

Saimaa University of Applied Sciences
Faculty of Tourism and Hospitality, Imatra
Degree Programmed in Hotel, Restaurant and Tourism Management

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Business Plan of a Food Truck in Saint Petersburg

Thesis 2017

Abstract

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Business Plan of a Food Truck in Saint Petersburg, 71 pages, 8 appendices

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The purpose of the thesis was to investigate how to write a proper business plan and then implement gained knowledge in creating a business plan of a food truck in Saint Petersburg. A business plan serves as a guide for an entrepreneur in the process of company establishment and enables to gain funding from potential investors. The primary objective was to study essential components of a business plan.

The theoretical framework comprises of core issues on company establishment and describes a structure of a business plan in detail. The theoretical research was based on careful study of business and management literature. The empirical part focuses on developing an actual business plan of a food truck and contains results of conducted market researches on potential customers and competitors of the venture. Field researches were performed in qualitative and quantitative methods based on questionnaires distributed among citizens of Saint Petersburg and interviews with owners of food trucks and cafés.

The final result of this thesis was writing of an actual business plan of a food truck based on theoretical research on the business planning process and field researches which enabled to define potential target market and main competitors of the future company.

Keywords: business plan, food truck, street food, strategic analysis

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1 Introduction

The importance of a business plan for the company cannot be overestimated. It is used not only by entrepreneurs but also by investors and partners to evaluate how reliable a business proposal is. Writing a business plan is more than following a template. A business plan is a result of business planning process. In turn, business planning process implies a need to conduct market researches, analyze the state of competition in the market, find out the prospects of further development as well as identify potential problems in advance and find out ways to solve them. All collected information is incorporated into the business plan.

The main idea of the thesis was to investigate whole business planning process in order to find out how to write a proper business plan for a new company and to implement gained knowledge in creating an actual business plan. The thesis comprises of two parts. Theoretical part describes the process of establishing a new company from business idea to choosing a legal structure and procedure of business environment analysis with its main elements: competitors, suppliers, and customers. Also, the author studies the structure of a business plan and provides a detailed explanation of its each section.

The empirical part focuses on developing an actual business plan of a food truck. It is based on collected theoretical information and conducted field researches. A business plan will allow to estimate demand of resources needed to implement the project in real life as well as will serve as a guide in this process.

1.1 Justification for the topic choice

The primary reason for choosing thesis topic is author's personal interest in entrepreneurship and particularly in establishment of her own company related to the hospitality industry. The idea to build an enterprise, to try something new and to explore the unexplored inspires and drives the author. Therefore, this project will be a first step to start moving in chosen direction.

A wide range of disciplines taught during the study at the Saimaa University of Applied Sciences gave the author not only required knowledge but allowed her to choose a restaurant field as a primary direction for future entrepreneurship. A business plan is a quite complex notion and involves distinct concepts which

require knowledge in different subjects. Hence, the project enables to combine and perform accumulated knowledge and skills.

There were a few reasons why a food truck was chosen as a project. The concept of street food itself has always appealed to the author, and food truck as its essential part stands apart from the already bored restaurant formats. Taking into consideration such important fact as author's lack of experience in entrepreneurship, a food truck business has some significant advantages for a beginner among which are the relatively low cost of establishment and fast entrance to the market.

Finally, working on such complex project will give vital experience in writing a business plan and reveal points that should be taken into consideration to succeed. The thesis will benefit those who are interested in establishing one's own venture in general, and those who consider the city of Saint Petersburg as a business location for it.

1.2 Aims of the thesis

As it was mentioned before the thesis will consist of theoretical and empirical parts. The aim of the theoretical study is to examine the importance of business planning in establishing a company, to explore main stages of this process, as well as to find out what kind of market researches should be conducted. The study also stands to examine the structure of business plan and what should be scrutinized during that laborious process.

The aim of the empirical part is to create an actual business plan of a food truck in Saint Petersburg. Furthermore, the necessary market research will be conducted to receive a full picture of a food service market of the city in general as well as the street food market in particular.

Consequently, the thesis should create a clear view of a business planning process for the readers as well as provide them with various useful guidance and examples.

1.3 Research methods

The thesis will be based on both desk and field research. Desk research includes finding theory about a business planning process and the proper models for a

business plan. The main source of information will be various business, marketing, and strategic management literature; internet sources along with author's study and work background in the industry.

Field research will be carried out in the format of market research in Saint Petersburg to define the target market and obtain information about the main competitors. Market research can be performed in two different methods: qualitative and quantitative. The quantitative research answers as accurately as possible following questions: who, how much, how often, etc. The data collected using quantitative methods is processed with the help of statistical analysis computer software. Based on the obtained results the user can make decisions. Methods of quantitative research include surveys, personal interviews, panel studies, inventory studies or tests. The qualitative method answers the question why. Using this method respondents' beliefs, opinions, attitudes, perceptions and motivations are studied. The qualitative tools are focus groups, in-depth interviews, observations and action research. (Beri 2013.)

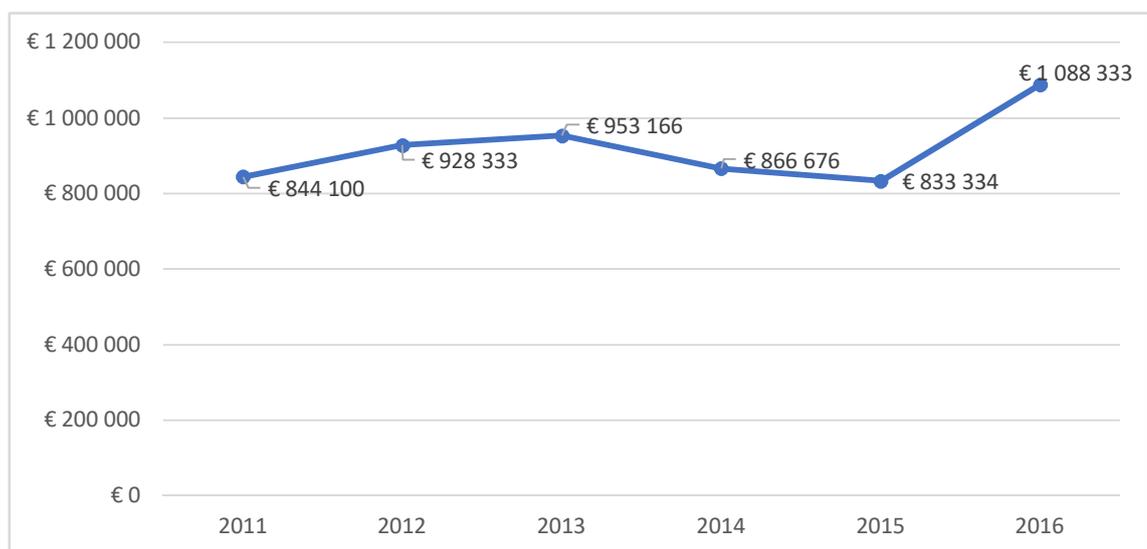
The research will use both methods. Quantitative method will help to collect essential information about potential customers and to find out whether they are acquainted with the planned product or not. Data will be obtained through the questionnaire with closed questions posted on one of Russian online research panels. This online tool allows to pick up respondents only from Saint Petersburg aged from 14 to 60. Likewise, the questionnaire will be distributed among customers of three food trucks in the city. The target is to receive 100 responses overall using two methods. The results of research through the online panel will be determined and analyzed by the tool itself. The data collected through the questionnaire distributed in the street will be analyzed by the author using computer software.

Qualitative research utilized in this study will enable to get a deeper and whole understanding of food truck business as well as about the main competitors. The research will be carried out through a face-to-face interview with owners of three particular food trucks in Saint Petersburg. Also, the author aims to interview through e-mail the food truck owner in Moscow with the same product on the market. Interviews will be based on the questionnaire with open-ended questions, where the food truck owners will have a chance to answer freely in their own words what they consider important.

The results of conducted researches will be provided in the empirical part of the thesis as a part of an actual business plan.

1.4 Food service industry in Saint Petersburg

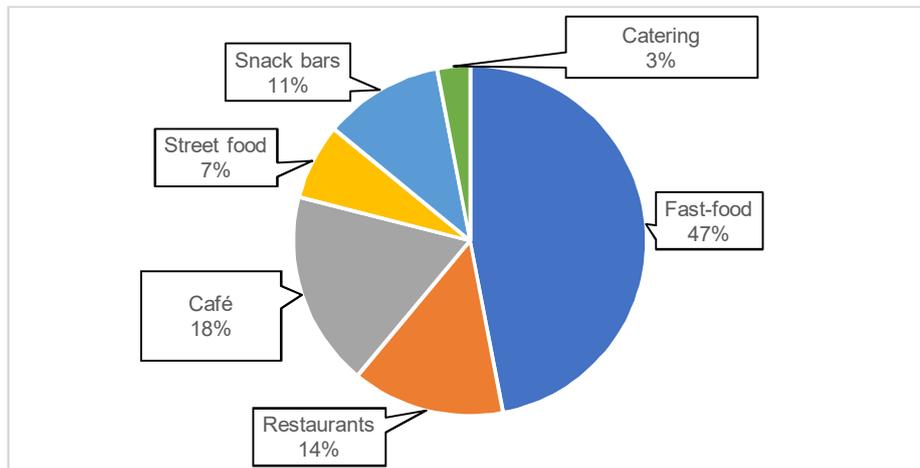
Food service industry in Russia has not developed as much as in the United States and Europe. For instance, in the United States, the share of expenses for out of home food consumption in total food expenses is 48% while in Russia it is only 11%. There are about 88,000 cafes, restaurants, and other food service operators overall in the country. The total number of restaurant chains is about 11,000. Half of all food service operators is located in the largest cities of Russia – Moscow and Saint Petersburg. (Krasnova 2015.) Dynamics of food service industry turnover in Saint Petersburg 2010-2016 is represented in Graph 1 below.



Graph 1. Turnover of food service industry in Saint Petersburg, 2010-2016 (Administration of Saint Petersburg 2016).

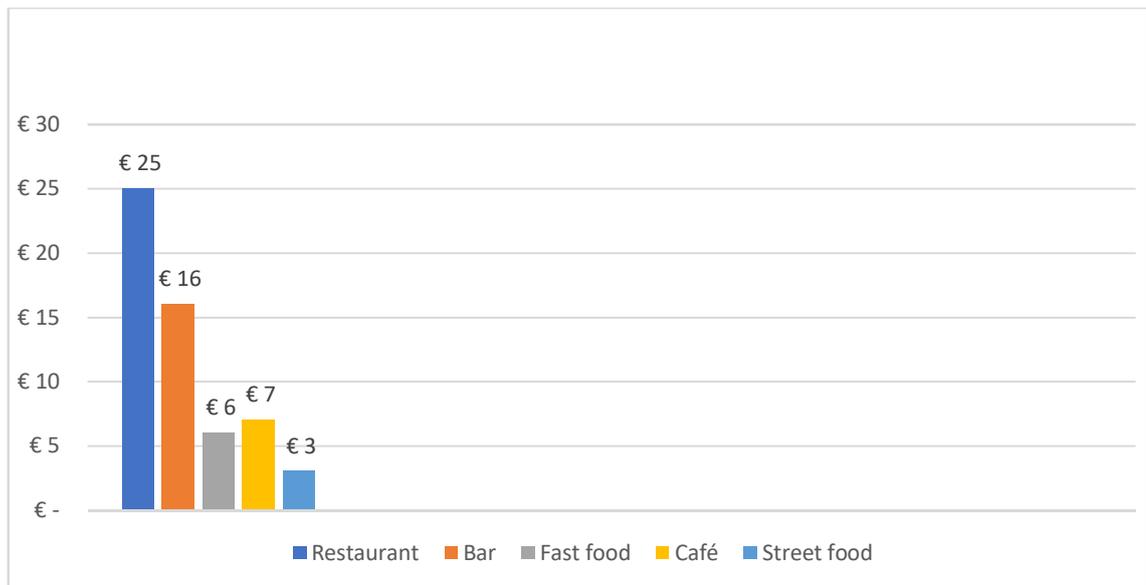
According to the graph, the most significant decrease in food service industry occurred in 2015 when about 30% of all food service operators left the market. Attendance at cafés and restaurants decreased also by 30%. The main reason for this was a recession in the economy and as result decline in population incomes. In addition, the growth of food costs due to sanctions and import restrictions had a negative impact on the industry. However, during last year situation began to change slightly in a positive way.

According to Mikheeva (2016), there were 5, 295 food service operators in the city in 2016. For the first time in the past four years, more restaurants were opened than closed during the year. The biggest share of a food market in the city in 2016 was occupied by fast food restaurants – 47% of the total market (Graph 2).



Graph 2. Distribution of food service operators in Saint Petersburg, 2016 (Administration of Saint Petersburg 2016).

Nowadays fast food restaurants are one of the fastest growing segments of food service market in the city. It is explained by limited opportunities of population to choose expensive restaurants due to the decrease in their incomes. Another fast-growing segment is cafés. According to the research of Sedova (2016), communication and convenience continue to lose their relevance for customers. Pleasure, on the contrary, begins to grow. Customers refuse themselves expensive pleasures, compensating them by "small joys". Café is an ideal format to indulge oneself for a reasonable price. Thus, the popularity of cafes grows among those who cannot afford fancy restaurant but do not want to go to fast food places. (Sedova 2016.) Graph 3 below represents the average bill of food service operators in Saint Petersburg in 2016.



Graph 3. An average bill of food service operators in Saint Petersburg, 2016 (Sedova 2016).

In experts' opinion, food operators with average bill less than € 16 have more opportunities to survive in modern economic conditions. They state that the majority of customers for the past two years have shifted from a segment with an average check of € 25 to segment with an average check of € 16. (Kozhin 2015.)

A significant impetus to the development of the food service market last year was given by franchising, due to which both domestic and foreign chains grew and developed. Also, takeaway food is one more growing segment with coffee as the most bought product. (Sedova 2016.)

Along with the increased number of chain restaurants, there is a growth of restaurants and cafés with original and creative concepts. According to Prosenkov (2016), there were opened 3 of such restaurants or cafés on average every week last year. Many restaurateurs of the city prefer to develop projects not in the framework of one concept with certain standards but to invent specific solutions for each project, united by a common approach.

2 Business planning process

2.1 Company establishment

In this chapter, the author will describe such steps in company establishment process as analysis of a business idea, creating vision and mission statements, defining company's goals, choosing legal format and sources of funding.

2.1.1 Business idea

The first milestone in a business planning process is an idea. A business idea is a concept focused on a product or service that can be offered for money. Every successful business started with some idea. A business idea may have potential to generate revenue, however, it does not have any commercial value if it is not performed as a working and profitable business system. (Hall 2012.)

To succeed in implementing a business idea, an entrepreneur should be aware that it answers following significant questions:

1. What problem does the business idea solve? What is the benefit for a customer? Success on the market depends on the satisfied customers. The buyer purchases a product or service with only one purpose: to satisfy his need. The mistake of many entrepreneurs is that when they address the problem, they think only about technical details of the product. However, the business idea should be considered in the context of the market and the customers. The key factor here is the benefit for customers, and everything else has a secondary importance. Thus, if a business idea cannot satisfy the consumer, it is unlikely to be successful. (Ward 2016b.)

The customers' benefits from using a product or service are determined by what is new or improved in comparison with alternative solutions in competitors' products. It can be expressed in such terms as more convenient, less expensive, more flexible, safer, simpler, more reliable, lasts longer, more efficient in operation. All this serves as the primary means for differentiation and success of a business idea on the market.

2. What is the market for the proposed product or service? A business idea has real economic significance only when people want to buy a product or service. Therefore, the second characteristic of a successful business idea is that it

demonstrates the existence of an attractive market for a product/service and identifies the target group of customers. There is no need to conduct a detailed analysis of the market at this stage. However, assumptions regarding the size of the future market and ideas about potential targeted customers will be quite enough. (Ward 2016b.)

3. How will the profit be earned? A business idea should clearly describe how earnings will be made. Many companies generate revenue by selling products and service directly to consumers. However, in some cases, the revenue generation mechanism may be more complex. Therefore, the third characteristic of a successful business idea is to show the mechanism for generating income: how will income be provided and in what amount. (Ward 2016b.)

