

# DEVELOPING A BUSINESS PLAN FOR A RUSSIAN FOOD STORE

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Tiivistelmä <p>Opinnäytetyön tavoitteena oli kehittää liiketoimintasuunnitelma venäläiselle ruokakaupalle Jyväskylässä. Toinen tavoite oli tehdä tutkimus venäläistaustaisille henkilöille. Liiketoimintasuunnitelma koostui eri osista: liikkeenjohdollinen tiivistelmä, liikeidean kuvaus, tuotteet ja asiakkaat, ala- ja kilpailija-analyysi, markkinointi- ja palveluntoimitussuunnitelma, henkilöstö- ja organisaatorakenne, taloussuunnitelma, kriittiset riskit ja aloitusaikataulu. Kohderyhmälle lähetetty kysely tavoitti yhdeksän vastaajaa.</p> <p>Liikeideaan liittyvät olennaiset käsitteet käsiteltiin teoriaosassa. Tutkimusmenetelmäksi ja tutkimusmalliksi valittiin tutkiva tutkimus ja käytännöllisen tutkijan rooli. Tutkimus on kvalitatiivinen ja se toteutettiin kyselylomakkeella.</p> <p>Tutkimuksen tulokset toivat opinnäytetyön tekijöille ensisijaista tietoa venäläisen taustan omaavien henkilöiden ostokäyttäytymisestä ja heidän mielipiteistään liikeideaa kohtaan. Liiketoimintasuunnitelman kirjoittaminen auttoi tekijöitä näkemään liikeidean konkreettisenä. Tekijät oppivat, mitä asioita tulee ottaa huomioon yritystä perustettaessa. He oppivat myös omista vahvuuksistaan ja rajoituksistaan. Kaikkein todennäköisimmin liiketoimintasuunnitelma toteutetaan tulevaisuudessa sen jälkeen, kun tekijät ovat kehittäneet yrittäjyyteen ja johtajuuteen liittyviä taitoja.</p>		
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Abstract <p>The aim of the thesis was to develop a business plan for a Russian food store in Jyväskylä. Another aim was to conduct a survey among people with a Russian background. The business plan consisted of the following components: executive summary, description of the business idea, products and customers, industry and competitor analysis, marketing and service delivery plan, human resources and organizational structure, financial plan, critical risks and start-up schedule. The questionnaire sent to the target group generated nine responses.</p> <p>The essential concepts related to the business idea were discussed in the theoretical background. The exploratory study and the role of a practitioner researcher were selected as the research method and type of research design. The survey was qualitative, and it was conducted by using a questionnaire.</p> <p>The results of the survey gave the authors firsthand information about the buying behavior of Russian customers and their opinions of the business idea. Writing the business plan made it easier to see the business idea in a concrete way. The authors learned what kind of issues need to be considered when starting a business. They also learned about their own strengths and limitations, and most probably, the business plan will be implemented in the future after gathering more entrepreneurial and managerial skills.</p>		
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## 1 INTRODUCTION

The idea of the thesis got started from the authors' want to establish a business of their own. The authors thought of different ideas for the possible business and gradually ended up with idea of establishing a store in Jyväskylä. The authors had noticed that there are many Russian people living in Jyväskylä area. This notification directed authors' business idea to be a Russian food store. The fact that one of the authors has a Russian background positively affected on the decision of the business. The authors got also a possibility to work in the Business Incubator of Jyväskylä University of Applied Sciences. In the Business Incubator students can develop their business ideas and get working tools and advice for their work.

The objective of the thesis was to develop a business plan for a Russian food store, to help the authors to see the needed business activities in practice. There are many issues to be considered when establishing a business and a business plan combines the essential issues related to business establishment and gives a chance to see the whole business as an entity. Another objective of the thesis was to research potential customer group's opinions about the business idea. The research was conducted among a group of Russian people living in Jyväskylä.

The thesis consists of three different parts: theoretical part, research and business plan. In the theoretical part, concepts related to the business area were discussed. Also the chosen research method and design were described. Such concepts as entrepreneurship, food industry, retailing, legislations and regulations for food industry, importing and Russian food culture were discussed. The part gives a base for the business plan and helps to understand the features of this specific business area.

The features of qualitative research and the ways of collecting data were shortly discussed. Also the implementation of the research was dealt with. The research results were analyzed in a separate chapter.

The importance and main components of a business plan were discussed shortly. The business plan itself was divided into different parts: executive summary, description of the business, industry and competitor analysis, marketing plan, service delivery plan,

human resources and organizational structure, financial plan, critical risks and start-up schedule. After the business plan, the business operations were described with the help of a business model graph.

