refer to networks, or are opened by famous restaurateur.

The most notable restaurateur in Orenburg are:

1. Makar and Egor Makarov ("Macarena", "Good Company", as well as a network of draft beverages "Bochka");
2. Alexey Marinin (restaurant chain "M-Restaurateur", "Trefoil", "Grill and Vine", "Thursday");
3. Ruslan Salimov (restaurant complex "Kosmos").

The middle class of Orenburg is actively forming the habit of going to restaurants just like that, and not on weekends or big holidays. That is why the investment project of the restaurant "Creed" is proposed. The activity of the enterprise being created is aimed at providing catering services for people with an average / above average income (average bill of \$ 15-25).

The main competitors of LLC "Creed" are:

- LLC "Macarena";
- LLC "Kosmos";
- LLC "Inzhir".

All these restaurants compete among themselves, however the range of services offered by them is different.

Detailed analysis of competitors is carried out on the following positions: location, operating time, cuisine, prices, interior, entertainment programs, music, advertising and security.

The table provides more detailed data and expert assessments, on the basis of which it is possible to judge the level of competitiveness of the proposed project. Restaurant "Creed" plans to compete with the mentioned institutions and will be added to the comparison table.

Table 7 Comparison of Competitors

Source on input

Comparison of Competitors				
	Creed	Macarena	Kosmos	Inzhir
Location	Salmyshskaya Street 1	Victory Street 1A	Garden prospect 26	Victory Street 2/2
Operating time	Sun – Thu 12:00 – 00:00 Fri – Sat 12:00 – 02:00	10:00 – 00:00	12:00 – 01:00	Around the clock
Cuisine	European, Japanese, Russian.	European, Japanese.	European, Japanese.	European, Japanese, Eastern.
Average check	10 – 23 EUR	10 – 24 EUR	13 – 29 EUR	10 – 23 EUR
Interior	Loft, Western	Modern	European	Eastern
Entertainment programs	Thematic parties, Life music	Thematic parties, Live music	Live music	...
Music	Pop, alternative, rock	Pop	Pop	Pop
Advertising	Instagram, VK, Trip Advisor, YouTube.	Instagram, VK, Trip Advisor.	Instagram, VK, Trip Advisor.	Instagram, VK, Trip Advisor.
Security	✓	✓	✓	✓
Parking	✓	✓	✓	✓

Because there is no such concept in the proposed area and the niche for which will be oriented LLC “Creed” is practically free, serious competition in this area is not expected.

4.2.1.3 Market Trends

The Orenburg market of gourmet restaurants is expected to stagnate. According to the forecasts of the president of the federation of restaurateur and hoteliers of Orenburg Alexey Marinin, in the coming years the boom of the opening of expensive restaurants will come to naught: some of the existing restaurants will be reconstructed, and a fifth will cease to exist. A new field of activity for restaurateur is the development of democratic concepts.

In addition, the main trends in the restaurant business in 2018-2019 are:

- Preparation of national cuisine;
- Preparation of own drinks inside the establishment, for example, craft beer;
- Food delivery;
- Informal interior;
- New concepts of restaurants (gastropub);
- The chefs are cooked right in front of your table.

One more and very new trend of restaurants in Orenburg is new sort of music. Almost all restaurants provide pop-music in this city. Only some bars do provide alternative and rock music that give the restaurant “...” an opportunity to be first restaurant providing other sorts of music.

4.2.2 Marketing Strategy

4.2.2.1 Methods of Sales and Distribution

The restaurant will use two methods of sales and distribution its goods and services. First, a *direct method* of sales and distribution will be used. Our customers will be able to purchase our services directly at the restaurant. If necessary, they can pick up the food or drinks, we will pack for them, with them. They can pay the bill both by cash and by card.

The *indirect method* of marketing is the opportunity to order food and drinks at home. Since the flow of orders for the house is not planned to be great our restaurant will use the Orenburg delivery service. This will reduce costs, because it is cheaper than having

a staff member - a food distributor with a monthly salary. Payment for delivery will be made only in cash, since our restaurant does not have a website.

4.2.2.2 Price Policy

The choice of the price policy of the restaurant “Creed” is guided by the price range in the market. The highest prices in Orenburg are the average check for 30-70 EUR. For comparison, prices for the most popular dishes and alcoholic beverages are taken, namely:

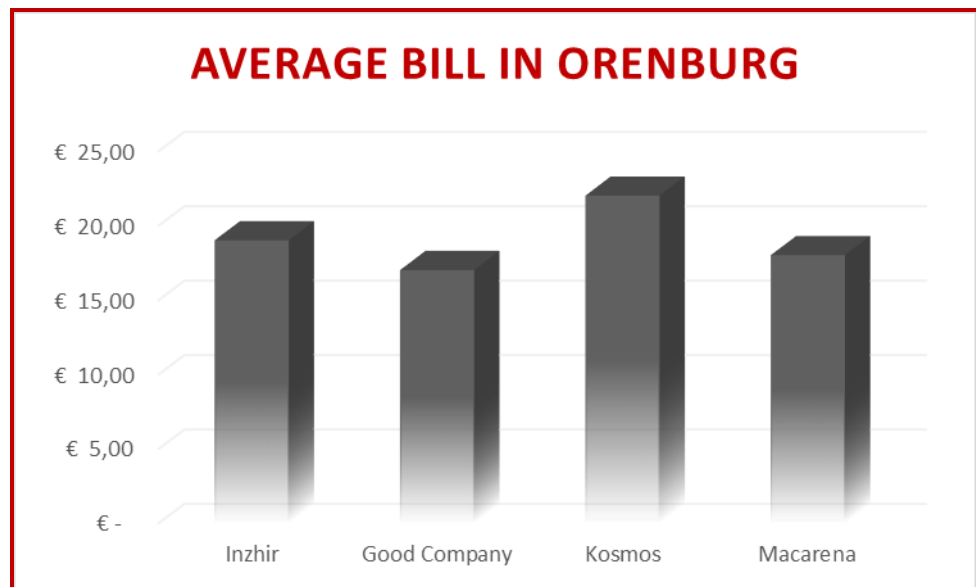
- Pork steak Medium Rare - 20 EUR (Restaurant “Trefoil”)
- Pasta Carbonara - 14 EUR (Restaurant “Trefoil”)
- Caesar salad - 10 EUR (Restaurant “Dacha”)
- Cheeseburger - 16 EUR (Restaurant “Thursday”)
- Shish kebab - 16 EUR (Restaurant “Good Company”)
- Jamieson 0.5 - 60 EUR (Restaurant “Good Company”)
- Jack Daniels 0.5 - 50 EUR (Restaurant “Good Company”)
- Chivas Regal 0.5 - 65 EUR (Restaurant “Dacha”)

The lowest price for an average check is 10-20 EUR.

- Pork steak Medium Rare - 12 EUR (Restaurant “Marshmallow”)
- Pasta Carbonara - 4 EUR (Restaurant “Argument”)
- Caesar salad - 3 EUR (Restaurant “Marshmallow”)
- Cheeseburger - 5 EUR (Restaurant “Argument”)
- Shashlik - 6 EUR (Restaurant “Argument”)
- Jamieson 0.5 - 15 EUR (Restaurant “Marshmallow”)
- Jack Daniels 0.5 - 13 EUR (Restaurant “Argument”)
- Chivas Regal 0,5 - 15 EUR (Restaurant “Marshmallow”)

Figure 4 Average Bill Comparison Graph

Source on input



Based on these data, the restaurant will have an average price policy. The average check will vary from 10 to 23 EUR. The prices for popular dishes will be as follows:

- Pork steak Medium Rare - 15 EUR
- Pasta Carbonara - 8 EUR
- Caesar salad - 7 EUR
- Cheeseburger - 8 EUR
- Shish kebab - 8 EUR
- Jamieson 0.5 - 22 EUR
- Jack Daniels 0.5 - 20 EUR
- Chivas Regal 0.5 - 22 EUR

The pricing strategy “Creed” was based on the prices of competitors. After analyzing competing restaurants, in particular “Macarena”, “Creed” set its prices at an even level.

To successfully promote these services in the market, methods of motivating sales will be used that create additional benefits for the restaurant “Creed”. Some of them can be

considered a system of discounts on holidays (Discount in love with Valentine's Day) and a system of discount cards of gold and silver nominal for regular customers (5%, 10%).

4.2.2.3 Branding

LLC “Creed” creates a brand built on value, excellent service, reliability for long-term growth and expansion of business. The company plans to create a chain of restaurants in Orenburg under a common brand. The brand will have the same name, as the company - “Creed”. “Creed” will become a real gastropub with exquisite cuisine and live music. Like any other brand, “Creed” has its own logo.

Figure 5 Restaurant Icon

Source on input



4.2.2.4 Sales Strategy

E-mail Marketing - regular customers owning discount cards will receive notifications on email about new special offers and out coming events.

Reciprocal Marketing - “Creed” will create special leaflets describing the restaurant, which will be distributed in all establishments where the partner “Chilin Group” is working. For example, a leaflet with a beautiful design will be created, where it says - come to smoke our hookahs in a new gastro-pub “Creed”.

4.2.2.5 Sales Incentives/Promotions

Free dinner - restaurant visitors will have the opportunity to have dinner free of charge. To do this, they need to order a corporate burger weighing 1kg. In the event that a customer can eat a burger in 15 minutes, he gets it free. Otherwise, he will have to pay.

Coupons for 10 EUR will be played in Instagram every month. To do this, subscribers need to make a repost of the photo in the Instagram. Through a special program

will be determined two winners, which will receive coupons. With the development of the restaurant, the number of winners will increase.

4.2.2.6 Advertising Strategy

In the information age, the most popular and widespread way of advertising is the use of online services.