After the main characteristics of a business idea are defined, an entrepreneur can use them in determining vision, mission, and goals for the future company.

2.1.2 Vision, mission and goals

A vision is an attractive image of the company in the future, an ideal or a dream that a company seeks to implement. Vision provides long-term direction and guidance for the business as well as creates a perspective, gives meaning and significance to daily activities and attracts people to the company. (Wickman 1998.) A vision is as much as possible a full description of the future state of the company and it is documented in a business plan as a vision statement. It defines the most important goals for the business, however, it does not include a practical plan how these goals will be achieved. Moreover, vision statement outlines the value an entrepreneur offers to the world and how it will reward stakeholders involved in the venture.

To define how a vision will be achieved, an entrepreneur should develop a mission statement. In the broadest sense company's mission can be defined as the meaning of the business existence. A mission statement describes both the primary goals that company wants to achieve and values it will follow to gain these goals. It concerns what the company does and why employees are proud of what they do. (Rosen 1995, pp.21-24.)

According to Wickman (1998), a mission statement can include the following elements:

1. Product or service scope. This element specifies what the company will offer to the world.
2. Customer scope – to whom the company will address its product or service.
3. Customer needs and product/service benefits. This element indicates what needs customers have and how product's benefit will satisfy these needs.
4. Company's innovation. This element defines the sources of company's competitive advantage and how they are used.
5. The aspirations of the business – what the company aims to achieve and how the success will be measured.

Figure 1 shows schematically components included in a mission statement for the company.

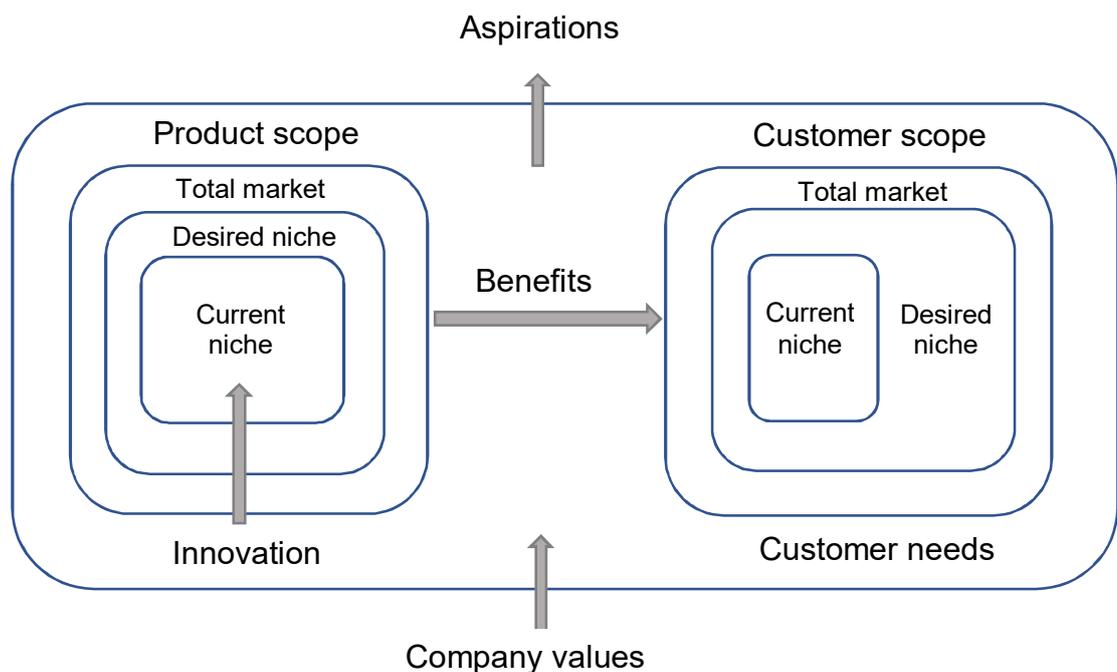


Figure 1. Components of the entrepreneurial mission statement (Wickman 1998, p.117).

Once vision and mission statements are created, goals and objectives can be defined. Goals are determined consistently and related directly to vision and mission. Usually they do not deal with measurable results, however, they guide everyday decisions and actions. Necessary activities to be accomplished to achieve goals are described by objectives. They always identify certain dates

when the specific results are to be gained. Objectives can be changed when it is necessary. (Rosen 1995, pp.24-27.)

2.1.3 Legal structure

Of all choices the entrepreneur makes when he starts a business, one of the most important is a legal structure of a future company. This decision will have an impact on taxes to pay, the amount of paperwork required to do and personal liability founder faces.

Since the author's project will be implemented in Russia she will describe the most common legal formats for business in the country such as: an individual entrepreneur, Limited Liability Company, Partnership and Joint-stock Company.

An individual entrepreneur is the most popular and simplest way of trade in Russia. Entrepreneurial activity can be done without the formation of a legal entity. A person obtains the status of an individual entrepreneur from the moment of state registration. The entrepreneur owns all property, rights, obligations and debts as well as has a right to spend earned money at his discretion. An individual entrepreneur has no restrictions on the number of trade locations and geographical place of business within the country. He can work throughout Russia, regardless of the place of registration. Also, there are no restrictions on the amount of income gained from business activities. (Akhmedzhanov 2016.)

Limited Liability Company is an organization with charter capital divided into shares which are defined by constituent documents. The company is liable for its obligations with all property belonging to it. The company is not liable for the obligations of its participants and participants are not liable for company's obligations. Participants bear the risk of losses related to the company's business activities in the amount equal to the cost of their contributions in the charter capital. (Akhmedzhanov 2016.)

Partnership is characterized by the presence of two or more founders called partners. Each of them takes a share in the total capital of the enterprise. Such share is determined by the amount of the partner's contribution to the charter capital. Liabilities for the obligations of the enterprise are defined by the type of partnership itself. If it is general partnership, all partners assume responsibility for all the partnership's debts and obligations. In the case of new partner's

appearance, he will be responsible not only for the new obligations of the enterprise but also for those that were before his entry. Limited partnership assumes that along with general partners, there is one or more partners, who do not take part in the implementation of the partnership's business activity and bear the risk of losses to the extent of invested money. (Akhmedzhanov 2016.)

In Joint-stock Company (JSC) the charter capital is divided into a certain number of shares. Members of the JSC have limited liability, which does not exceed the size of their contribution in the statutory capital of the company. The JSC bears full responsibility to its shareholders in terms of fulfilling obligations including timely payment of dividends. (Akhmedzhanov 2016.)

2.1.4 Sources of finance

The question of finding sources of finance arises at different stages of business life. Ryan (2015) defines four stages of the typical business life cycle: start, growth, expand and evolve. Each of these stages has its own funding needs. Since the author's project is on start-up stage, she will study finance sources available for an entrepreneur on this stage.

The finance needs of a start-up should cover such key areas as:

- Set-up costs before the business starts to trade;
- Fixed assets are needed to begin a trade;
- Working capital, for example, raw materials.

Financial needs also depend on the type and size of the business. Some companies require more capital than others. (Hofstrand 2013.)

Most entrepreneurs use their own savings to invest in their start-up companies. This can be an ideal way for the start since it gives the entrepreneur freedom to operate as he sees best. Entrepreneur's own investments in the business are important since it provides credibility to the business in the eyes of other investors. Also, investors can be sure about their own investments as the entrepreneur is worried about his own investments as well. Besides the monetary investments, the owner's equity can include machinery and equipment.

Another common way to finance a start-up business is borrowing from family and friends. Using this method entrepreneur can decide whether to sell them equity

or take a loan from them. Money from selling equity does not have to be paid back. However, the person to whom entrepreneur sells the equity becomes an owner and shares the profits. Loans, on the contrary, are paid back, but after that, the transaction is closed. (Hofstrand 2013.)

Entrepreneurs can apply for home equity loan. This kind of loan is supported by the value of the equity in the home. However, it should be used carefully since risks are too high. If a business is small and entrepreneur does not need too many external sources, he can use personal credit in the bank. Many banks in Russia give a credit of up to 10,000 euro without guaranty, a confirmation of income and guarantors.

Obtaining financing sources through investments is one more common way for entrepreneurs. Venture capital can be provided by venture capital firms or by angel investors. Venture capital firms usually do not participate in financing of start-up companies. They prefer to invest in companies with significant equity investments from the founders and with proved profitability. Angel investors are individual and businesses that are interested in helping small companies at the initial stage of their development. Thus, their goal may be more than just focusing on economic returns. (Hofstrand 2013.)

The best alternative to bank loans and other types of financing is a grant. The advantage is obvious: the grant must not be returned. Often grants are paid for development of a priority activity for a certain region and for these purposes budgetary funds are allocated. Sometimes grants are provided for innovative projects with scientific developments or for large manufacturing companies interested in developing high technologies. (Kakzarabativat 2017.)

2.2 Business environment analysis

None of the organizations is working in the vacuum. Business environment includes everything (individuals and organizations) that exists outside the company and directly or non-directly influences the business. (Lynch 2009, p.75.) An entrepreneur needs to know the industry where he will operate to adjust to its conditions and develop company's opportunities. Firstly, he should define the current state of the industry overall, its size and trends as well as a level of competition there. Analysis of key competitive forces that affect industry is usually

made by using Porter's five forces model. After the general competition is assessed, the entrepreneur can look at his main competitors more precisely using such technique as Competitor profile.

Secondly, it is also important to discover factors of macro environment that influence the whole industry and as result have influence on the company. These factors are outside the control of the industry. For this purpose, such tool as PEST analysis can be used. In this chapter mentioned method as well as Porter's five forces model and Competitor profile will be described in detail.

2.2.1 Porter's five forces model

There is always competition within every industry. To develop a competitive advantage and to adjust to competitive environment when starting a business, it is essential to analyze and assess the level of industry's competition. Porter's five forces model is a common tool for that. It was developed in 1979 by Professor Michael Porter. The model defines five forces affecting the level of competition in the industry as following:

- The bargaining power of suppliers. The suppliers have more power when there are limited number of them and the company needs suppliers' help strongly.
- The bargaining power of buyers. If company works with few, influential buyers, then they often define their terms to it.
- The threat of potential new entrants. The company can secure advantageous position, if there are strong barriers to entry the industry.
- The threat of substitutes. If substitution is easy to obtain, then the company's power can decline.
- The extent of competitive rivalry. Large number of competitors with the same attractive product will weaken the company's power. However, if company's product/service is unique, then it will have strong positions. (Lynch 2009, pp.96-101.) Figure 2 represents the more detailed view of Porter's five force model.

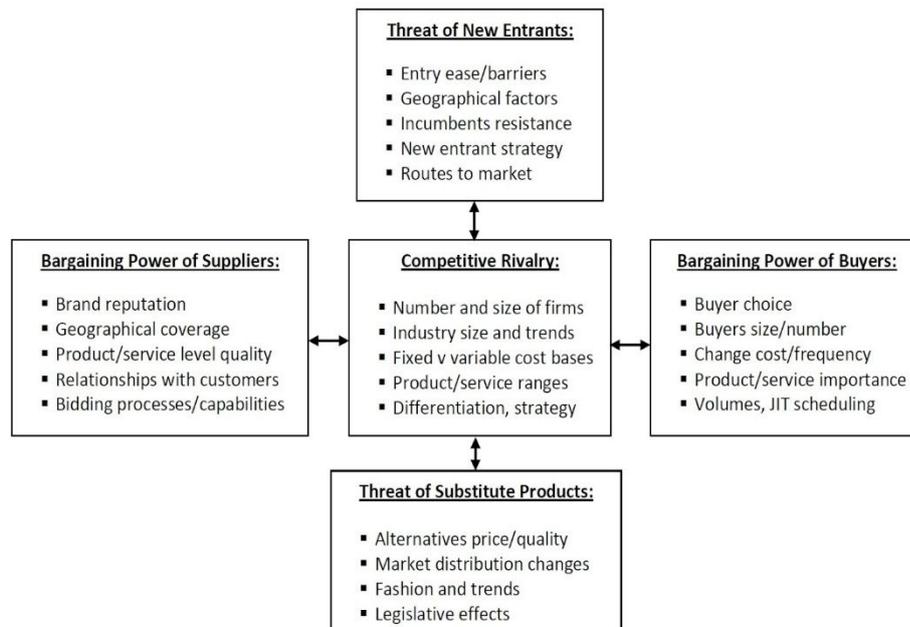


Figure 2. Porter's Five Force Model (Lynch 2009, p.97).

2.2.2 Competitor profiling

Lynch (2009) defines competitor profiling as an analysis of some direct and close competitors. He states that sustainable competitive advantage that company aspires to achieve becomes more significant when there is a specific comparison.

There is always more than one competitor and it is impossible to analyze them all. Thus, as a starting point entrepreneur should define one or two competitors which represent the direct threat. After that according to Lynch (2009) following features of competitors' companies should be analyzed:

- Objectives. What do competitors plan to do on the market: to increase sales? To seek market share growth?
- Resources. What available resources both internal and external do competitors have?
- Current product and services. It is useful here to list competitors' product/services in as much detail as possible. How do they develop their products?
- Links with other organizations. Do they co-operate with some other companies? Does it deliver them a competitive advantage?

- Present strategy. This implies to investigate such competitors' subjects as customers, finance, market share, pricing, product range and distribution, investments.

The competitor profiling may include more items about competitors according to the needs of entrepreneur. Obtained data is analyzed and used in preparing a company strategy. Competitor profiling is an ongoing process and it never finishes since the environment changes rapidly.

2.2.3 PEST analysis

As was mentioned before PEST analysis is the method used to analyze factors of company's macro environment. These factors are largely outside of entrepreneur's direct control. However, knowing them allows to adapt the future business to take advantage of the opportunities they present and to minimize the potential threats. PEST stands for the Political, Economic, Socio-cultural and Technological factors.

P (Political) – factors of the political and legal environment of the company. When analyzing these factors, it is recommended to answer questions regarding key changes in the field of political stability and legal regulation. E (Economic) – factors of the economic state of the country, industry or market. S (Socio-cultural) – factors defining the dynamics of consumer preferences, the distribution, and structure of social groups of the population, the age and gender structure. T (Technological) – factors that characterize technological progress in the industry. Table 1 below represents the main items that might be considered when conducting a PEST analysis. (Lynch 2009, p. 82-83.)

Political factors	Economic factors
<ul style="list-style-type: none"> • Political change (elections); • Current and planned legislation e.g. on taxation and employment law; • Government policies (e.g. licences, inspections by health department); 	<ul style="list-style-type: none"> • The dynamics of economic development (e.g. decline, growth, stagnation); • Change in exchange rates, cost of capital; • International economic factors;

<ul style="list-style-type: none"> • Level of government intervention in the industry; • Level of corruption in industry; • Funding, grants, and other initiatives; • Wars or conflicts. 	<ul style="list-style-type: none"> • Change in the unemployment rate; • Change in the level of inflation; • Change in disposable income per capita; • Trends in the banking sector.
<p>Socio-cultural factors</p> <ul style="list-style-type: none"> • Change in demographic state: population movement (loss or growth); • Change in age distribution; • Level of education of the population; • Features of mentality, important cultural values; • Change in social strata of the population; • Change in tastes and preferences; • Lifestyle change; • Job market trends. 	<p>Technological factors</p> <ul style="list-style-type: none"> • Possible changes in key technologies used in the market (e.g. innovations in equipment, materials); • The influence of the Internet and mobile technology on the development of the industry; • Possible innovations in technologies; • New patents and products; • Changes in telecommunication and manufacturing.

Table 1. Checklist for a PEST analysis (Lynch 2009, p. 82).

It is important to try to describe not just the current state of each factor, but to predict its change for the next 3-5 years. The evaluation of the factors' influence on the company's profit in the long-term will allow to apply the obtained data to form a right strategy. Not all defined factors will influence the company thus the main ones are to be selected. These factors should be evaluated as opportunities or threats for the business. Then the entrepreneur should determine actions to minimize negative influence of the factors on company activity and to increase profit. (Lynch 2009, p. 82-83.)

Results of PEST analysis are usually used together with an internal review of the business's strengths and weaknesses from SWOT analysis. This enables the company to develop a robust strategy and business plan based on reliable research.