The conclusion sums up the thesis and includes discussion about the results and business plan. It ties to answer question if the objectives of the thesis have been achieved and if the process has resulted in new learning and, on the other hand, if any limitations concerning the business planning have come up. The aspects of future operations for the business were as well discussed.

## **2 RESEARCH METHOD AND DESIGN**

### **2.1 Exploratory studies**

Exploratory study can be used in cases where the meaning is to clarify understanding of the problem. Exploratory research has three ways of conducting. They are a literature review, expert interviews and focus group interviews. Benefit of the exploratory research is that, it is flexible and changes can be made. While using exploratory research, there has to be will to change direction, if new results and insights require so. (Saunders, Lewis & Thornhill 2009, 139-140.)

The authors' have adapted the exploratory study theory to their thesis. It was conducted in their case so that they have reviewed the literature. The authors' searched the literature to get theoretical base for the topic, explaining the essential concepts connected to business area. The focus group was processed by making a small research along one potential customer group.

### **2.3 The role of the practitioner-researcher**

A person working currently in an organization can adopt the role of practitioner-researcher in his research project. The advantage is that the person knows the organization and its structure and saves time not having to learn these issues. On the other hand knowing the organization as an insider can have also a disadvantage. The

assumptions and preconceptions that the researcher has, can prevent him to explore things, which might be useful to the research. (Saunders et al. 2009, 150-151.)

The role of the practitioner-researcher can be applied to the authors' situation as their plan is to have own business. The biggest difference is that the authors do not yet have the organization, where to perform their research, but they are insiders in their business plan, as a worker in an organization. The authors have the information about their potential business, which an outsider would not have. On the other hand the authors close relation to the issues can prevent them to see all the possibilities, as mentioned in the chapter above.

### **3 ENTREPRENEURSHIP**

#### **3.1 Entrepreneurship**

The meaning of entrepreneurship can be defined in many ways. One definition is that an entrepreneur is any person, who wants to work for himself or herself. Originally the word entrepreneur comes from the French word, *entreprendre*, meaning "to undertake". (The Definition of Entrepreneurship.)

An entrepreneur can be seen as a person who creates a new business and faces risk and uncertainty to achieve profit and growth. Many people have good business ideas, but entrepreneurs are those, who act with their ideas. (Zimmerer & Scarborough 2002, 4.)

In United States often heard definition for entrepreneur is someone starting his own, new and small business. Still it is worth noticing that not all new businesses are entrepreneurial or present entrepreneurship. One example of entrepreneurship is McDonalds. It didn't come up on the restaurant market with any new product, because other American restaurants were having the same final product. Instead of this McDonalds concentrated on company's operations. It is concentrated working e.g. on management issues, customer value and product standardizing and the result of this was new market and new customer. (Drucker 2005, 19.)



The same principles apply on entrepreneurship, no matter who or what kind the entrepreneur is. Entrepreneur can be already existing large institution or a person starting his or her venture. A person with a new venture has to learn the way how to be an entrepreneur, how to be innovative and most important how to manage. (Op. cit. p. 131.)

### **3.1.1 Entrepreneurship in food industry**

There is many type of entrepreneurship in food industry. Some entrepreneurs concentrate on primary sector by growing and producing the food. A number of entrepreneurs in food industry work as retailers. The business can be everything from small business to national chain stores. Entrepreneur can have his own business or be part of a chain, anyway he will be managing the operations of the store. Distribution and logistics can also give a chance for entrepreneurship in food industry.

Entrepreneur especially in primary sector carries a lot of responsibilities, because he has to take care of the safety of the food products he sells. In food industry the entrepreneurs are expected to offer safe and high-quality products to consumers.

## **4 FOOD INDUSTRY AND RETAILING**

### **4.1 Food industry in Finland**

The food industry is the second largest manufacturing industry in Europe. Europe's food industry consists of about 310 000 companies, with 4.8 million employees. Even though having such a big amount of companies, most of them are small and operate in national market. Only few European companies compete worldwide with their products. Small and medium-sized enterprises form 99% of the whole food sector. (EU food market overview 2010.)

In Finland the food industry is the fourth biggest industry. In the year 2008 the food industry export value was 1,4 milliard euro and value of import was 3,3 milliard euro. (Elintarviketeollisuus lyhyesti.)