“Creed” will use several platforms for advertising:

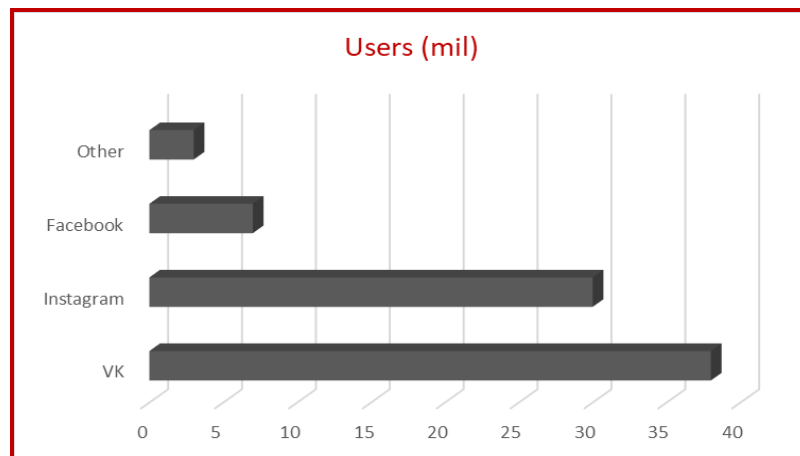
- Instagram - the personal page of the restaurant will be opened, where the posters of the main events will be posted, a photo of the novelties of the menu, as well as a photo report;
- VK is the main social network in the CIS (The Commonwealth of Independent States). A personal page and a group will be created, in addition to the main events, new menu items and a photo report, the news related to the restaurant will be posted. In addition, two weeks before the opening and in the first month of work, the site of the online banner will be bought, which appears on the left side of the site;
- YouTube will be used to produce commercials and a video report of the main events.

Facebook will not be used, as it is not popular on the territory of the Russian Federation.

The restaurant will refuse traditional advertising, because it is no longer effective.

Figure 6 Using of Social Networks Graph

Source on input



4.2.2.7 Public Relations

Events - the restaurant also plans to participate in the annual restaurant exhibition Oren Rest, offering visitors its services, as well as the opportunity to taste cocktails and desserts.

In addition, *press releases* will be implemented to announce special events taking place in the restaurant. This will begin with the official press release "Grand Opening", which will take place on local radio stations owned by our partners.

4.2.2.8 Networking

LLC "Creed" will sign a contract with Chilin Group on a mutually beneficial basis. Chilin Group is LLC, which provides hookah services. This group is a partner of almost all fashionable restaurants and bars of the city, including competitors "Macarena" and "Kosmos". They provide hookahs to the restaurants, as well as hookah masters. The profit is divided 60 (restaurant) into 40 (Chilin Group). Mutual advertising is also provided.

The main partner of the restaurant will be "". A company provides food products to food factories. The owners of the firm are my own brother and his friend-partner. Therefore, the contract with this company will be concluded on favorable terms. A weekly supply of necessary food is expected, as well as delivery in accordance with the request.

4.3 Financial Plan

4.3.1 Financial Summary

4.3.1.1 Financial needs

LLC "Creed" is seeking funding for \$210,000 for the development of its Orenburg restaurant location.

4.3.1.2 Sources of Funds

Table 8 Total Investments

Source on input

Owners	€	110 000,00
Bank loan	€	110 000,00
Total	€	220 000,00

4.3.1.3 Assumptions for Financial Projections

The restaurant “Creed” plans to have about 150-200 regular customers. Financial forecasts are based on actual results obtained by restaurant competitors (“Macarena” and “Kosmos”). Below are the average costs per person received for purchasing certain categories.

Table 9 Average Sales

Source on input

Average Sale by Category	
Customer Purchase	Average Spent (EUR)
Meals (Including soft drinks)	16
Alcoholic beverages	10
Corporate events	425

Meals. It is planned that the income from meals intake will be stable throughout the year with a large increase in the summer months. The company expects that the average monthly income will be 13,000 EUR (excluding corporate events) in the first year of its existence. These numbers are also based on the incomes of other restaurants, Iris and Good Company. The income of the Iris restaurant averages about 15,000 EUR per month. A good company earns on the sale of food on average about 17,000 EUR per month.

Alcoholic beverages. As with meals, alcohol sales will be the most massive in the summer months due to the greater availability of free time, and because of the arrival of new residents in the restaurant's dislocation area. Sales of alcoholic beverages are based on

their actual sales in 2017 for three restaurants. The average monthly sales were as follows: “Inzhir” - 18,648 EUR, “Kosmos” - 20,218 EUR, “Macarena” - 19,356 EUR.

Corporate events - “Creed” will widely advertise its object as a choice for holding corporate events. By the end of the year, the number of events held in the restaurant will increase due to corporate parties at the end of the year.

4.3.1.4 Dispersal of Loan Funds

Before the restaurant “Creed” will be opened, some operating expenses should be performed. These costs will be spent on decorating the restaurant premises, as well as on the registration of all necessary documents. These costs can be seen below.

Table 10 Total Service Expenses

Source on input

Service Expenses	
Services one time	Price including VAT
Marketing Expenses	€ 25 000,00
Preparation of inner space	€ 20 000,00
Designer	€ 14 000,00
Intellectual property	€ 6 241,00
Lawyer	€ 1 500,00
Rent (first month)	€ 1 435,00
Total	€ 68 176,00

Table 11 Total Equipment Expenses

Source on input

Equipment Expenses			
Equipment	Units	Price per unit including VAT	Total price including VAT
Table	15	€ 300,00	€ 4 500,00
Armchair	10	€ 150,00	€ 1 500,00
Chair	40	€ 50,00	€ 2 000,00
Bar stuff			€ 13 000,00
Music stuff			€ 5 000,00
Office stuff			€ 3 500,00
Kitchen stuff			€ 30 000,00
Heating			€ 18 000,00
Ventilation			€ 15 000,00
Fire security			€ 13 000,00
Security			€ 8 000,00
Other			€ 8 000,00
Materials			€ 10 000,00
Total	65		€ 131 500,00

A detailed description of the costs of equipment, services, salaries, monthly fixed and variable costs, as well as depreciation, you can see in the *appendix*.