There are modified versions of PEST analysis, which include some other factors to consider, for instance: PESTLE / PESTEL: Political, Economic, Sociocultural, Technological, Legal, Ecological. The entrepreneur can choose the type of analysis that suits him the best. (Lynch 2009.)

2.3 Customer analysis

As it was mentioned before at the stage of developing a business idea, the entrepreneur assumes the existence of the attractive market and potential customers for his product or service. Customers generate revenues that allow a company to exist. Therefore, any business in first turn should be customer-focused. In this chapter, the author will describe the process of defining a target market for a company.

2.3.1 Market segmentation

In modern conditions, a company cannot appeal to all buyers in the marketplace. Buyers are too numerous, and they have their own desires and the expectations about products or services. Thus, the company should divide the market into segments, choose one or more of them and develop marketing programs tailored to each. This process is called a target marketing. (Kotler & Armstrong 2012.) It begins with market segmentation when vast and heterogeneous market is divided into smaller segments according to different variables. There is no one certain method for market segmentation, and company can use different variables for that. However, according to Kotler & Armstrong (2012), there are four common and significant market segmentations:

- Geographic segmentation refers to dividing a market into different geographical units such as states, regions, counties, cities. The company can decide to operate in one or more areas or even in all but considering differences in the needs and preferences determined by geographical area.

- Demographic segmentation calls for dividing a market into segments based on demographic variables such as gender, age, family size, family life stage, income level, occupation, education, religious beliefs, race and nationality.
- Psychographic segmentation assumes dividing buyers into groups based on social class, lifestyle and personality characteristics.
- Behavioral segmentation implies dividing buyers into groups based on their knowledge, relationships and attitudes to a product or service.

As a rule, companies use few variables in their segmentation analysis to identify better-defined target groups. However, to be viable the market segment should meet four criteria. First, the individuals or businesses within the segment should be homogeneous, that is they should be alike. Second, the market segment must differ from the general population and other market segments. Third, the market segment should be large enough to be financially viable to support a separate marketing campaign. Based on the last criteria, the market segment should be reachable through some types of media or marketing communications methods. (McBee 2017.)

2.3.2 Market targeting

When segments are defined, the company evaluates them paying attention to the segment size and growth, company's objectives and resources as well as segment attractiveness for current competition, substitute products and suppliers. After segment evaluation the company defines which and how many segments it will target. A target market is a group of customers with common characteristics that company aims to serve. The company should enter only those segments where it can offer the greatest value and gain a competitive edge. (Kotler & Armstrong 2012, p.195.) Figure 3 shows types of target marketing strategies from very broad to very narrow.

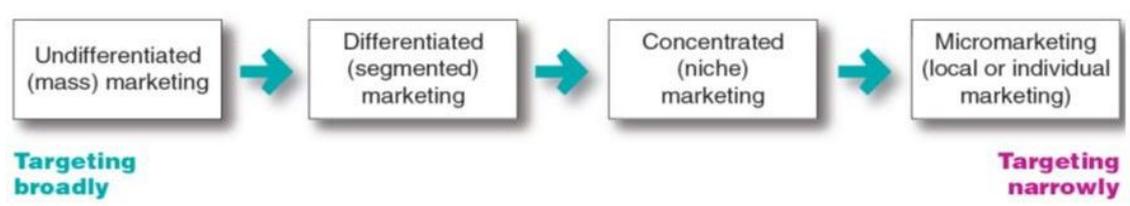


Figure 3. Target market strategies (Kotler & Armstrong 2012, p.195).

Undifferentiated (mass) marketing implies that company targets the whole market without paying attention to segments' differences. Using differentiated target marketing strategy, a company decides to target few segments. Niche marketing is appealing when a company starts its business activity and has limited resources. In this case, efforts are concentrated on one segment. Using micromarketing strategy the company tailors its offers to meet needs of specific individuals. (Kotler & Armstrong 2012, pp. 195-201.)

Defining a target market for a business activity usually gives a company just general ideas about needs and desires of potential customers. Deep and clear understanding of their intentions, goals, wants and challenges will enable the company to develop a marketing strategy which will deliver valuable content to right customers. Thus, a company is recommended to create target persona. (McBee 2017.)

Target persona is an ideal customer that company tries to attract with its marketing efforts. It focuses more on target audience's needs, pain points and buying process rather than just demographics and psychographics characteristics. Understanding of target customers' needs enables a company to engage with them through each phase until they are ready to purchase. (Wiegold 2010.) Figure 4 represents a persona template with basic information to include:

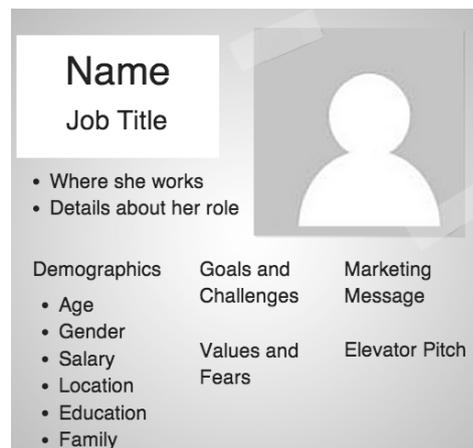


Figure 4. Persona template (Lee 2015).

Other specific information about persona depends on the business type. Revella (2016) identifies 5 Rings of Buying Insight which should be considered when deciding what information about customers is necessary to know:

- 1) Priority Initiatives: What makes certain buyers choose company's product/service, and what is different about buyers who do not do that?
- 2) Success Factors: What benefits or results does target persona expect to get by purchasing this product/service?
- 3) Perceived Barriers: What reasons can prevent the persona from buying this product/service?
- 4) Buyer's Journey: This insight defines details about who and what influences the persona in the purchasing process.
- 5) Decision Criteria: Which criteria of the competing products/services are more crucial for the persona and what are his/her expectations for each?

The main idea that stands behind creating the persona is to describe an ideal customer as detailed as possible thus the persona feels like a real person. It is recommended to give the persona a name and choose alleged appearance. Specificity is a good way to obtain the understanding of the thoughts, feelings, and behaviors of target customers. Information sources for creating a persona can be various and commonly include in-person or phone interviews, customer surveys, and social media research. It is useful to make three to five personas of potential target audience. (Lee 2015.)

3 Business plan structure

The composition of the sections in a business plan and their detailing degree depend on the size of the future project and the sphere to which it relates. In this chapter, the main and most common sections of a business plan will be studied.

3.1 Executive summary

Executive summary can be called as an abstract of business plan where all key points are summarized. Though executive summary comes first, it is more effective to write when the whole plan is completed and all the information and financial data are available. If a business plan is prepared for internal use and entrepreneur does not seek investments, executive summary will give an overview of the project's objectives, key aspects and statement how company will focus to meet its projections. If a purpose of a business plan is to gain

investments, the executive summary should specify the purpose of seeking funding and justify financial feasibility of the plan for investors. Potential investors reading just executive summary should quickly see the name, legal structure, location, nature and uniqueness of the business as well as its strengths and risks. After acquaintance with this section of business plan the investor makes decision whether it is worth reading the entire document. (Pinson 2008, pp.22-23.) Executive summary typically includes such sections as business overview, capital requirement, and breakdown of use of funds (for seeking investments purpose), mission statement, management, competitors, marketing strategy, financial projections, implementation plan.

It is important to remember that writing an executive summary for a business plan should not be developed into rewriting its sections in all details. It should be clear and concise, briefly representing the main points of the project. If a business plan is for internal use, executive summary is contained on one page. If aim is to approach investors, it should not exceed 2-3 pages. (Pinson 2008, p.22.)

3.2 Company description

This part of the business plan includes information about a company name, type of legal structure, management team, project background, mission and vision statements, a brief overview of product/service, target market, short and long term objectives. In this part, they should be accurately described. The aim of this section is to give the main facts about a company and show a broad picture of a business nature to the readers.

Gregory (2016) recommends starting company description section of a business plan with an elevator pitch – a quick, short sentence description that captures all relevant information about the company, its key characteristics along with the entrepreneur’s passion for what he is doing.

3.3 Product and services

This is the part of a business plan where company’s products or services are listed and described. The information should be clear enough for the reader: some products do not require detailed explanation, some do. Product explanation should be provided in layman’s terms thus someone who is not familiar with the business will understand it. If the product industry is specific it may be necessary

to give some basic information about it. Description of the product or service should also include justified explanation why it is unique or better than what is already in the market. It is useful to list main competitive products or services, define their features and compare them with company's product or service. (Duermyer 2016.)

If offered product is unique it needs to be legally protected. There are three ways to protect intellectual property: patent, trademark, and copyright. Patent protects product or process which provides a new way of doing something. Trademark protects names, words, symbols, sounds, colors, logo or their combination that differentiate products and companies from each other. Copyrights protect original works of art, music, literature, including songs, books, movies, websites. (Barrow 2001, pp. 54-71.)

In this part of a business plan also should be given description of suppliers and the process how the product will be obtained. If it is a service then, how will it be provided to customers. It is advisable to include information about products or services that will not be immediately offered on the market, but which company plans to launch in the future. According to Abrams (2003), a company needs to consider and answer the following questions: What products and or services can we introduce in the future? What are the conditions for their introduction? By what time can they be entered? This refers to company's long-term strategy and its combination of financial needs and a range of opportunities.

3.4 Industry and market analysis

The analysis of the industry and market will become a bridge for the practical entering of products or services to the market. As Mullins (2010) states industry where a company is going to operate should be briefly described including:

- Industry sale volume in product and monetary units;
- Factors determined with use of PEST analysis which will affect the industry;
- Data about level of competition, main competitors and suppliers in industry obtained using such tools as Porter's five force model and Competitor profiling;
- State regulation of the industry;

- Industry trends.

Market analysis includes information about market segments, target market and target marketing strategy. These notions were described by the author in the previous chapter.

3.5 SWOT analysis

SWOT analysis is a vital and powerful tool for planning and running a business. It allows to reveal company's strengths and weaknesses, choose the best opportunities and prepare for possible threats and risks. Correctly done SWOT analysis gives the entrepreneur vast amount of useful information necessary for making the right business decisions. (Lynch 2009, p. 302.)

SWOT analysis comprises four elements:

- **Strengths** describe what company excels at or the presence of a feature that provides company with additional opportunities over competitors.
- **Weaknesses** represent the absence of any important factor for the company operating or what has not yet been possible to implement compared to competitors and that places the company in an unfavorable position.
- **Opportunities** describe external favorable circumstances that a company can use to gain an advantage. However, not all favorable factors that exist on the market can be considered as opportunities for the company, but only those which the company can use.
- **Threats** describe factors that can harm a company.

For defining external opportunities and threats can be used data obtained through PEST analysis. When all four elements are defined, they can be put in the shape of matrix for better understanding (Figure 5).

<p>Strengths</p> <ul style="list-style-type: none"> - Unique product - Location of your business - Worker's unique skill set - Quality of your product 	<p>Weaknesses</p> <ul style="list-style-type: none"> - Location of your business - Lack of quality and customer service - Poor marketing and sales - Undifferentiated products or services
<p>Opportunities</p> <ul style="list-style-type: none"> - A new emerging or developing market (niche product, place - new country, less competition) - Merger, joint venture, or strategic alliance 	<p>Threats</p> <ul style="list-style-type: none"> - New competition in the market, possibly with new products or services - Price wars - Competitor oligopoly or monopoly - Taxation

Figure 5. SWOT analysis matrix (Lynch 2009, p.302).

Compiled data in the matrix should be thoroughly analyzed to identify strategy and goals for the business.

3.6 Marketing

3.6.1 Marketing strategy

Marketing is more than just selling and advertising. Kotler and Armstrong (2012) define marketing as a process aimed to create a value for customers and build a long-term relationship with them. This section in a business plan is one of the most important ones and should carefully describe company's marketing strategy.

Marketing strategy is the base for any company to build long-term customer relationships and to successfully operate in competitive environment. According to Kotler and Armstrong (2012), to create a winning marketing strategy, a company needs to determine its target customers and value proposition. Definition of a target market and how it can be defined was described in the previous chapter. Value proposition is a promise of product's added benefit by a company to its customers. As soon as a target market and value proposition are determined company can design 4P marketing programme that provides planned value to potential buyers. (Kotler & Armstrong 2012.)

3.6.2 Marketing mix

Marketing mix model or 4P concept is a central element of any business strategy; it is ordinary and universal in use. The model consists of four components: product, price, place, and promotion.

Product implies goods or services that company produces to satisfy needs of target customers. It is important to understand that products of the company are really needed by customers and completely meet their needs. In this case, a company should decide upon such product attributes as functionality, quality, appearance, packaging, brand, accompanying services, warranty, and after-sales support. Price is determined based on the perceived value of the product by the customers, the cost of the product, prices of competitors, and the desired rate of return. Place refers to the points of sale where customers can obtain product or service. In other words, customers should have an opportunity to buy product or service in a convenient place at a comfortable time. Promotion refers to all advertising communications which allow to draw attention of the target customers to the product, to generate knowledge about it and its main features, to evoke a desire to buy a product and make repeated purchases. For these purposes, a company can use a so-called promotion mix that comprises advertising, sales promotions, personal selling, directing marketing and public relation tools. However, for greatest communication impact, the entire marketing mix – product, price, place, and promotion – should be coordinated. (Kotler & Armstrong, 2012.)

3.6.3 Marketing plan

As was mentioned above, marketing part in a business plan is one of the crucial sections. It is recommended to describe company's marketing plan in detail. Commonly it is started with setting a goal for the marketing campaign. It can be to develop brand awareness, build customer traffic, enhance company image, increase market share, increase sales, etc. Marketing objectives are always connected with business goals. Then competitive advantage and target market are briefly described. Next step is to define all promotional materials/components and marketing tools that are planned to be used. For each marketing activity should be set cost and execution method. It is also important to determine chronology and timing of the required action steps and dates for completion.

(McBee 2017.) The more details will be provided the easier it will be then to perform.

3.7 Operational planning

This section of a business plan describes the physical location of the company, facilities, and equipment. Depending on a business type it may contain information about inventory requirements and a description of the manufacturing process. Also, this section should include information about organizational structure in human resource management of the company. The structure represents positions and responsibilities of company employees. (Ward 2016a.)

3.8 Financial planning

The financial section of a business plan is always at the end since it summarizes information from all the previous parts of a business project and presents them in monetary terms. The purpose of this part is not only to provide information about company financial state to lenders and investors but also to serve as a guide for the whole lifetime of the business. Thus, this section should be updated constantly by measuring the actual performance and comparing it with projected one.

Pinson (2008) divides financial documents into four types:

- 1) Statements of sources and uses of funds from a lender/investor. These documents contain information about the working capital, growth capital or equity capital needs. Loan fund dispersal statement shows how the money will be used. These statements are included only if an entrepreneur needs funding from investors.
- 2) Pro forma statements. They include cash flow statement, three-year profit and loss projections, and break-even analysis. These pro forma statements should be included in every business plan.
- 3) Actual performance statements are balance sheet, profit and loss statement, business financial history, or loan application. These statements are not included in a business plan for a new company since it does not have past financial performances yet.

4) Financial statement analysis is based on three-year profit and loss account projections.

3.9 Risk analysis

The risk analysis in business plan shows that an entrepreneur thought through risks and he is prepared to respond to them. This section is aimed at predicting of adverse situations in the implementation of the project and ways of their elimination, containment or prevention. Neglect or insufficient attention to the assessment of possible obstacles can lead to a complete failure of the project.

According to Savage (2013) there are three steps in risk management: identification, assessment, and management (Figure 6).



Figure 6. Steps in risk management (Savage 2013).

The first step in risk management is to take a close look at the business and identify potential risks. There is a variety of risks types, and they are peculiar to every company. However, they are all related to the following area:

- Financial risks. They relate to the probability of unfavourable financial consequences for the company in the form of loss of income or capital under uncertainty of the conditions for carrying out its financial activities. Financial risks are the main ones for startup companies.
- Operational and environmental risks. They refer to a range of environmental, human, systems and procedural impacts such as illness of key employees, equipment breakdown and natural disasters.
- Legal risks. These risks include contractual obligation breaches inside the company and with external stakeholders.
- Strategic risks. These risks relate to company's business strategies and can include changes in customer demand, increased level of competition, etc.

- Privacy and information risks. These risks include breaches of state and national privacy laws about recording, storing and disposing of customer information.

As soon as risks are identified, they are analyzed and evaluated with the use of a scale that rates each risk on a likelihood of it occurring and the consequences of it occurring. Afterward, possible ways of preventing or minimizing risks are defined. (Savage 2013.)

3.10 Appendices

There may be a lot of documents that support a project. However, an entrepreneur should carefully think what is worth to include in the main body of a business plan so it does not appear too dull to read. All information considered as important and necessary should be enclosed as appendices with explicit references to being easily found. Appendices may include technical descriptions of the product, contracts, patents, licences, market research reports and many others. (Abrams 2003, p.283.)

4 Business plan of a food truck in Saint Petersburg

4.1 Description of the business

Sweet Breams is a new company in the city of Saint Petersburg which will operate as a food truck. A food truck is a large vehicle equipped with facilities to cook and sell food and beverages. Food truck Sweet Breams will sell Japanese fish-shaped waffles Taiyaki with different fillings as well as hot and cold beverages. The food truck will have three different locations in the downtown of the city.

The company is scheduled to begin operations on 1 July 2017. Sweet Breams is a private company owned and operated by Ekaterina Zavyalova who will work as an individual entrepreneur. She has education in hospitality field as well as sufficient experience in restaurant sphere and customer service. One more important person in the company, or probably the most important is our cook. She has professional education and working experience, which is not so big but with perfect specialization for us – desserts.

The idea of the project came to the author after her careful research of food service market in Saint Petersburg. She was looking for some fresh concepts that are possible to implement in Russia in conditions of economic recession. The project should not have required huge investments as well as should not have been too complicated to launch taking into consideration owner's lack of experience in entrepreneurship. The author researched for new ideas in restaurant field in the USA as many of them come and spread around the world from there. As a result, she revealed that in the USA food trucks have been operating since 1950 and the industry's remarkable rise began in 2008. Whereas in Russia this market has just appeared in 2013 and develops very slowly.

By observing existing food trucks on the market in Saint Petersburg, the author looked for a product that stands out from ordinary food truck's hamburgers and hot dogs. Though waffles are also one of the popular product for this business, there is no food truck which sells waffles Taiyaki. The author is inspired by giving customers a possibility to get new culinary experience through such ordinary dessert as waffles. Each stuffed fish-shaped waffle will be made in front of customers in the old-school way using cast iron, flame, fresh ingredients and homemade batter.

Sweet Breams will target customers living in the downtown area of Saint Petersburg as well as tourists. By changing our location during the day, we will aspire to share our product with everyone who will stop for few minutes in the rush of day to enjoy and indulge in new tastes.

Our vision is to become a regionally recognized brand, capitalizing on the rapid growth and popularity of the mobile food industry in Saint Petersburg area. Our mission is to bring distinctively upscale bursting taste and new culinary experience to the streets of Saint Petersburg preserving traditions of a high quality of service.

The primary objectives of Sweet Breams company over the next year are to:

- Have stable position on the local market;
- Turn in profits from the first month of operations and increase sales by 15% every year;
- Become an active participant of events and festivals in Saint Petersburg and other cities;

- Become closer to customers by providing home delivery service.

Our keys to success:

- Pure product in new, unusual shape with great taste and quality;
- Exceeding customer expectations by giving extra benefits;
- Different locations during the day will let us to serve as many customers as possible;
- Professional and multilingual staff with a perfect sense of humor.

We want Sweet Breams to be a part of big city life corresponding to its rhythm and movement.

4.2 Product and services

We offer a product which differs from ordinary burgers and hot dogs that are traditionally sold in food trucks. Sweet Breams food truck specializes in Japanese waffles Taiyaki with different fillings. Taiyaki is a very popular street dessert in Japan. In Japanese, the word “taiyaki” means baked sea bream, which explains the fish-shape of waffles. The most traditional filling is red bean paste that is made from sweetened azuki beans. We will sell two types of waffles: in original shape (Figure 7) and fresher version as an ice cream cone (Figure 8).



Figure 7. Traditional shape of Taiyaki waffles

Figure 8. New version of waffles

For traditional version will be offered 13 different fillings from sweet to savory (Appendix 1). Cone-shape waffles will be served with 3 types of soft ice cream: vanilla, chocolate, and strawberry. As toppings we offer vanilla, chocolate and caramel syrups, chocolate chips and sprinkles, cookies, candy, fruits,

marshmallows. A customer can choose toppings according to his preferences or trust us to do that.

Our waffle dough is handcrafted in order to ensure the exclusivity of its texture. The waffles are baked in front of a customer which guarantees their freshness and rich taste. All ingredients will be bought from local verified suppliers. In addition to waffles, we offer a wide range of brewed coffee and tea as well as non-alcoholic seasonal drinks.

The unspoken rule of street food is "the rule of one hand". It is assumed that a person who buys a street food product can hold it with one hand while the second one is free. Thus, we pay a lot of attention to the package for our product constantly striving to improve it. Depending on customers' options and number of waffles, they will be served in cardboard boxes or wrapped in paper. Drinks are served in cardboard insulated glasses. All packing will be labeled with company' logo and name (Figure 9).



Figure 9. Logo of Sweet Breams company

The company also provides catering services for different types of events. A menu is discussed with the customer in advance. As the business develops, we plan to provide home delivery in the downtown area of the city.

4.3 Market analysis summary

4.3.1 Overview of street food market in Saint Petersburg

Overall description of food industry in Saint Petersburg was provided in the first chapter of the thesis thus, in this section the author will describe market of mobile cuisine in Saint Petersburg.

The street food market in Russia and particularly in Saint Petersburg is in the process of development. As it was mentioned before, street food market in the city occupies only 7% of the total market of food service operators. In people's

minds, street food is equal to fast food which is not healthy and contains a lot of calories. In Russia, street food was traditionally represented by small kiosks located near open markets and railway stations. The quality of food there was often very poor. However, in 2013 when first food trucks appeared in the streets of Moscow and Saint-Petersburg, the situation began to change as well as people's attitudes towards street food. It is convenient, easily accessible, cheap but also provides more or better nutrition than ordinary fast food does. Food truck owners try to divide notions "street food" and "fast food" in people's minds.

In 2015, the first festival of food trucks was organized in Saint Petersburg. It gave a tremendous impetus to the development of the food truck movement in the city. Now it is a traditional annual city event not only with local food trucks but also from other cities. An enormous amount of various festivals and events in Saint Petersburg contribute in the development of food truck industry as well. Last year there were around 115 food trucks in Russia; 30 of them are in Saint Petersburg. (Zhandarova 2016.)

Food trucks in Saint-Petersburg can be conditionally divided into two groups. The first group is food trucks of gastro-enthusiasts or regular participants of gastronomic festivals. This is the main business for them. The second group is restaurants which use food trucks to introduce the audience to their cuisine. (Sagomanyan 2014.)

Many trends that appear in food service industry are adopted by food truck owners. One of the most popular trends relates to healthy lifestyle. Owners of food truck try to include in menu vegetarian dishes, gluten- and fat-free options. Vegetables become product number one. They are more important than any other ingredient. Increasing number of national cuisine dishes of different countries is another trend. It relates to foreign policy of the country: how the country promotes itself in the international arena. It is influenced by the holding of major events, such as the Olympic Games, political forums or world championships in popular sports. Home delivery is also a popular trend. Many people prefer to order food to home or buy it on the way from work. Life rhythm constantly increases, people do not want to spend time on cooking but at the same time, they are conscious of what they eat. (Gromova 2016.)

However, the main trend for a mobile street market is still seeking of new tastes and preserving restaurant quality of dishes in the frame of reasonable prices.

4.3.2 PEST analysis

As was mentioned before, PEST analysis allows to define factors of macro environment which company cannot change but should be aware of to develop its opportunities. Table 2 below represents factors revealed during PEST analysis.

	Factor	Opportunities	Threats
P O L I T I C A L	President and local elections 2018	Possible significant positive changes in development of small enterprises in the region if opposition wins. Election of the same president will not lead to any significant changes.	Some risks if the candidate from other parties is elected. Though, the possibility it will happen is quite small.
	Import sanctions of raw materials, beverages, food products	Possibility to buy imported products and raw materials if sanctions are removed	Limitations in the purchase of raw materials, beverages, and semi-finished products (fish, cheeses, etc.)
	Implementation of the import substitution programme	Purchase of raw materials, beverages and semi-finished products without the influence of exchange rates	
	Acceptance of law regulating the food truck business	Changes in locations of food trucks.	<ul style="list-style-type: none"> • Changes in requirements for the vehicle; • Full or partial prohibition on the implementation of the commercial trade at night and in particular streets; • Changes in sanitary requirements; • Requirements to install remote location control system.

	Changes in tax legislations		A significant impact on the results of financial activities
	The measures implemented in the country and the region to provide financial support for small and medium-sized businesses;	<ul style="list-style-type: none"> • Changes in bank credit rates; • Implementation of geo marketing navigator system. 	
	Legislation in a sphere of public food service industry	Positive changes in insurance payments, internal labor regulations.	
E C O N O M I C	The decrease of population's income during ongoing crisis	Competition reduction	Reduced number of customers, frequency of visits and average bill; an increase of home cooking.
	Unemployment growth, though in Saint-Petersburg the lowest rate in the country	Competition reduction	Reduced number of customers
	Development of chain format in the restaurant field		Wide extension of chain brands in the city, more often customers prefer them due to the convenient location and brand awareness
	Famous brands launch food trucks and adjust their specialties to financial possibilities of customers		Customer preferences and choices are influenced by the awareness of the brand; Increased competition
	Due to the crisis cafés and restaurants leave the market	Reduction of local competition	
	Inflation rate		Loans are less available
	Development of domestic tourism and recreation areas	Increase in the number of tourists Increase in locations for selling	
S O	The fall of young people's share (18-30 years old)		Decreased number of customers

C I O - C U L T U R A L	Change in lifestyle of the population to more dynamic	Less time spent on food consumption	
	Growth of vegetarianism popularity or other changes of customers' preferences	Changes in menu	
	Development of the restaurant business in shopping centers		Shift in demand due to convenience: in the shopping center the whole family spend several hours
	Growth of home delivery	Providing this service	
	Customers' sensitivity to seasons and marketing actions	The need to attract customers in "difficult" hours and days.	
T E C H N O L O G I C A L	Growth of number of credit card holders	The need to have a terminal for non-cash payments	
	Shift of advertisement in Internet	Website development, promotion in different social media, CRM system.	
	Development of technological and resource-saving equipment	Improvement of food quality and decrease of production costs.	

Table 2. Results of PEST analysis.

Political factors

Among political factors, the most impact on the business can have new law regulating food truck business in Russia. Nowadays there is no special law regulating the work of food trucks in the country. This business is under Federal Law No. 381/2009 about foundations of state regulation of trade activities in the Russian Federation. This law determines that food truck can stay only in one rental place which contradicts the whole concept of mobile business itself. If food truck owner wishes to sell food in different parts of the city, the rent agreement should be made separately for every place. (Federal Law No. 381/2009.) The

new law will remove restrictions on the movement of food trucks, as well municipalities will develop a scheme for locating such facilities. Hence, this law will determine special requirements for food truck vehicles regarding the allowed types of a car engine to use. In addition, a food truck should be equipped with GPS system to track it down in the city. (Zhandarova 2016.)

A factor of sanctions retention or even their increasing should be taken into consideration in choosing product suppliers from domestic companies. As a result, high demands from the side of sanitary inspections should be paid attention to.

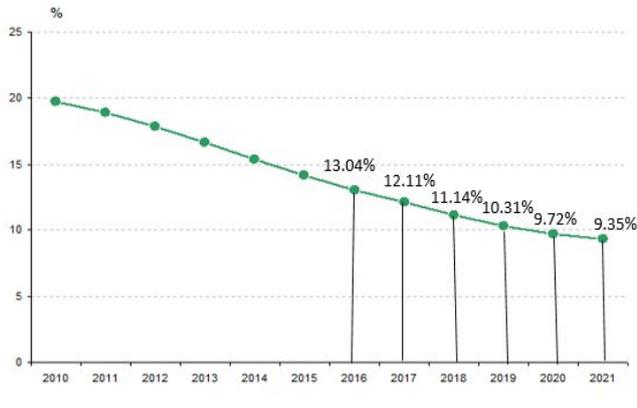
Economic factors

Ongoing economic recession in the country is the main factor which can influence on the company business activity. It has both positive and negative impacts. The crisis leads not only to a reduction in purchasing ability of the population, resulting in a falling number of customers but also to the withdrawal of a part of enterprises from the market due to their bankruptcy. As a result, the level of competition on the market decreases.

The threat also comes from big famous restaurants and chains which launch their own food trucks to adjust to the economic conditions and to attract customers beyond their usual target audience. They have more sources, brand awareness in minds of customers and possibility to offer high-level products at comparably low prices.

Socio-cultural factors

According to the forecast of values of socio-demographic indicators in Saint-Petersburg, the share of young people aged 18-30 slowly decreases (Graph 4).



Graph 4. The share of young people aged 18-30 in the total number of population (Information and Analytical Center of Saint Petersburg 2011, p.28).

This age group is primary consumers of street food. However, according to the same forecast, migration growth stays at the same level and the share of young people aged 18-30 due to that constantly increases (Table 3).

Index	Forecast					
	2016	2017	2018	2019	2020	2021
Migration growth, people	42,888	43,061	43,195	43,287	43,342	43,360
Share of young people aged 18-30	38.5%	39.9%	41.4%	41.8%	52%	53.3%

Table 3. The share of young people aged 18-30 in the total number of migration (Information and Analytical Center of Saint Petersburg 2011, p.83).

Other socio-cultural factors such as pace of life and trends in food consumption should be taken into consideration in making up menu in order to satisfy customers' tastes and wishes.

Technological factors

Technological factors play an important role during the process of equipping a food truck. Further possible changes in technologies can be smoothly used in the business.

Threats and opportunities of macro-environment will be included in SWOT-analysis along with company's strengths and weaknesses in order to develop possible opportunities.

4.3.3 Competitors analysis

Hypothetically all food service operators around us are our competitors. We divide them into direct and indirect. Indirect competitors are food trucks with different products, though they can charge similar prices and operate in the areas where we are. High-level cafés or fine-dining restaurants with the same type of product are indirect competitors as well since we will not compete for the same customers.

Direct competitors are food trucks and casual cafés which offer the same products as we do, have the same target customers and work in the areas we are planning to work.

Among direct competitors we define four main ones:

- food truck "Sbudetsya" – the only waffles food truck in the city;
- café Taiyaki – the only café specialized in the same waffles type as we do;
- food truck "Coffee bus" – specialized in coffee and located in the same area where we plan to work
- café Waffle Works – waffles are the main product, the same price segment, located in the same area.

Data about these competitors was collected through personal interviews with owners (Appendix 2, 3) as well as with the use of secondary sources.

Food truck "Sbudetsya"

This food truck was launched in 2014 by two owners. Also, they have a café with the same name located in an exhibition center in the center of Saint Petersburg. Food truck is specialized in Hong Kong waffles with different fillings. The menu also includes hot and soft drinks. Café works daily and food truck works in the city during the spring-summer season as well as participates in different festivals in Saint Petersburg and in other cities of Russia. Location of the food truck is defined based on the agreement with the administration of the city. Now the company launches its own production of other desserts such as cupcakes, cake-

pops, muffins and cakes, however, the main product of food truck is still Hong Kong waffles. One waffle costs 250 rubles (4 euro), espresso – 90 rubles (1.5 euro). The target market is young people aged 15-30 and couples with children who are attracted with the bright design of the truck as well as unusual form and serving of waffles.

The owners consider their competitive advantage in the product itself (since it is the only food truck in Saint Petersburg with Hong Kong waffles) as well as in quality. It takes around six minutes to prepare one waffle. The owners state that sometimes it causes a queue, but they do not want to speed up preparation process since it will harm the quality. Also, they have a very solid reputation as well as brand awareness and not only in Saint Petersburg but in few others cities in the country. The owners also state that they are constantly aimed to surprise customers and offer them something new thus they do not plan to stay in the frame of one product. Moreover, they plan to launch one more food truck with a totally different concept.