4.3.2 Cash-Flow Statement

In the 12-months cash flow statement describes projected COGS (cost of goods sold), fixed and variable costs for this period. Customers and other revenues are also calculated in the table below. From the main fixed costs salary and rent expenses are verified. The greatest variable costs is expenditures on corporate events.

Table 12 12-Month Cash Flow Statement

Source on input

"Creed"
Projected 12-Month Cash Flow

	11.1.18	12.1.18	1.1.19	2.1.19	3.1.19	4.1.19	5.1.19	6.1.19	7.1.19	8.1.19	9.1.19	10.1.19
Period Beginning	11.1.18	12.1.18	1.1.19	2.1.19	3.1.19	4.1.19	5.1.19	6.1.19	7.1.19	8.1.19	9.1.19	10.1.19
Period Ending	11.30.18	12.31.18	1.31.19	2.28.19	3.31.19	4.30.19	5.31.19	6.30.19	7.31.19	8.31.19	9.30.19	10.31.19
Cash at Beginning of Period	8 300	25 568	42 730	60 380	78 107	94 874	111 285	129 016	148 342	166 218	184 311	201 071
Cash at End of Period	25 568	42 730	60 380	78 107	94 874	111 285	129 016	148 342	166 218	184 311	201 071	216 593

	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19
Cash Receipts												
Cash receipts from												
Customers	27 620	30 158	28 689	28 997	27 369	27 009	29 045	31 045	28 645	29 039	28 231	26 211
Other operations	420	500	456	498	390	351	478	532	500	421	400	265
Net Cash Available	28 040	30 658	29 145	29 495	27 759	27 360	29 523	31 577	29 145	29 460	28 631	26 476

	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19
Cash Payments												
A. Cost of goods sold												
Meals	-700	-956	-768	-800	-692	-738	-652	-953	-950	-941	-900	-768
Alcoholic beverages	-598	-950	-632	-700	-599	-642	-753	-896	-800	-789	-703	-632
Total Cost of Goods Sold	-1 298	-1 906	-1 400	-1 500	-1 291	-1 380	-1 605	-1 849	-1 750	-1 730	-1 603	-1 400
B. Fixed Expenses												
Salaries	-5 275	-5 275	-5 275	-5 275	-5 275	-5 275	-5 275	-5 275	-5 275	-5 275	-5 275	-5 275
Rent	-1 435	-1 435	-1 435	-1 435	-1 435	-1 435	-1 435	-1 435	-1 435	-1 435	-1 435	-1 435
Alarm	-800	-800	-800	-800	-800	-800	-800	-800	-800	-800	-800	-800
Insurance	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400
Utilities	-389	-389	-389	-389	-389	-389	-389	-389	-389	-389	-389	-389
Wi-Fi	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15
Telephone	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10
Total Fixed Expenses	-8 324	-8 324	-8 324	-8 324	-8 324	-8 324	-8 324	-8 324	-8 324	-8 324	-8 324	-8 324
C. Variable Expenses												
Corporate Events	0	-1 684	-500	-789	-450	-360	-640	-750	-342	-400	-678	-350
Office Operations	-400	-632	-446	-505	-416	-350	-488	-500	-319	-390	-500	-325
Advertising	-350	-350	-400	-250	-200	-195	-300	-328	-200	-199	-319	-210
Other Expenses	-300	-400	-300	-250	-231	-250	-300	-350	-241	-225	-317	-251
Laundry	-100	-200	-125	-150	-80	-90	-135	-150	-93	-99	-130	-94
Total Variable Expenses	-1 150	-3 266	-1 771	-1 944	-1 377	-1 245	-1 863	-2 078	-1 195	-1 313	-1 944	-1 230

Net Cash Flow	17 268	17 162	17 650	17 727	16 767	16 411	17 731	19 326	17 876	18 093	16 760	15 522
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4.3.3 3-Year Cash Flow Projection

This section again describes projected revenues, cost of goods sold, fixed and variable costs, but for 3-year period.