Café Taiyaki

The café was established in 2015 by two owners. It is decorated in Japanese style as one of the owners is interested in Japanese culture. The café is located in a quiet street near the city center. Also, customers can buy different food products from Japan there. The specialty of the café is Taiyaki waffles with 8 different fillings, various Japanese desserts, and tea. The special drink is matte latte which is prepared according to Japanese recipe. This is one of the most popular products among customers and the owners are really proud of it. Everything is cooked in front of customers. Average bill is 100 rubles (1.60 euro) without drinks.

The owners say that their main competitive advantage is a unique product since they are only one who offers that product today in Saint Petersburg. But also, they pay a lot of attention to create a special friendly atmosphere, hence it is more than just a café. However, it is known mainly among those who are interested in Japan or who accidentally find it. The biggest problem from the owners' point of view is that the café itself is small and often there is no place for all customers, and many of them wait in the street. Thus, they plan to expand it. The owners

regularly add new products in the menu and pay a lot of attention to the recipes and quality. There is also a possibility to order home delivery.

The owners organize different kind of activities such as manga drawing lessons and cooking classes. The café has a lot of activity in Russian social network Vkontakte. The feedback system is great; every question and suggestion from customers are paid attention to.

Food truck “Coffee bus”

This food truck was launched in 2014 by two girls. They offer high-quality coffee, prepared according to classic recipes (cappuccino, americano, espresso), as well as some original drinks for events and celebrations (fresh fruit drinks, hot chocolate, cold tea). The food truck has two locations: one is in the city center and another one in one of the parks. The average bill for drinks is 120 rubles (2 euro).

The owners state that their competitive advantage is coffee itself since they use only high-quality coffee beans. Also, their previous experience in coffee making as well as their passion for coffee play a major role. They try to participate in all festivals and events not only in Saint Petersburg but in other cities as well. For “Coffee bus” as for all food trucks, the high season is from spring to autumn. However, food truck also works during the winter but working hours are noticeably shorter. The food truck is very small and there is no place for people inside thus owners (who are also employees) stay outside which is very inconvenient during winter time. The owners provide different discounts, though their activity in social media for food truck is not high. However, they established a chain of mini-coffeehouses called “Craftcoffee” a year ago which is their key business now.

Café Waffle Works

The café was established in summer 2016 by one owner. He has a lot of experience in restaurant field. Besides him there are two more employees. The café is located in the city center. It is decorated in an industrial style: brick, high ceilings, wooden furniture, large windows, light colors. The main product is Belgian waffles cooked in the open kitchen. There is a broad range of different toppings as well as coffee and tea. The specialty of the café is espresso in waffle cup that can be eaten. The average bill without drinks is 150 rubles (2.5 euro).

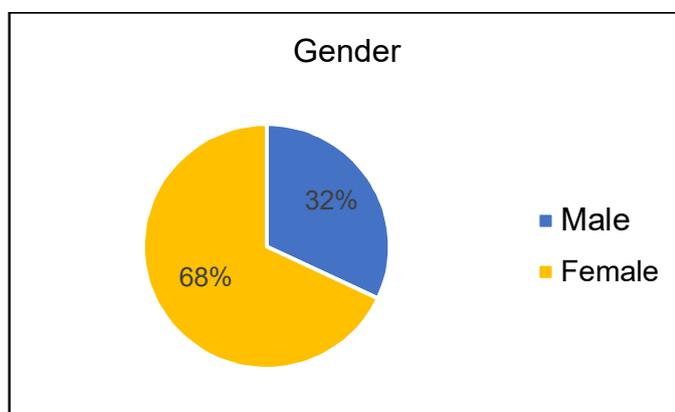
The owner states that although there are quite many cafés of the same segment in the city, his café has its loyal customers and continuously attracts new ones. The main role in this plays a great location, different marketing promotions in social media and lower prices in comparison with competitors. For the future, the owner plans to add new dishes in the menu and organize different events in the café.

4.3.4 Target market analysis

The research to define potential customers was conducted through the questionnaire (Appendix 4, 5). It was posted on one of Russian online panels www.anketolog.ru. This tool allowed to selected respondents only from Saint Petersburg aged 16-51. Likewise, the questionnaire was distributed among customers of food trucks “Sbydetsya”, “Coffee bus” and “BrosBurritos”. The last food truck is our indirect competitor since it is specialized in a different type of cuisine though it is located not far from one of our locations. However, it was important for us to obtain data only from food truck customers to understand how often they buy street food, what they usually prefer to take and where they usually do it.

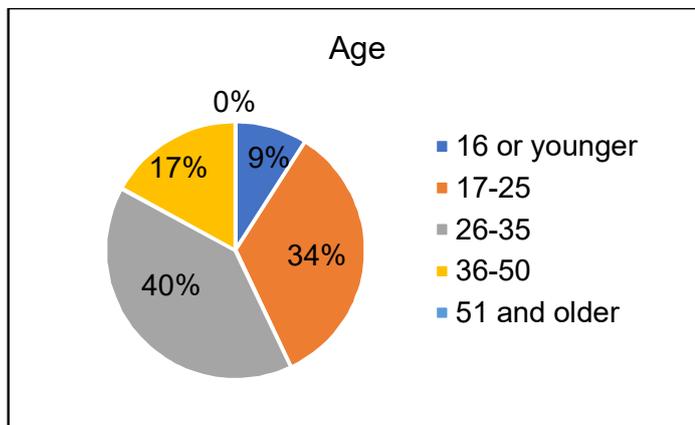
The aim of the research was to receive at least 100 responses. As a result, we managed to get 127. Fifty responses were obtained through the research panel and the rest through distribution. Results of collected and analyzed data are following.

Among 127 respondents of questionnaire 41 were men and 86 – women.

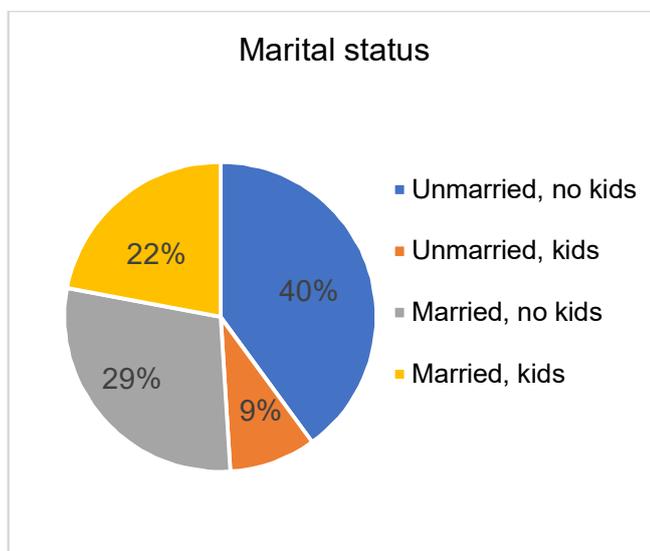


According to the diagram below, there are two main age groups: 26-35 (51 respondents) and 17-25 (43 respondents). They are followed by age group 36-

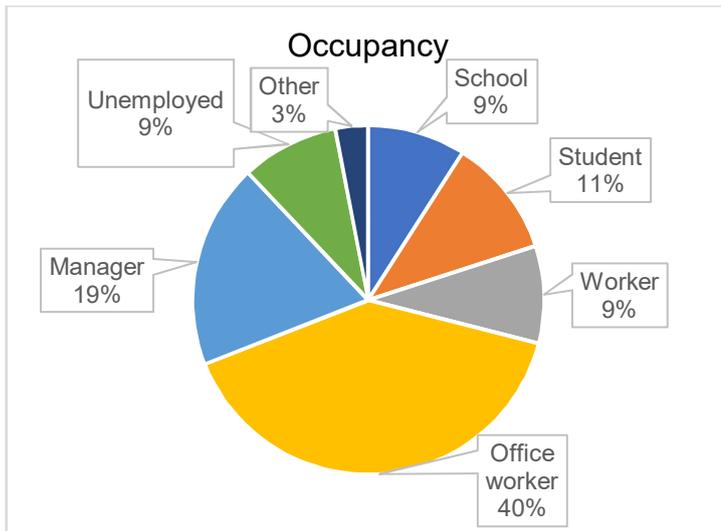
50 (22 respondents) and 16 or younger (11 respondents). Nobody of respondents was 51 years old or older. Thus, it can be evaluated that customers aged 17-35 can be targeted as potential customers.



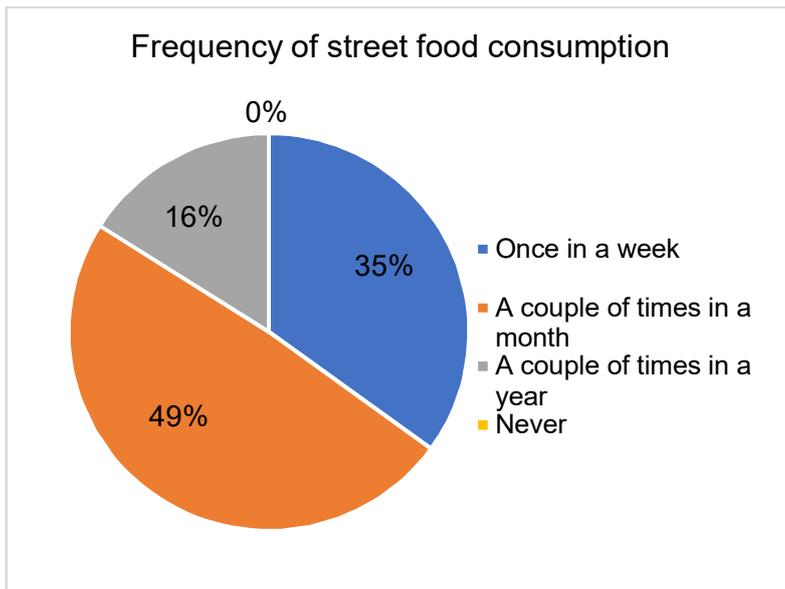
Question about marital status allowed to define two main groups: unmarried with no kids (51 respondents) and married with no kids (36 respondents). In the group “unmarried, no kids” distribution of responses according to age group is following: aged 16 or younger – 11 respondents, aged 17-25 – 22 respondents, aged 26-35 – 18 respondents. In the second group “married, no kids”: aged 26-35 – 25 respondents, aged 17-25 – 11 respondents. Thus, our potential customers aged 17-35 are married or unmarried and they do not have kids.



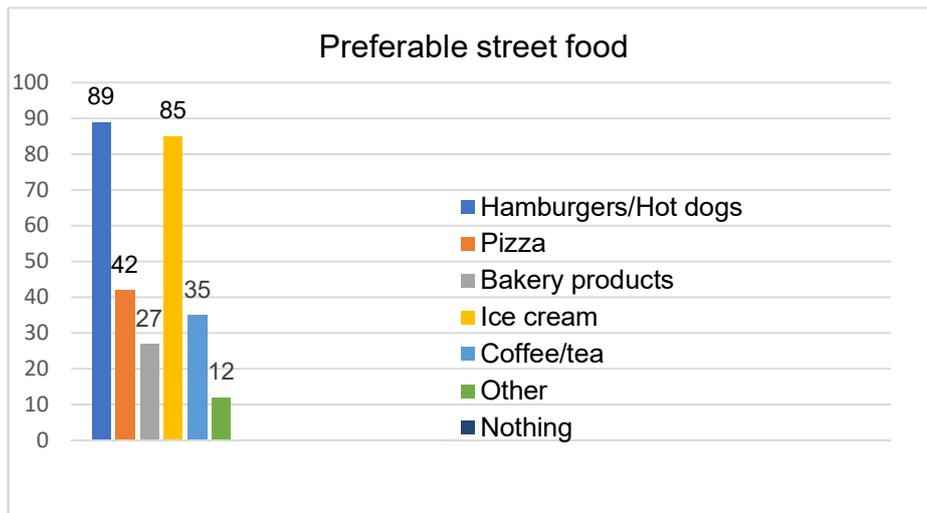
Question about occupancy revealed that the majority of respondents (51 people) are office workers. Among them the biggest part is people aged 26-35 (25 responses), followed by aged 17-25 – 13 responses and aged 36-50 – 13 responses as well. The second group is manager occupancy – 24 responses. Among them: aged 26-35 – 15 responses, aged 36-50 – 9 responses.



Next question was meant to find out how often respondents buy street food. Sixty-two respondents answered that they buy it a couple of times in a month, 44 respondents – once in a week and 21 respondents – a couple of times in a year. Nobody answered never.



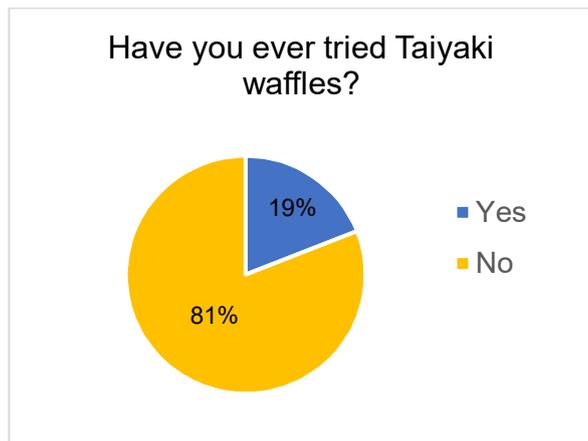
By answering next question “What do you usually prefer to buy as street food?” the respondents had a chance to choose many answers. As a result, the most popular products are hamburgers/hot dogs (89 respondents) and ice cream (85 respondents). Then pizza (42 respondents), coffee/tea (35 respondents) and bakery products (27 respondents). Among other products 5 respondents specified that they buy juice and 7 respondents – water.



Next question was meant to find out a place where respondents usually buy street food. Received answers allow to define location for our food truck. The respondents had a chance to choose many answers. The most popular answer (81 respondents) was parks and different recreation zones which are typical places for food trucks. Seventy-three respondents answered that they buy street food in various places. We can assume that they often buy street spontaneously.



The last questions were about our product – Taiyaki waffles. The purpose of these questions was to find out whether respondents had tried these waffles or not, if they had liked or not and if they would like to try them. Among 127 respondents only 24 respondents had tried Taiyaki waffles. The respondents also had a possibility to state where they had tried them. Two respondents said that it was in one of the Asian countries, 4 respondents had tried them in Japan, 10 respondents had visited café Taiyaki and 5 respondents had tried waffles in café which does not work anymore in Saint Petersburg. Three respondents could not recall the place.



Twenty-two respondents among those who had tried Taiyaki waffles answered that they had liked them and 2 respondents said that they had not. Among those who had never tried this product, 115 respondents replied that they would like to try it, 5 respondents do not want to try it and 7 respondents could not answer.

Based on provided data we can define characteristics of our target segment as following:

Demographics

- Age: 17-35;
- Gender: 70-30 women-men ratio;
- Education level: university level education;
- Income: low student incomes or mid-level incomes from office jobs;
- Social class: student and working middle class.

Geographics

Centre of Saint Petersburg with high volume of office buildings and universities.

Psychographics

- Personality traits: Self-focused, open-minded, finding fulfillment from career or study accomplishments.
- Lifestyle: Fast paced lifestyle. Active, on the move, looking for healthy life, but may not have time for it. Usually no children.
- Interests: New experiences.
- Attitudes: Ready for new culinary explorations.
- Values: Fast, ready-to-go products and easy-to-eat products. If expectations are exceeded they become loyal customers.

Usage

Usage of the same product as ours is medium to heavy, differencing from once in a week to a couple of times in a month.

Generational cohort of the segment

The target group is x- and millennial-generations, who use social media and use digital platforms more often than other generations. Thus, we can assume that the main channels for promotion and advertising will be digital like Vkontakte, Facebook, and Instagram, which all also provide an easy way to interact with stakeholders and fast word-of-mouth.

Using mentioned characteristics, we can create our target persona (Figure 10).



Figure 10. Target persona of Sweet Breems company.

Also, we should take into consideration tourism flow in the city and the fact that location of our food truck will be near main sights of the city. Thus, tourists can be considered as our target customers as well.

4.3.5 Marketing activities

In this part, we will define main marketing activities that we will use to reach our target market. We do not have a lot of money to invest in expensive marketing tools such as television. However, our potential customers are young and they use the Internet and social media daily. Thus, the Internet will be our main advertising platform. We will create our own website and constantly maintain our presence in different social media.