Table 13 3-Year Cash Flow Statement

Source on input

"Creed" Projected 3-Year Cash Flow

For the Year Ending	31.10.2019	31.10.2020	31.10.2021
Cash at Beginning of Year	8 300	188 228	370 499
Cash at End of Year	188 228	370 499	551 139

Cash Receipts	2018-2019	2019-2020	2020-2021
Cash receipts from			
Customers	342 058	352 123	357 941
Other operations	5 211	5 462	5 621
Net Cash Available	347 269	357 585	363 562
Cash Payments			
A. Cost of goods sold			
Meals	-10 018	-10 587	-10 896
Alcoholic beverages	-8 694	-8 752	-8 765
Total Cost of Goods Sold	-18 712	-19 339	-19 661
B. Fixed Expenses			
Salaries	-63 300	-66 465	-69 788
Rent	-17 220	-18 081	-18 985
Alarm	-9 600	-10 080	-10 584
Insurance	-4 800	-5 040	-5 292
Utilities	-4 668	-4 901	-5 146
Wi-Fi	-180	-189	-198
Telephone	-120	-126	-132
Total Fixed Expenses	-99 888	-104 882	-110 127
C. Variable Expenses			
Corporate Events	-6 943	-7 084	-7 151
Office Operations	-5 271	-5 369	-5 478
Advertising	-3 301	-3 051	-3 531
Other Expenses	-3 415	-3 893	-4 023
Laundry	-1 446	-1 500	-1 521
Total Variable Expenses	-20 376	-20 897	-21 704
Net Cash Flow	208 293	212 467	212 070
Depreciation	1 480	2 959	4 439
EBIT	206 813	209 508	207 632
Net Cash Flow After Tax (13%)	179 928	182 272	180 640

4.3.4 Net Present Value Analysis

To justify the hopes of the owners, and to provide the bank with proof of the profitability of this business, an NPV analysis was conducted. Based on the data from the 3-Year Cash Flow Projection.

After making the calculations using the correct formula, it becomes clear that the business is cost-effective with regard to PV and can be safely invested.

Table 14 Net Present Value Analysis

Source on input

NPV Analysis				
Year	0	1	2	3
CF	-220000	179928	182272	180640
PV	-220000	171360	165326	156043
NPV				272729

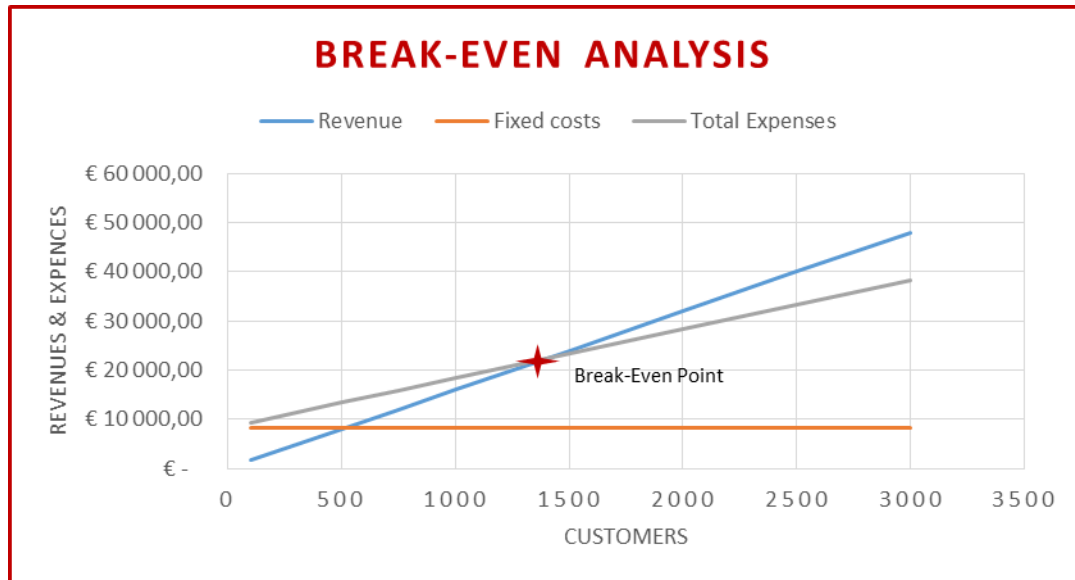
4.3.5 Break-Even Analysis

LLC “Creed” carried out three break-even analyzes for different scenarios. The main analysis was carried out for projected prices and incomes that the restaurant will be definitely able to earn. Other analyzes were performed for the worst and the best scenarios.

4.3.5.1 The Main Scenario

Figure 7 Break-Even Analysis (realistic)