A website will give our customers main information about us, our products, locations, various discounts and promotions as well as a channel to leave feedbacks. Also, we need a website to be included in Russian food truck club. The club has its own website foodtruckclub.ru where can be found information about all food trucks in the country. In Russian searching system Yandex, this website is on the first place in any searching related to food trucks.

To create our website, we do not need to hire a professional, since the owner can do it by herself. She has good enough experience in it. As soon as the website is ready, it will be added in such searching systems as Yandex and Google.

Among social media we will use Vkontakte, Facebook, and Instagram. It is very important to update pages often and have feedback with customers. Also, there is increasing market of mobile applications with information on the nearest restaurants or café. We will use application Dealy. Unfortunately, there is no particular application for food truck showing their near locations in Russia yet. However, increasing number of food trucks in the city can influence it.

Along with marketing in the Internet we will use traditional ways of promotion such as printed advertising. We will print flyers with a description of our products and discount for its owner. They will be handed out in the street, in tourism offices, shopping centers. Also, we will use guerilla type of marketing – posters distributed throughout the downtown area before the food truck starts to work.

Participation in festivals and events not only in Saint Petersburg but also in different cities will help us to become known to customers. We plan to give a free sample of our products as a well tried and true means of building a following. Also, we would like to offer our customers more than they expect. Nowadays people live with the phones in their hands. Thus, we will install a phone charging station on the side of food truck. It will allow to attract and keep customers at our food truck. Customers could charge their phones while they wait for their food and while they eat. If they have a low battery, they may stay for a good period of time and order more. It is crucial especially for tourists in the city who have a lot of excursions during the day and do not have an opportunity to charge their phones.

4.4 SWOT analysis

<p>Strengths:</p> <ul style="list-style-type: none"> • Excellent skills and knowledge of business administration • Experienced cook • Passion for the business itself • Small team • Multilanguage customer service • Unique product, high-quality 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Lack of entrepreneurship experience • Basic risks of start-up company • No possibility to move along with customer traffic • Equipment
<p>Opportunities:</p> <ul style="list-style-type: none"> • Three trade locations within a day • Possibility to gain a large segment of the food truck market quickly • Target market increased tourism and migration flow • Seasonal festivals and events 	<p>Threats:</p> <ul style="list-style-type: none"> • Legislation threat • Changes in taxes • Existing and new competitors • Market for food trucks cools down during winter • Traffic jam in the city

Strengths

First of all, the owner has an excellent knowledge in business administration and in the hospitality industry that was already applied in real working conditions in hotels and restaurant. She likes to be involved in work with customers and knows how to treat them right. The owner is acquainted with business legislation and tax system in Russia, therefore long researches of these matters are not required. As was mentioned before, Sweet Breams has an excellent cook who is specialized in desserts. It will allow us not only to be sure that our waffles will have rich taste and high quality but also to plan a new line of products for future. Together the owner and the cook can provide customer service in four foreign languages: English, Finnish, German and French. This can be considered as a significant advantage for business in the city full of tourists. Even though there are only two persons working in Sweet Breams food truck, it enables to have perfect communication and efficient teamwork.

Another company's strength lies in the product itself. Traditional product in new and fresh concept will definitely capture the attention of customers.

Finally, the owner has a huge passion for what she is doing. That is the force that will drive the company and let overcome any obstacle.

Weaknesses

The main weakness relates to the risks that any start-up company faces. The biggest one of them is insufficient funding. As was mentioned, the owner does not have any experience in entrepreneurship thus there is probability that she has made some mistakes in the planning process related to financial issues.

Even though the company has three locations for trade it still does not mean that it would have an opportunity to move along with customer traffic. Another weakness relates to food truck van. It does not have a dining area and supply of pure water is limited.

Finally, all knowledge that owner has about food truck business is just a theory, whereas in real life everything can be different.

Opportunities

Even though we cannot move along with customer traffic, we can afford to trade foods and beverages in three locations within a day. It is all about knowing when to arrive and leave for another place. The unique product gives us a possibility to fast-gain a large segment of the food truck market and create a brand awareness. Excellent customer service and understanding needs of the target market will enable to build strong customer relationships. Besides, target market customer group is positively developed by tourism and immigration.

Though the food truck does not have a dining area, we will provide another benefit for customers – phone charging station and free samples of the product. Moreover, we can organize small dining area with tables and chairs for the summer period. Finally, increasing number of seasonal festivals gives us an opportunity for growth in sales.

Threats

The main threat comes from possible changes in legislation if a new law about mobile cuisine is accepted. The company will need additional funding to re-equip the van according to law requirements. However, the company will get an opportunity to follow the customer traffic and not be tied to a specific place. Possible changes in tax regulation also threaten the company as they may require additional financial expenses.

Even though competition in food truck market in the city is not heavy, we should anticipate new competitors. The market attracts not only new players but also companies with vast possibilities and resources.

In order to avoid traffic jams in the city during the day, we should carefully plan our schedule. Otherwise, there is a threat that we will be late and not manage to be on the place during customers' lunch time.

Finally, as a food truck is mainly a seasonal business and the market cools down during the winter, we should take care of saving cash for that period, as well as to plan some other activities.

4.5 Operational planning

The project implementation process can be divided into two main phases: the preparation phase and the working phase. The first stage includes the purchase and equipping of a food truck, registration of the company and obtaining of necessary working permits.

During the second phase, operational activities are directly carried out in trading places coordinated with Saint Petersburg City Administration.

4.5.1 Location

For our food truck we chose three primary locations in Saint Petersburg and one additional during white nights in summer. Locations are selected considering the maximum number of people at a particular time of day:

- 1) Area of St. Isaac's Cathedral – 9 a.m. – 14 p.m.
- 2) Nevsky Prospekt, the area of the Savior on the Blood – 14 p.m. – 19 p.m.
- 3) Area of Mariinsky Theater – 19 p.m. – 23 p.m.
- 4) Area of Palace Bridge – 23 p.m. – 2 a.m. (during white nights in summer).

Our locations are shown on the map below (Figure 11).

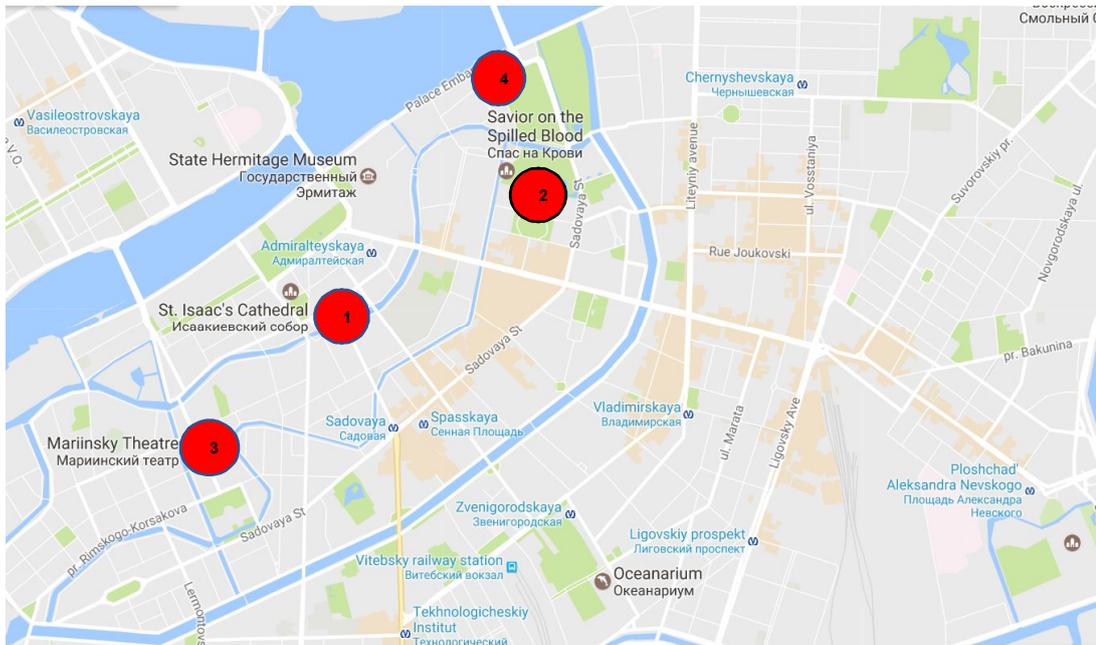


Figure 11. Locations of Sweet Breams food truck.

4.5.2 Facility and equipment requirements

The main asset is the food truck itself. We chose a van BAW Tonic (Figure 12) since it is a convenient, maneuverable and compact car, which is optimal for working in the metropolitan area. Also, we looked for a model with an engine of class Euro 4 which is required by new legislation about mobile trade. Besides, it is allowed to use this car in the historical part of the city, as well as it is sufficient to have driving licence B.

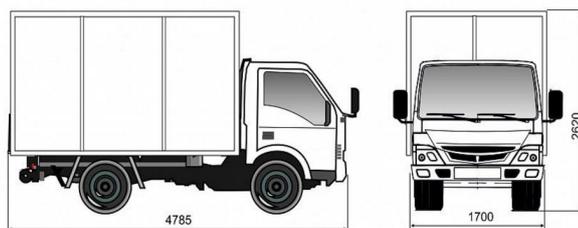


Figure 12. Van BAW Tonic.

4.5.3 Staff requirements

For the work at food truck, we need two persons. The author will be working as a driver and cashier and the second person will be a cook. For accounting work, we will use one specialist from an outside company. All administrative, managerial and promotional functions are performed by the author.

4.6 Financial data

4.6.1 Start-up capital

The biggest expenses of the project are the van and the work required to equip it. Legal registration will be made online since it is the easiest and fastest way. The only thing needed is to pay a state fee. Also, a bank account needs to be opened. Table 4 represents our projected start-up expenses.

START-UP EXPENSES, Sweet Breams company, EUR	
Assets	
Van BAW + equipment works	€ 16 871
Equipment and machinery	
Taiyaki waffle pans	€ 1 290
Heater	€ 242
Fridge	€ 1 048
Microwave	€ 81
Wash basin	€ 576
Table	€ 290
Coffee machine	€ 726
Soft ice cream freezer	€ 645
Kitchen tools	€ 565
Cooker hood	€ 89
Shelving	€ 97
Blender	€ 32
Water tank (2/200 L)	€ 113
Cash register + Cashless machine	€ 403
Total equipment and machinery	€ 6 196
Cash in the bank	€ 500
Inventory	€ 1 000
TOTAL ASSETS	€ 24 567
Expenses	
Insurance	€ 60
Licences	€ 50
Rent (location and warehouse) 2 months	€ 968
Marketing 2 months	€ 1 200
Salary (2 months)	€ 2 516
Pay roll taxes (2 months)	€ 387
TOTAL EXPENSES	€ 5 181
TOTAL INVESTMENT REQUIRED	€ 29 748
Source of finance	
Owner's capital	
Own investments	€ 4 032
Loan capital	
Loan from family	€ 19 355
Personal bank credit	€ 6 452
TOTAL FUNDING	€ 29 839

Table 4. Projected start-up expenses.

As estimated calculations show, we need € 29,748 to launch the venue. The main part of the fund will be borrowed from author's family. In addition to her own investments, the author will use personal bank credit for 1.5 year with annuity payments.

4.6.2 Projected sales

Start-up companies should base their forecasts on less-verified information, such as market research and competitive intelligence to forecast their future business. According to author's research, a food truck can sell from 60 to 120 food units per day. Projected sales based on the assumption that Sweet Breams company will sell on average 100 food units per day. This number was correlated according to season. Usually, high season for food truck lasts from April to October while low season – from November to March. Also, sales calculations were made only taking into consideration trade in the city. However, during summer Sweet Breams company will participate in festivals and events thus real sales may significantly differ from projected. Price per unit of food and beverages are based on the production costs and prices of competitors.

Monthly Projected Sales for the first year of operations are presented in the table 5. The more detailed forecast can be found in Appendix 6.

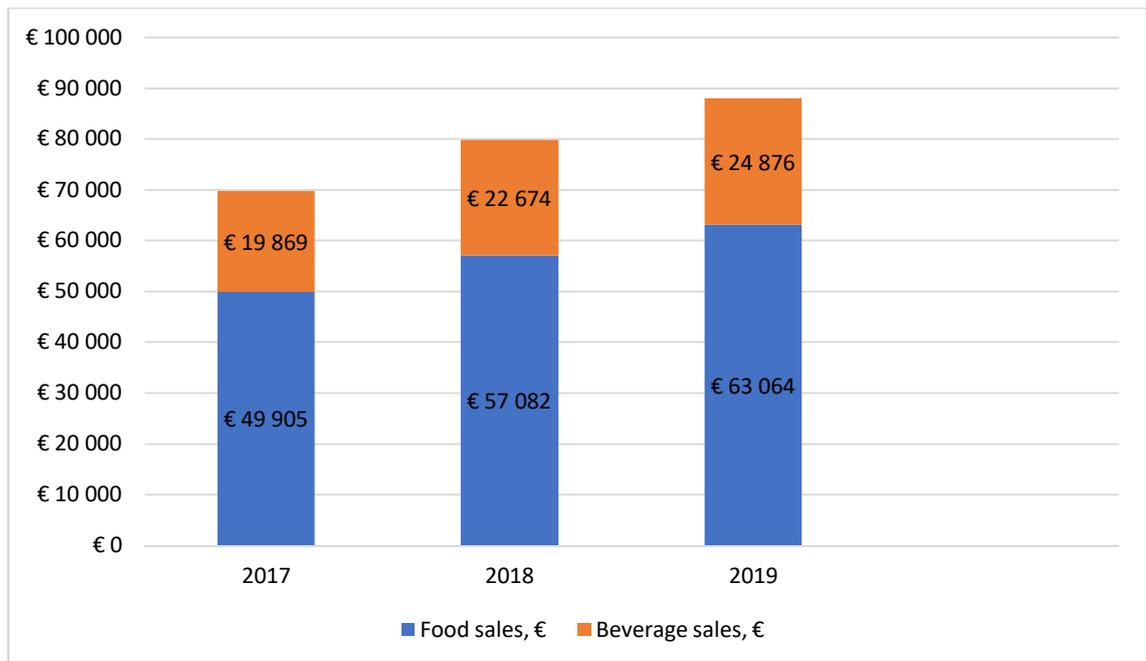
Monthly Projected Sales, 2017												
	July	August	September	October	November	December	January	February	March	April	May	June
Food units sold	1800	2700	2605	2730	2280	1770	1770	2160	2350	2590	2590	2930
Sales, €	€ 3 221	€ 4 824	€ 4 584	€ 4 758	€ 3 982	€ 3 084	€ 3 084	€ 3 769	€ 4 146	€ 4 614	€ 4 614	€ 5 226
Beverage units sold	950	1350	1150	1000	1130	780	680	800	950	1150	1200	1150
Sales, €	€ 1 538	€ 2 214	€ 1 876	€ 1 618	€ 1 831	€ 1 275	€ 1 098	€ 1 272	€ 1 514	€ 1 860	€ 1 948	€ 1 828
Total food and bev. sold	2750	4050	3755	3730	3410	2550	2450	2960	3300	3740	3790	4080
Total sales, €	€ 4 759	€ 7 037	€ 6 460	€ 6 376	€ 5 812	€ 4 359	€ 4 182	€ 5 041	€ 5 659	€ 6 473	€ 6 562	€ 7 054

Table 5. Monthly Projected Sales.

Table 6 and Graph 5 below outline company's projected sales forecast for the next three years. The company expects to increase its sales by 15 % by the third year of operations.

Yearly Projected Sales	2017	2018	2019
Food	€ 49,905	€ 57,082	€ 63,064
Beverages	€ 19,869	€ 22,674	€ 24,876
Total sales	€ 69,774	€ 79,756	€ 87,940

Table 6. Yearly Projected Sales.