Source on input



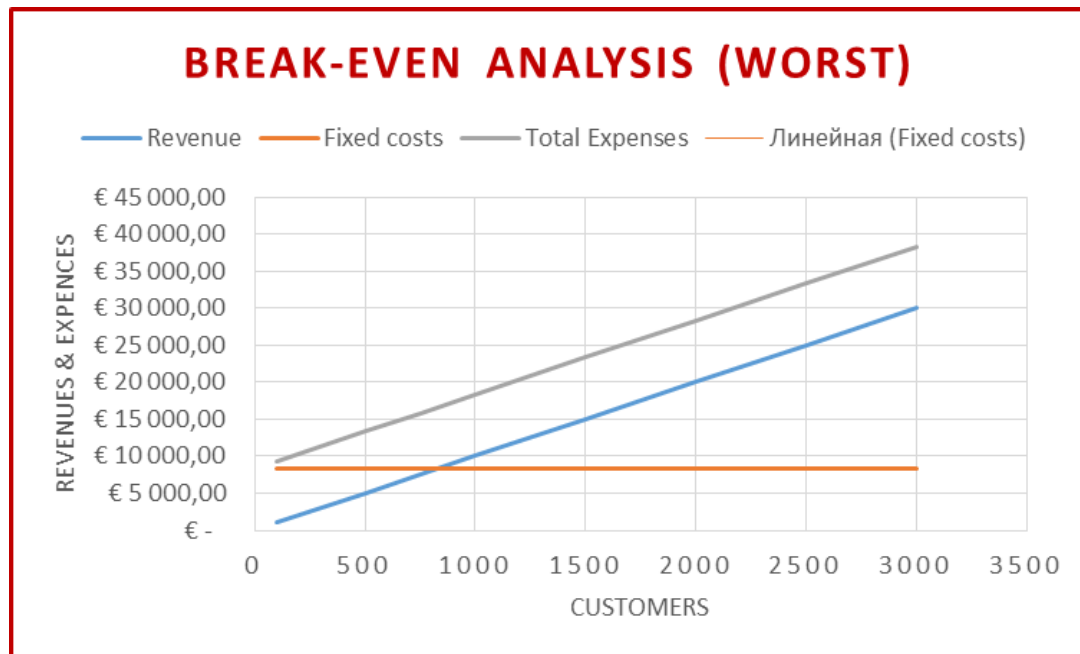
According to the market and competitor researches, the average price per person 16 EUR was taken.

Due to simple calculations, it was revealed that the monthly break-even point for the restaurant is at 22,013 EUR. This result satisfies the restaurant, since the planned monthly incomes range from 26,000 to 32,000 EUR. It will give the company an opportunity to go into net profit in 18-14 months. Bank loan will be paid by 12-14 months.

4.3.5.2 The Worst Scenario

Figure 8 Break-Even Analysis (pessimistic)

Source on input



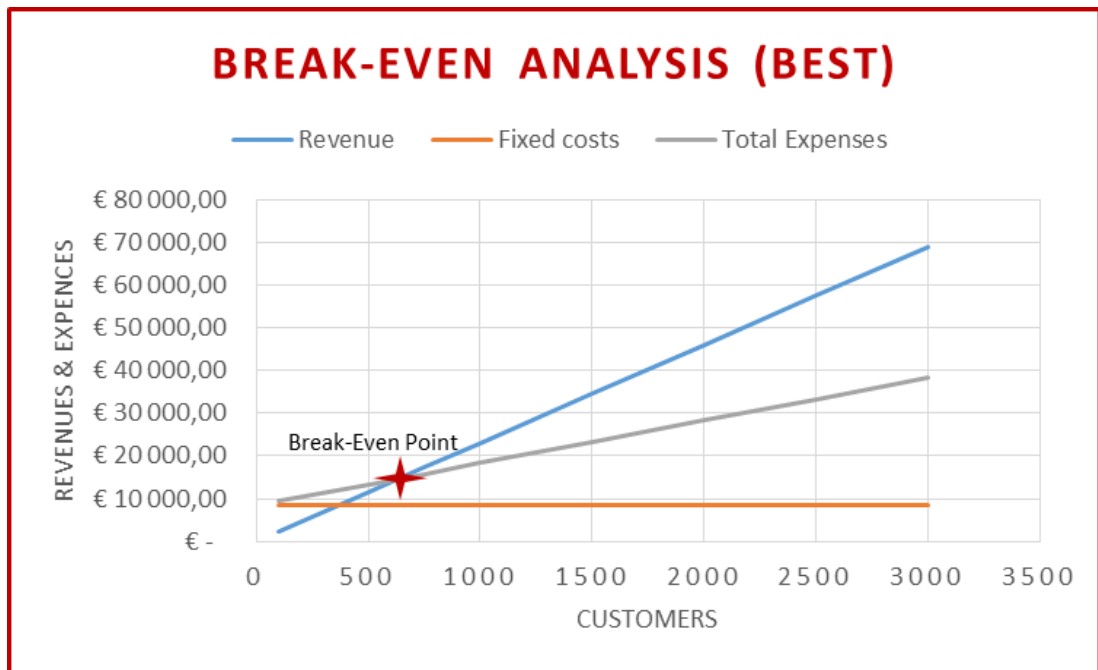
If the restaurant will sell its services at a minimum average price of 10 EUR, then this business will be unprofitable, since the break-even point will not be achieved even with the most optimistic attendance.

4.3.5.3 The Best Scenario

As a result of the analysis of the best outcome, where the price per person is the highest average of 23 EUR, the breakeven point is 15,499 EUR. Such successes will help the company to pay a bank loan within a year, and to go into net profit after 12-14 months.

Figure 9 Break-Even Analysis (optimistic)

Source on input



5. Conclusion

In conclusion, it can be said that in this thesis the main theoretical knowledge, documented by an extensive list of literature, and the practical aspects of creating a business plan for a new hospitality enterprise, namely a restaurant in the city of Orenburg (Russia), were described.

In this work, the main issues arising in the preparation of a business plan were investigated. The detailed structure of the business plan was studied. In accordance with this structure, which was mainly studied and described based on L. Pinson's book "Anatomy of the Business Plan" (2008), the business plan of the gastropub "Creed" was compiled, as well as the main organizational, marketing and financial indicators of its activities for the first year and three years of work.

The organizational part of the plan was devoted to organizational details of business. In this part, the main aspects of the business, its products and services were described. The services that the restaurant will provide have been described in a separate table, divided into types of services such as catering services, manufacturing services of products of public catering, sale services of public catering products and purchased goods, leisure services, other services and their detailed description. Further, a SWOT analysis was conducted, where the main strengths and weaknesses of this business plan were identified. The main strength is the uniqueness of the project as it is a new niche in the restaurant industry of Orenburg, a well-considered development strategy, large variety of menus, reasonable prices, good location, possibility of booking tables via the "Restan" application, a variety of special offers gastropub, partner suppliers. Out of weaknesses stands out the strong position of the main competitor of "Macarena" in the market, high business development costs, insufficient experience of doing business, weak advertising company, unformed image of gastropub. In the administrative part of the organizational plan, a legal structure describing the ownership rights of the restaurant was described, the duties of personnel (accountant, cook, waiter, barmen, cloakroom attendant, cleaner, security) and management (CEO, deputy CEO, administrator, chef) were described in detail, a financial accounting system and a security system were described. In addition to this section location was described in detail. Rented premises was described as well as materials of building was made and main places within a radius of 500 meters from the restaurant such as bus stop, other enterprises, etc.

The marketing plan shows the results of market analysis, which consist of target market, market trends and competitor analysis. For analyzing of these parameters different and proper data was used. Therefore, for comparison of competitors data from their financial reports was taken. For recognition of market trends reviews from the internet were taken. Demographic data was used to determine target market. Apart from the market analysis marketing strategy was described. In this section were described all the activities related to methods of sales and distribution, price policy, branding (with created logo), sales strategy, sales incentives, advertising strategy, public relations and networking.

In the final section of the business plan, all the predicted financial data necessary to identify the full picture of the business were calculated. For the forecast, the averages of popular restaurants in the city of Orenburg were taken. This plan describes the actions indicated in the organizational and marketing plans in the money. Despite the fact that the restaurant is planned to open on the territory of Russia, all money transactions were transferred to EUR in accordance with the current exchange rate. Cash flow statement for 12 months helps to know that the restaurant will earn approximately 179928 EUR that is almost 82% of total investments. It allows to pay completely or partially bank loan. 3-year cash flow statement says about income of 182272 EUR (second year) and 180640 EUR (third year). Analyzing financial indicators, it can be argued that the main expense item is wages (5275 EUR). The financial plan was prepared taking into account all the factors affecting the price change. These are factors such as depreciation (several groups), inflation (5%) and taxes (income tax = 13%). It was estimated that the project requires 220000 EUR, which will be received as a result of the owner's investment (50%) and bank loan (50%). There were also three monthly break-even analyzes with different scenarios (best, worst, basic). Based on the results of the main analysis, a break-even point of 22,013 EUR was identified. At the end of this section, an analysis of the NPV was made, which says that these investments can be justified.

Thus, based on the projected financial performance of the restaurant, in conclusion it should be noted that the proposed business plan is successful.

You can conclude on the payback of this business project that the restaurant brings profit.

All additional information about detailed calculations of office equipment, bar equipment, kitchen equipment, personnel salaries, depreciation, fixed and variable costs has been added to appendix.

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7. Appendix

7.1 Equipment Costs

Table 15 Office Equipment

Source on input

Office Equipment			
Equipment	Amount	Price per unit including VAT	Total price including VAT
Computer	2	€ 600,00	€ 1 200,00
Chair	4	€ 150,00	€ 600,00
Cupboard	2	€ 250,00	€ 500,00
Air conditioner	1	€ 500,00	€ 500,00
Table	2	€ 132,00	€ 264,00
Total	11		€ 3 064,00

Table 16 Bar Equipment

Source on input

Bar Equipment			
Equipment	Amount	Price per unit including VAT	Total price including VAT
Coffee machine	1	€ 2 500,00	€ 2 500,00
Cooling Showcase	1	€ 2 350,00	€ 2 350,00
Bar counter	1	€ 1 500,00	€ 1 500,00
Rox	75	€ 8,00	€ 600,00
Wine Glass	75	€ 7,50	€ 562,50
Champagne Glass	50	€ 10,00	€ 500,00
Martiny Glass	50	€ 9,50	€ 475,00
Bar chair	6	€ 50,00	€ 300,00
Old Fashioned	50	€ 5,00	€ 250,00
Shot	100	€ 1,50	€ 150,00
Glass	75	€ 1,50	€ 112,50
Toaster	1	€ 100,00	€ 100,00
Cup	50	€ 1,50	€ 75,00
Fork for deserts	50	€ 1,00	€ 50,00
Teaspoon	50	€ 0,75	€ 37,50
Other bar equipment			€ 2 500,00
Total	635		€ 12 062,50