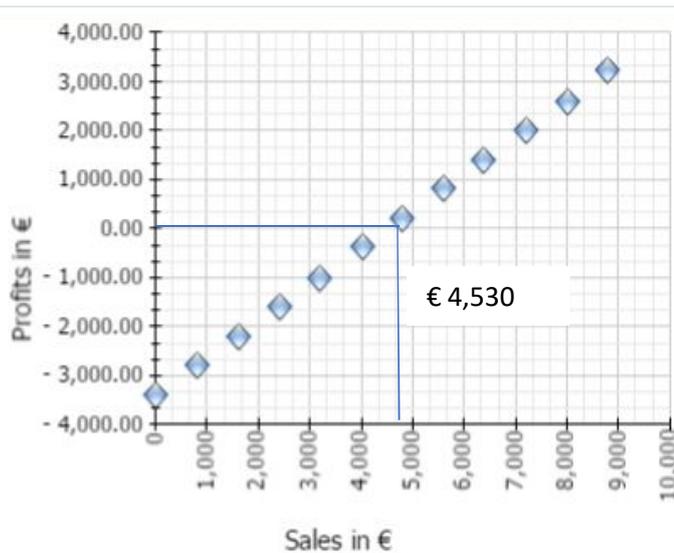
Graph 5. Annual Sales Forecast.

4.6.3 Break-even analysis

The break-even analysis shows that the company needs to sell 2,831 units of food and beverages per month in order to break even. Our sales should be at least € 4,530 to cover all our monthly costs (Table 7 & Graph 6).

Monthly units break-even	2,831
Monthly revenue break-even	€ 4,530
Assumptions:	
Average per unit revenue	€ 1.60
Average per unit variable costs	€ 0.40
Estimated monthly fixed costs	€ 3,397

Table 7. Monthly break-even.



Graph 6. Monthly break-even.

4.6.4 Projected Profit and Loss Account

Profit and Loss Account shows our projected revenues, expenses, and profit for a particular period of time. It is a snapshot of the business that shows whether it is profitable at that point of time. Monthly Projected Profit and Loss Account for the first year (Appendix 7) shows that our company will generate income from the first months of operation. However, the lowest profit and possible loss will be during winter months: December, January, and February. It is entirely expected since this is a low season when food trucks usually experience a huge drop in sales. Thus, we should take this into consideration and perhaps close operation for this period as well as to save extra cash during high season to go through this winter time. Table 8 shows company's projected Profit and Loss Account for the next three years.

Projected Profit and Loss Account for 3 years, EUR			
	2017	2018	2019
Sales of food	€ 49 905	€ 57 082	€ 63 064
Sales of beverages	€ 19 869	€ 22 674	€ 24 876
Total Sales	€ 69 774	€ 79 756	€ 87 940
Direct food cost of sales	€ 11 422	€ 13 046	€ 14 393
Direct beverage cost of sales	€ 6 148	€ 7 017	€ 7 334
Total direct cost of sales	€ 17 570	€ 20 063	€ 21 727
Gross Profit	€ 52 204	€ 59 693	€ 66 213
Operating expenses			
Payroll	€ 15 096	€ 15 096	€ 15 096
Payroll taxes 30%	€ 2 328	€ 2 328	€ 2 328
Marketing	€ 7 200	€ 7 200	€ 7 200
Depreciation	€ 3 372	€ 3 372	€ 3 372
Rent location	€ 3 480	€ 3 480	€ 3 480
Gas	€ 1 548	€ 1 548	€ 1 548
Rent warehouse	€ 2 328	€ 2 328	€ 2 328
Maintaince	€ 672	€ 672	€ 672
Total operating expenses	€ 36 024	€ 36 024	€ 36 024
Operating profit (EBIT)	€ 16 180	€ 23 669	€ 30 189
Interest expenses	€ 574	€ 83	€ 0
Earnings before taxes (EBT)	€ 15 606	€ 23 586	€ 30 189
Medical insurance	€ 74	€ 74	€ 74
Pension taxes	€ 485	€ 564	€ 631
Enterprenership tax 6%	€ 936	€ 1 415	€ 1 811
Total taxes expenses	€ 1 495	€ 2 053	€ 2 516
Net income	€ 14 111	€ 21 533	€ 27 673

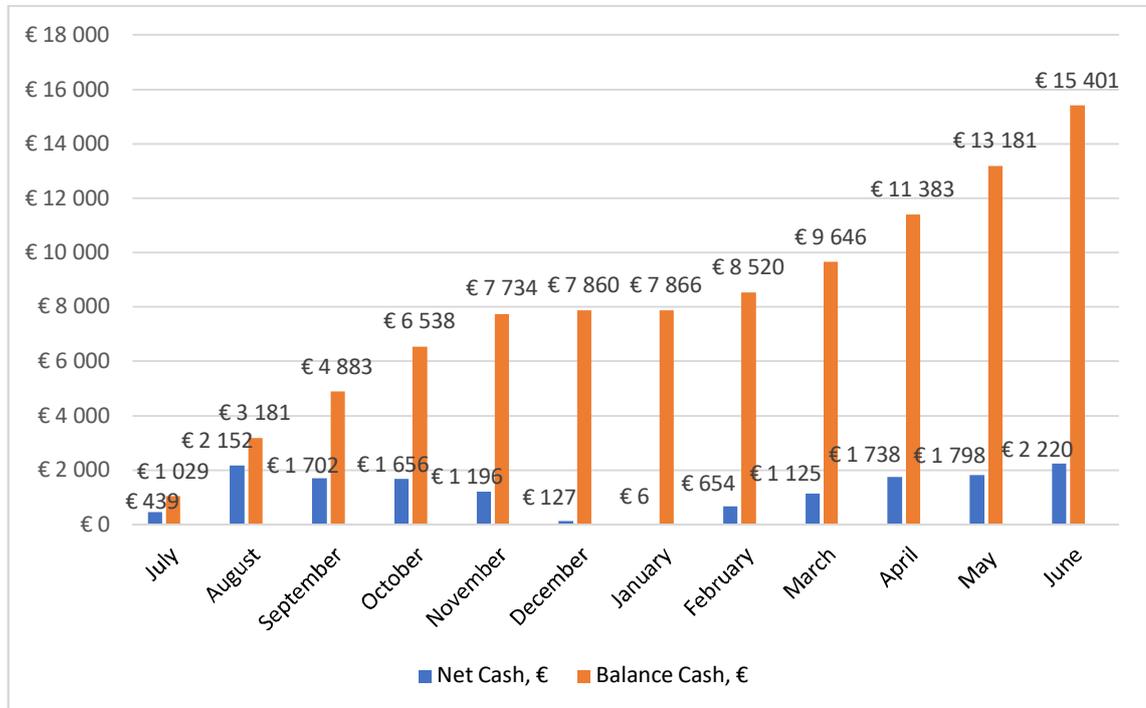
Table 8. Projected Profit and Loss Account.

Projected Profit and Loss Account enables to assume that period of project recoupment will be 20 months.

4.6.5 Projected Cash Flow Statement

Cash Flow Statement allows to evaluate the solvency of the company, its financial stability as well as capability of self-financing. The fact is that the more company's earnings are, the less there is a need to take money from external sources, for example, bank loans. Cash Flow Statement represents the actual amount of cash that the business has left from its operations that can be used to pursue expansion or increase its value.

Graph 7 below shows that the company will maintain a healthy cash flow position from first months of operation. It was mentioned before that during winter the huge drop in sales is expected, thus cash security for these months should be provided in advance. Detailed Cash Flow Statement can be found in Appendix 8.



Graph 7. Projected Cash Flow.

4.6.6 Opening Balance Sheet

The balance sheet is a portion of company's financial data that enables to determine the financial strength or weakness of the business at a particular moment in time. As the company just starts its activity the balance sheet is presented as following:

Balance sheet, Sweet Breams company, 1 of July 2017, EUR			
Asset		Liabilities and Owner`s equity	
Cash	€ 590	Family Loan	€ 19 355
Restricted cash	€ 5 121	Bank loan	€ 6 452
Inventory	€ 1 000		
Machinery and equipment	€ 23 068	Owner` equity	€ 4 032
Insurance	€ 60		
Total assests	€ 29 839	Total liabilities and Owner`s equity	€ 29 839

4.7 Risk management

The project takes into consideration the main risks that may arise in the process of its implementation. The reasons can be both internal and external factors. The following risks are the main ones for Sweet Breams company from a business perspective.

Financial risks

The main financial risks are connected with a possibility that those funding resources that the owner plans to use will be insufficient. In order to minimize risks, during the financial planning of the venture future expenses are overestimated on purpose whereas expected sales are underestimated.

Vehicle risks

A food truck is a physical facility that is vulnerable to the elements as well as general wear and tear. The common threats for food truck are snow, lightning, flood and hail damages. Moreover, the vehicle can be involved in an accident and repair works will cost a lot. Time spent on repair means lack of revenue during this period. To minimize risks connected with possible vehicle damage we need to have reliable auto insurance coverage.

Equipment damage

Another risk relates to possible equipment breakdown inside the food truck. The risk can be minimized through regular maintenance of equipment and after-sale warranty of the supplier.

Operator risks

The persons operating food truck face risks as well. These risks include possible falls, slips, cuts, burns, injuries that may occur during the working day. Employees are the main assets of our company as well as our greatest liability. Thus, we should provide them with proper working clothes and try to minimize risks from burns and cuts in every possible way. Furthermore, to reduce these risks, we should provide employees' insurance to cover the costs connected with their medical treatment and time off the work.

Decline in quality of supplied ingredients

The quality of our food and beverages are our competitive edge and a significant factor for our success in business. Any possible reductions in the quality of the ingredients for our dishes can affect our image, thus it is important to minimize this risk as well as possible. We should continuously control the quality of ingredients and establish a database of alternative suppliers. In case the risk occurs, we will be able to change suppliers without any consequences for our business.

5 Conclusion

The main purpose of this thesis report was to investigate and define how to write a proper business plan of a startup company and then implement obtained knowledge to create an actual business plan for food truck in the city of Saint Petersburg. The aims of the project such as justification of the importance of business planning process, analysis of necessary market researches and study of essential parts of a business plan have been met.

Everyone who is planning to write a business plan should be prepared for long and challenging work but at the same time very exciting one. Implementation of the business idea primarily depends on the proper writing of the business plan. The seriousness of the approach, development of all points, stages, and sections, as well as the level of personal interest guarantee quality and success of a new project.

Through this thesis, the author created a business plan for a food truck called Sweet Breams that will be launched in Saint Petersburg in July 2017. It enabled her to reveal what the main difficulties of the project implementation can be and what strengths and weaknesses the project has. The author considers her business plan to be a helpful tool when starting up the company since it provides detailed structure of actions that should be taken during implementation.

The idea of choosing a specific topic was based on the author`s desire to become an entrepreneur, however, the type of future business was not so obvious at the beginning. Since the author plans to launch her company in the city of Saint Petersburg, she was looking for something not yet developed on food service

market there. After long researches food truck as an essential part of street food turned to be such segment. Food truck movement has just begun to develop in Saint Petersburg thus the absence of heavy competition on the market means a lot for the author as a beginner in entrepreneurship. However, low level of food truck business development in the city was a reason for the main problem the author faced during her research: the lack of reliable information sources about that field of business activity and mainly statistical data and indicators. It was a big challenge for the author to filter information from the Internet to select only trustworthy sources.

Search, and choice of the primary product to sell was also time-consuming. A food truck is not a stationary cafe and space there is very limited as well as customers do not want to stand long in the street waiting for food. Therefore, the product should be fast, tasty, simple and affordable. Hamburgers and hot dogs as typical food truck's products were not considered by the author at all. After analysis of food trucks' product concepts in Saint Petersburg, the author found out that only one food truck there is specialized in waffles with sweet fillings. As the author wanted to offer not only sweet waffles but also savory versions, she discovered that Japanese waffles Taiyaki would be a perfect product for these purposes.

As soon as the business idea was defined, the author began research and implementation process. During the field research, a lot of business literature and Internet sources were investigated to determine a sequence of steps in writing a business plan, in turn, it led to the need for carrying out field researches. The first research was supposed to help in defining a potential target market for the business. It was conducted through one of Russian online research panels and distribution of questionnaires among customers of three food trucks in Saint Petersburg. The online survey was conducted at the beginning of the thesis process as soon as the author defined the business idea. The result of research revealed demographic, geographic and psychographic characteristics of potential customers, their preferences in street food and frequency of its consumption. Also, the author discovered that only a few people among respondents had tried Taiyaki waffles before. The conducted analysis of the market shows that the segment on which the activity of the author's company is oriented today will be active in the city. In turn, it allows to expect that the product of Sweet Breams

food truck will be in strong demand with a tendency of growth as company activity develops and expands.

One more research was conducted through the personal interviews with the owners of food trucks and cafes in the city. As was mentioned before there is not enough information about establishing of food truck business in Russia thus information and pieces of advice gained from the owners were precious for the author, not only in writing the business plan but they will also help in future business operations. Moreover, since some of these companies are the main competitors of the author's business, interviews were aimed to gather information for competitor analysis.

To sum up, the business plan of Sweet Breams company contains information about general characteristics of the enterprise, conducted analysis of the market and major competitors, operation planning, marketing activities, financial indicators and possible risks. The business plan can be used as a template for the establishment of food trucks or similar types of food service business. It can be updated or altered regarding to the current situation and adjusted to the business format and location.

Altogether, the financial and market analyses, as well as knowledge of strengths and weaknesses of future company, allows to assume that the project will be implemented with high efficiency and its primary goals will be accomplished.

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Appendices

Appendix 1. Menu of Sweet Breams food truck



Our menu

Traditional Taiyaki Waffles

Name	Ingredients	Price
Classic fillings		
James Bean	Sweetened organic azuki bean paste	€ 1.77
Officer Custard	Classic smooth vanilla custard	€ 1.61
Sweet fillings		
Couch Potato (veget.)	Sweet potato, walnut and brown sugar	€ 1.53
Peanut Boy	Crunchy peanut butter blended with sugar powder, coffee and honey	€ 1.77
Apple dreams	Apples in syrup blended with sugar powder and cinnamon	€ 1.53
Mmmm, Chocolates!	Milk or dark chocolate blended with banana and crushed walnuts	€ 1.61
Mon amour	Stewed orange blended with cream and almond	€ 1.61
Mint breeze	Cream, mascarpone and mint syrup	€ 1.61
Savory fillings		
Mr. Bacon	Bacon, cheese, olives and thyme	€ 1.77
Mad Hatter (veget.)	Mushrooms, potato and sour cream	€ 1.61
Le Big Cheese	Cheese, ham and chopped tomato	€ 1.77
PhoeBeBo (veget.)	Feta cheese, tomato, olive, basil and pepper mix,	€ 1.61
Hatchet Harry	Mincemeat, rice and mushrooms blended with sour cream	€ 1.77

New version Taiyaki waffles – € 2.42

- Ice cream fillings: vanilla, chocolate, strawberry
- Toppings: vanilla, chocolate and caramel syrups, chocolate chips and sprinkles, cookies, candy, fruits, marshmallows.

Beverages

Americano, espresso, cappuccino, latte, tea, frappe, seasonal drinks.

Appendix 2. Questionnaire for interview with owners of food trucks and cafés
(Russian version)

Информация о компании

1. Официальное название Вашей компании?
2. Когда она была основана?
3. Кто является владельцем компании?
4. Сколько в компании сотрудников?
5. Где располагается ваш фудтрак/кафе?
6. Сколько по времени у Вас занял выход на рынок?

Информация о продукте/услугах

7. Какие продукты/услуги Вы предлагаете покупателям?
8. Какой из Ваших продуктов пользуется наибольшим спросом?
9. Планируете ли Вы расширить ассортимент продуктов/услуг?
10. Что, по Вашему мнению, выделяет Вас среди конкурентов?

Информация о деятельности компании

11. Какие задачи стоят перед Вашей компанией?
12. Как Вы рассчитываете их добиться?

Информация о конкурентах

13. Как вы оцениваете состояние конкуренции на рынке?
14. Кто является Вашими главными конкурентами?
15. В чем состоит Ваше конкурентное преимущество?

Appendix 3. Questionnaire for interview with owners of food trucks and cafés
(English version)

Information about food truck/café

1. What is the name of your food truck/café?
2. When was your food truck/café established?
3. Who are the owners?
4. How many employees do you have?
5. What are the main locations of your food truck/café? How do you choose them?
6. How long did it take you to enter the market?

Information about the products /services

7. What are your products and/or services?
8. Which ones do you think are the most popular products/services?
9. Are you thinking of adding new products/services?
10. What special features in your product/services distinguish you from your competitors?