Table 17 Kitchen Equipment

Source on input

Kitchen Equipment			
Equipment	Amount	Price per unit including VAT	Total price including VAT
Oven	2	€ 2 500,00	€ 5 000,00
Fridge	3	€ 1 000,00	€ 3 000,00
Sauce pan 2,7 liters	4	€ 590,00	€ 2 360,00
Knife fro meat	75	€ 30,00	€ 2 250,00
Freezer	2	€ 1 000,00	€ 2 000,00
Cooker hood	2	€ 1 000,00	€ 2 000,00
Working table	4	€ 500,00	€ 2 000,00
Sink	3	€ 500,00	€ 1 500,00
Knife for vegetables	60	€ 25,00	€ 1 500,00
Washing machine	2	€ 700,00	€ 1 400,00
Grill	1	€ 1 000,00	€ 1 000,00
Air conditioner	2	€ 500,00	€ 1 000,00
Microwave oven	1	€ 500,00	€ 500,00
Frying pan 40 cm	5	€ 100,00	€ 500,00
Plate	200	€ 2,50	€ 500,00
Frying pan 30 cm	6	€ 80,00	€ 480,00
Cashbox	1	€ 400,00	€ 400,00
Serving dish	100	€ 3,50	€ 350,00
Teapot	35	€ 8,00	€ 280,00
Bawl	70	€ 3,00	€ 210,00
Frying pan 22 cm	4	€ 50,00	€ 200,00
Baking sheet	5	€ 40,00	€ 200,00
Spoon	150	€ 1,00	€ 150,00
Fork	150	€ 1,00	€ 150,00
Glass	75	€ 1,50	€ 112,50
Teaspoon	150	€ 0,75	€ 112,50
Toaster	1	€ 100,00	€ 100,00
Cup	50	€ 1,50	€ 75,00
Pot 10 liters	1	€ 50,00	€ 50,00
Pot 5 liters	2	€ 25,00	€ 50,00
Chopping board	10	€ 4,00	€ 40,00
Grater	5	€ 4,00	€ 20,00
Colander	3	€ 4,00	€ 12,00
Total	1184		€ 29 502,00

7.2 Salaries

The owners of the restaurant do not have any salary. Their income depends on income of the restaurant and pays as a commission according to percentage distribution.

Table 18 Salary of Personnel

Source on input

Personnel			
Position	People	Salary	Expenses on salary after taxation
Chef	1	€ 800,00	€ 1 040,00
Accountant	1	€ 600,00	€ 780,00
Administrator	2	€ 563,00	€ 731,90
Cook	8	€ 375,00	€ 487,50
Barmen	4	€ 360,00	€ 468,00
Hookah master	2	€ 350,00	€ 455,00
Security	3	€ 300,00	€ 390,00
Waiter	10	€ 260,00	€ 338,00
Cleaner	2	€ 250,00	€ 325,00
Cloakroom Attendant	2	€ 200,00	€ 260,00
Total		€ 4 058,00	€ 5 275,40

7.3 Depreciation

Table 19 Depreciation

Source on input

Depreciation of dishware (3rd group)						
Year	1	2	3	4	5	6
Rate	16,67%	16,67%	16,67%	16,67%	16,67%	16,67%
Price	€ 1 985,75	€ 1 985,75	€ 1 985,75	€ 1 985,75	€ 1 985,75	€ 1 985,75
Depreciation	€ 330,96	€ 330,96	€ 330,96	€ 330,96	€ 330,96	€ 330,96
Accumulated dep.	€ 330,96	€ 661,92	€ 992,88	€ 1 323,83	€ 1 654,79	€ 1 985,75
Residual price	€ 1 654,79	€ 1 323,83	€ 992,88	€ 661,92	€ 330,96	-€ 0,00

Depreciation of equipment and furniture (2nd group)					
Year	1	2	3	4	5
Rate	20,00%	20,00%	20,00%	20,00%	20,00%
Price	€ 5 742,80	€ 5 742,80	€ 5 742,80	€ 5 742,80	€ 5 742,80
Depreciation	€ 1 148,56	€ 1 148,56	€ 1 148,56	€ 1 148,56	€ 1 148,56
Accumulated dep.	€ 1 148,56	€ 2 297,12	€ 3 445,68	€ 4 594,24	€ 5 742,80
Residual price	€ 4 594,24	€ 3 445,68	€ 2 297,12	€ 1 148,56	€ -

Year	1	2	3	4	5
Depreciation of equipment	€ 1 148,56	€ 2 297,12	€ 3 445,68	€ 4 594,24	€ 5 742,80
Depreciation of dishware	€ 330,96	€ 661,92	€ 992,88	€ 1 323,83	€ 1 654,79
Total	€ 1 479,52	€ 2 959,04	€ 4 438,56	€ 5 918,07	€ 7 397,59

7.4 Fixed and Variable Costs

Table 20 Fixed Costs

Source on input

Monthly Fixed Expenses	
Expenses	Fixed costs per month including taxes
Salaries	€ 5 275,40
Rent	€ 1 435,00
Alarm	€ 800,00
Insurance	€ 400,00
Utilities	€ 389,00
Wi-Fi	€ 15,00
Telephone	€ 10,00
Total per month	€ 8 324,40

Table 21 Variable Costs

Source on input

Monthly Variable Expenses	
Fixed costs per month including taxes	Costs per month including taxes
Inventory	€ 1 550,00
Corporate Events	€ 1 000,00
Office Operations	€ 400,00
Advertising	€ 350,00
Other Expenses	€ 300,00
Laundry	€ 100,00
Total per month	€ 3 700,00
TOTAL Expenses	€ 12 024,40