Information about operations

11. What goals did you set for your food truck/cafe business?
12. What strategies do you have to achieve those goals?

Information about competitors

13. How can you assess the level of competition on the market?
14. Who are your main competitors?
15. What are your competitive advantages?

Appendix 4. Questionnaire for market research in Saint Petersburg (Russian version)

Анкета для исследования мнения потребителей об уличной еде

1. Пол

Женский

Мужской

2. Возраст

3. Семейное положение

Холост/не замужем, детей нет

Холост/не замужем, есть дети

Женат/замужем, детей нет

Женат/замужем, есть дети

4. Род занятий

Школьник

Студент

Рабочий

Работник офиса

Руководитель

Безработный

Другое _____

5. Как часто Вы покупаете уличную еду?

Раз в неделю

Несколько раз в месяц

Несколько раз в год

Никогда не покупаю

6. Что из ассортимента уличной еды Вы обычно предпочитаете покупать?

Гамбургер/хот-дог

Пицца

- Десерт
- Мороженое
- Другое _____

7. В каких местах Вы обычно покупаете уличную еду?

- Парки/зоны отдыха
- Рядом с работой
- Рядом с учебой
- Где увижу
- Никогда не покупаю

8. Вы когда-нибудь пробовали японские вафли Тайяки (см. картинки)?

- Да
- Нет

9. Если пробовали, то понравились ли они Вам?

- Да
- Нет
- Затрудняюсь ответить

10. Если Вы никогда не пробовали этот десерт, то хотели бы попробовать?

- Да
- Нет
- Затрудняюсь ответить



Спасибо за участие в нашем исследовании!

Appendix 5. Questionnaire for market research in Saint Petersburg (English version)

1. Sex

Female

Male

2. Age

3. Marital status

Unmarried, no kids

Unmarried, kids

Married, no kids

Married, kids

4. Your occupancy

School student

University student

Worker

Office worker

Manager

Unemployed

Other _____

5. How often do you buy street food?

Once in a week

A couple of times in a month

A couple of times in a year

Never

6. What street food do you usually prefer to buy?

Hamburger/hotdogs

Pizza

Desserts

Ice cream

Other _____

7. Where do you usually buy street food?

- Parks/Recreation areas
- Near the work/office
- Near the school/university
- Everywhere I see
- Do not buy

8. Have you ever tried Japanese fish-shaped waffle Taiyaki (see pictures)?

- Yes
- No

9. If yes, did you liked it?

- Yes
- No
- Cannot answer

10. If no, would you like to try it?

- Yes
- No
- Cannot answer



Appendix 6. Projected Sales monthly

PROJECTED SALES SWEET BREAMS, 2017 YEAR, MONTHLY													
Food	July	August	September	October	November	December	January	February	March	April	May	June	Total
James Bean, unit sold	100	200	180	200	180	150	150	160	180	200	200	250	2150
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 177	€ 354	€ 319	€ 354	€ 319	€ 266	€ 266	€ 283	€ 319	€ 354	€ 354	€ 443	€ 3 806
Officer Custard, unit sold	50	100	90	100	100	90	90	100	100	150	150	250	1370
Sales price/unit	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61
Total	€ 81	€ 161	€ 145	€ 161	€ 161	€ 145	€ 145	€ 161	€ 161	€ 242	€ 242	€ 403	€ 2 206
Couch Potato, unit sold	100	150	135	150	100	100	100	120	120	150	150	200	1575
Sales price/unit	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53
Total	€ 153	€ 230	€ 207	€ 230	€ 153	€ 153	€ 153	€ 184	€ 184	€ 230	€ 230	€ 306	€ 2 410
Peanut Boy, unit sold	200	250	225	250	200	150	150	160	200	250	250	300	2585
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 354	€ 443	€ 398	€ 443	€ 354	€ 266	€ 266	€ 283	€ 354	€ 443	€ 443	€ 531	€ 4 575
Apple dreams, unit sold	100	150	135	150	100	90	90	100	150	150	150	200	1565
Sales price/unit	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53	€ 1,53
Total	€ 153	€ 230	€ 207	€ 230	€ 153	€ 138	€ 138	€ 153	€ 230	€ 230	€ 230	€ 306	€ 2 394
Mmmm...Chocolate..., unit sold	200	300	280	250	200	150	150	200	250	250	250	250	2730
Sales price/unit	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61
Total	€ 322	€ 483	€ 451	€ 403	€ 322	€ 242	€ 242	€ 322	€ 403	€ 403	€ 403	€ 403	€ 4 395
Mon amour, unit sold	150	250	180	180	150	100	100	150	180	200	200	250	2090
Sales price/unit	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61
Total	€ 242	€ 403	€ 290	€ 290	€ 242	€ 161	€ 161	€ 242	€ 290	€ 322	€ 322	€ 403	€ 3 365
Mint breeze, unit sold	150	250	180	150	100	90	90	100	150	200	200	250	1910
Sales price/unit	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61
Total	€ 242	€ 403	€ 290	€ 242	€ 161	€ 145	€ 145	€ 161	€ 242	€ 322	€ 322	€ 403	€ 3 075
Mr. Bacon, unit sold	50	100	150	200	200	150	150	200	150	150	150	100	1750
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 89	€ 177	€ 266	€ 354	€ 354	€ 266	€ 266	€ 354	€ 266	€ 266	€ 266	€ 177	€ 3 098
Mad Hatter (veg.), unit sold	100	100	150	200	150	100	100	150	100	90	90	80	1410
Sales price/unit	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61
Total	€ 161	€ 161	€ 242	€ 322	€ 242	€ 161	€ 161	€ 242	€ 161	€ 145	€ 145	€ 129	€ 2 270
Le Big Cheese, unit sold	100	100	200	200	200	150	150	200	200	150	150	100	1900
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 177	€ 177	€ 354	€ 354	€ 354	€ 266	€ 266	€ 354	€ 354	€ 266	€ 266	€ 177	€ 3 363
PhoebeBo (veg.), unit sold	50	100	100	150	150	100	100	120	120	100	100	100	1290
Sales price/unit	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61
Total	€ 81	€ 161	€ 161	€ 242	€ 242	€ 161	€ 161	€ 193	€ 193	€ 161	€ 161	€ 161	€ 2 077
Hatchet Harry, unit sold	150	200	300	300	250	200	200	200	150	150	150	100	2350
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 266	€ 354	€ 531	€ 531	€ 443	€ 354	€ 354	€ 354	€ 266	€ 266	€ 266	€ 177	€ 4 160
Taiyaki with ice cream, unit sold	300	450	300	250	200	150	150	200	300	400	400	500	3600
Sales price/unit	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42	€ 2,42
Total	€ 726	€ 1 089	€ 726	€ 605	€ 484	€ 363	€ 363	€ 484	€ 726	€ 968	€ 968	€ 1 210	€ 8 712
Total unit sold	1800	2700	2605	2730	2280	1770	1770	2160	2350	2590	2590	2930	28275
Total sales, €	€ 3 221	€ 4 824	€ 4 584	€ 4 758	€ 3 982	€ 3 084	€ 3 084	€ 3 769	€ 4 146	€ 4 614	€ 4 614	€ 5 226	€ 49 905

Beverages	July	August	September	October	November	December	January	February	March	April	May	June	Total
Americano/unit sold	30	30	30	30	20	20	20	30	30	30	30	30	330
Sales price/unit	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45
Total	€ 44	€ 44	€ 44	€ 44	€ 29	€ 29	€ 29	€ 44	€ 44	€ 44	€ 44	€ 44	€ 479
Espresso/unit sold	20	20	20	20	10	10	10	20	20	20	20	20	210
Sales price/unit	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45	€ 1,45
Total	€ 29	€ 29	€ 29	€ 29	€ 15	€ 15	€ 15	€ 29	€ 29	€ 29	€ 29	€ 29	€ 305
Capuccino/unit sold	150	150	200	200	250	200	150	150	200	250	250	150	2300
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 266	€ 266	€ 354	€ 354	€ 443	€ 354	€ 266	€ 266	€ 354	€ 443	€ 443	€ 266	€ 4 071
Latte/unit sold	150	150	200	200	250	200	150	150	200	250	250	150	2300
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 266	€ 266	€ 354	€ 354	€ 443	€ 354	€ 266	€ 266	€ 354	€ 443	€ 443	€ 266	€ 4 071
Frappe/unit sold	200	400	200	100	100	50	50	50	50	100	150	200	1650
Sales price/unit	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77	€ 1,77
Total	€ 354	€ 708	€ 354	€ 177	€ 177	€ 89	€ 89	€ 89	€ 89	€ 177	€ 266	€ 354	€ 2 921
Tea (black/green)/unit sold	200	200	200	200	250	150	150	200	250	250	250	300	2600
Sales price/unit	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29	€ 1,29
Total	€ 258	€ 258	€ 258	€ 258	€ 323	€ 194	€ 194	€ 258	€ 323	€ 323	€ 323	€ 387	€ 3 354
Seasonal drinks/unit sold	200	400	300	250	250	150	150	200	200	250	250	300	2900
Sales price/unit	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61	€ 1,61
Total	€ 322	€ 644	€ 483	€ 403	€ 403	€ 242	€ 242	€ 322	€ 322	€ 403	€ 403	€ 483	€ 4 669
Total unit sold	950	1350	1150	1000	1130	780	680	800	950	1150	1200	1150	12290
Total sales, €	€ 1 538	€ 2 214	€ 1 876	€ 1 618	€ 1 831	€ 1 275	€ 1 098	€ 1 272	€ 1 514	€ 1 860	€ 1 948	€ 1 828	€ 19 869
Total food+beverages	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Total food+bev/unit sold	2750	4050	3755	3730	3410	2550	2450	2960	3300	3740	3790	4080	40565
Total food+bev sales, €	€ 4 759	€ 7 037	€ 6 460	€ 6 376	€ 5 812	€ 4 359	€ 4 182	€ 5 041	€ 5 659	€ 6 473	€ 6 562	€ 7 054	€ 69 774

Appendix 7. Projected Profit and Loss Account

Projected Profit and Loss Account, Sweet Breams, 2017													
	Total	July	August	September	October	November	December	January	February	March	April	May	June
Sales of food	€ 49 905	€ 3 221	€ 4 824	€ 4 584	€ 4 758	€ 3 982	€ 3 084	€ 3 084	€ 3 769	€ 4 146	€ 4 614	€ 4 614	€ 5 226
Sales of beverages	€ 19 869	€ 1 538	€ 2 214	€ 1 876	€ 1 618	€ 1 831	€ 1 275	€ 1 098	€ 1 272	€ 1 514	€ 1 860	€ 1 948	€ 1 828
Total Sales	€ 69 774	€ 4 759	€ 7 037	€ 6 460	€ 6 376	€ 5 812	€ 4 359	€ 4 182	€ 5 041	€ 5 659	€ 6 473	€ 6 562	€ 7 054
Direct food cost of sales	€ 11 422	€ 728	€ 1 085	€ 1 062	€ 1 104	€ 933	€ 720	€ 720	€ 879	€ 950	€ 1 044	€ 1 044	€ 1 154
Direct beverage cost of sales	€ 6 148	€ 476	€ 684	€ 580	€ 500	€ 568	€ 396	€ 340	€ 392	€ 468	€ 576	€ 604	€ 564
Total direct cost of sales	€ 17 570	€ 1 204	€ 1 769	€ 1 642	€ 1 604	€ 1 501	€ 1 116	€ 1 060	€ 1 271	€ 1 418	€ 1 620	€ 1 648	€ 1 718
Gross Profit	€ 52 204	€ 3 555	€ 5 268	€ 4 818	€ 4 772	€ 4 312	€ 3 243	€ 3 122	€ 3 770	€ 4 241	€ 4 854	€ 4 914	€ 5 336
Operating expenses													
Payroll	€ 15 096	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258
Payroll taxes 30%	€ 2 328	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194
Marketing	€ 7 200	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600
Depreciation	€ 3 372	€ 281	€ 281	€ 281	€ 281	€ 281	€ 281	€ 281	€ 281	€ 281	€ 281	€ 281	€ 281
Rent location	€ 3 480	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290
Gas	€ 1 548	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129
Rent warehouse	€ 2 328	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194
Maintaince	€ 672	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56
Total operating expenses	€ 36 024	€ 3 002											
Operating profit (EBIT)	€ 16 180	€ 553	€ 2 266	€ 1 816	€ 1 770	€ 1 310	€ 241	€ 120	€ 768	€ 1 239	€ 1 852	€ 1 912	€ 2 334
Interest expenses	€ 574	€ 66	€ 65	€ 60	€ 58	€ 54	€ 49	€ 47	€ 42	€ 40	€ 36	€ 29	€ 28
Earnings before taxes (EBT)	€ 15 606	€ 487	€ 2 201	€ 1 756	€ 1 712	€ 1 256	€ 192	€ 73	€ 726	€ 1 199	€ 1 816	€ 1 883	€ 2 306
Medical insurance tax	€ 74		€ 18			€ 18			€ 19			€ 19	
Pension taxes	€ 485		€ 126			€ 126			€ 126			€ 107	
Enterprenership tax 6%	€ 936		€ 234			€ 234			€ 234			€ 234	
Total interest and taxes expenses	€ 1 495		€ 378			€ 378			€ 379			€ 360	
Net profit	€ 14 111	€ 487	€ 1 823	€ 1 756	€ 1 712	€ 878	€ 192	€ 73	€ 347	€ 1 199	€ 1 816	€ 1 523	€ 2 306

Appendix 8. Projected Cash Flow Statement

Projected Cash Flow Statement, Sweet Breems, 2017												
	July	August	September	October	November	December	January	February	March	April	May	June
Cash flow from operating activities												
Cash received from operations	€ 4 759	€ 7 037	€ 6 460	€ 6 376	€ 5 812	€ 4 359	€ 4 182	€ 5 041	€ 5 659	€ 6 473	€ 6 562	€ 7 054
Total cash received	€ 4 759	€ 7 037	€ 6 460	€ 6 376	€ 5 812	€ 4 359	€ 4 182	€ 5 041	€ 5 659	€ 6 473	€ 6 562	€ 7 054
Cash spent on operations												
Cost of good sold	€ 1 204	€ 1 769	€ 1 642	€ 1 604	€ 1 501	€ 1 116	€ 1 060	€ 1 271	€ 1 418	€ 1 620	€ 1 648	€ 1 718
Salaries	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258	€ 1 258
Salaries taxes	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194
Marketing	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600	€ 600
Rent of location	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290	€ 290
Gas	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129	€ 129
Rent warehouse	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194	€ 194
Maintenance	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56	€ 56
Interest payments	€ 66	€ 65	€ 60	€ 58	€ 54	€ 49	€ 47	€ 42	€ 40	€ 36	€ 29	€ 28
Total cash spent on operations	€ 3 991	€ 4 555	€ 4 423	€ 4 383	€ 4 276	€ 3 886	€ 3 828	€ 4 034	€ 4 179	€ 4 377	€ 4 398	€ 4 467
Net cash flow from operating activities	€ 768	€ 2 482	€ 2 037	€ 1 993	€ 1 537	€ 473	€ 354	€ 1 007	€ 1 480	€ 2 097	€ 2 164	€ 2 587
Cash flow from financing activities												
Loan principal payments	€ 329	€ 330	€ 335	€ 337	€ 341	€ 346	€ 348	€ 353	€ 355	€ 359	€ 366	€ 367
Total cash flow from financing activities	€ 329	€ 330	€ 335	€ 337	€ 341	€ 346	€ 348	€ 353	€ 355	€ 359	€ 366	€ 367
Net cash flow	€ 439	€ 2 152	€ 1 702	€ 1 656	€ 1 196	€ 127	€ 6	€ 654	€ 1 125	€ 1 738	€ 1 798	€ 2 220
Opening bank	€ 590	€ 1 029	€ 3 181	€ 4 883	€ 6 538	€ 7 734	€ 7 860	€ 7 866	€ 8 520	€ 9 646	€ 11 383	€ 13 181
Closing bank	€ 1 029	€ 3 181	€ 4 883	€ 6 538	€ 7 734	€ 7 860	€ 7 866	€ 8 520	€ 9 646	€ 11 383	€ 13 181	€ 15 401