The Finnish food industry has many sides. It for example develops and produces food for consumers. Food is also exported and imported. The industry employees people e.g. in production, primary production, distribution and trade. Indirectly it employs people e.g. in container industry and machine industry. (Elintarviketeollisuus Suomessa.)

## **4.2 Retailing in Finland**

Retailing includes the business activities involved in selling goods and services to consumers for their personal, family or household use. Retailing is sale to the final consumer so it is the last stage of distribution process. (Berman & Evans 2007, 4.)

The retail can be divided into three different categories by branches, which are daily good retail, special product retail and service retail. Daily good retail sells food and other daily needed consumer goods. Special products are products, which are bought not so often as daily good products. Examples of branches in special retail are book, cloth and furniture retails. Service retails are for example bank, insurance and cleaning services. Retail can be categorized by their type. They are department store, hyper market, super market, self-service store and small store / kiosk. (Rämö 2008, 10-11.)

The trade network in Finland is comprehensive and it serves different type of customers. Factors as migration, ageing and consumer habits are challenges for Finnish grocery trade. It is also a notable employer in Finland. According to the year 2008 the trade sector employed ca. 273 800 people. From this 137 800 was employed in retail trade and 91 700 in wholesales. (Finnish Grocery Trade 2009-2010 2009, 6.)

Typical for Finnish grocery trade are chain retailers and centralized procurement and logistics. The three biggest chains have 87,4 % of the retail grocery market. This is typical for other Nordic countries as well. In geographically wide and sparsely populated countries like Finland, only large volume enables efficient operations. Chain grocery trades have the majority of the whole market share, others than chains have only 5,2 % of the share. (Finnish Grocery Trade 2009-2010 2009, 16.)

The total number of shops in Finland in January 2010 was 3917. The majority of the shops are bigger shops for example supermarkets and self-service shops. The minority are smaller shops, e.g. speciality shops. (Forkful of facts 2010, 43.)

## **5 LEGISLATION AND REGULATIONS IN FINNISH FOOD INDUSTRY**

### **5.1 Legislation and regulations for the food industry**

Different types of organizations regulate the operations in food industry. Finland is a member country of European Union. EU regulates the member countries with converging laws. As well the Finnish parliament with the Ministry of Agriculture and Forestry handle the issues in Finnish food industry. Very important part of the food industry is the food safety issues.

The control of foodstuffs of animal origin in Finland focuses on food safety and to ensure that the food stuffs are suitable for consumption. Attributes that matter to consumers are the origin, health and welfare production animals, veterinary medicines and possible use of growth promoters. These quality factors can be verified through the control system which covers the whole production chain. In the Nordic countries the focus in food control is emphasized into different stages of the production chain, not only to the final product. (Foodstuffs.)

The European Union food strategy is having three core elements. They are legislation on the safety of food and animal feed, sound scientific advice on which to base decisions and enforcement and control. The legislation is comprehensive by covering animal feed as well as food and it is extended to food hygiene. Same high standards are applied across the EU. (Food safety 2010.)

The EU integrated approach to food safety assures a high level of food safety, animal health, animal welfare and plant health within the EU. It is possible through coherent farm-to-table measures and adequate monitoring ensuring effective function of the internal market. The implementation of the approach involves next issues:

- Assuring effective control systems and evaluate compliance with EU standards.
  - Managing international relations with third countries and international organizations.
  - Managing also relations with the European Food Safety Authority.
- (From the Farm to the Fork.)

## **5.2 Importing food to Finland**

When importing food products to Finland, the Finnish Food Safety Authority Evira is one of the responsible authorities for controlling the safety of the products. The issues which effect on the controlling are, if the products are imported from EU member country or non-EU country. Important is also, what product is imported? Evira controls the imports of foods derived from animals, for example meat, fish and milk products. The Customs Administration controls instead the import of other foods, such as beverages, confectionary and biscuits. (Import and Export 2010.)

According to the Internet-pages of Evira ([www.evira.fi](http://www.evira.fi)) and Finnish Customs ([www.tulli.fi](http://www.tulli.fi)) it can be seen that importing food from an EU member country is not that complex as importing food from non-EU country. While importing food from non-EU country there are more rules and restrictions which have to be noticed. The common standards in European Union ease the import inside EU and that way also decrease the work of the person, who wants to import the food products.

Taxation needs to be considered when importing food to Finland. In import taxes that usually need to be paid are tariff and value added tax (VAT). Normally the VAT for imported products is 23%. For food products the VAT is lower, being 13%. (Tulli ja arvonlisävero 2010.)

## **6 RUSSIAN FOOD CULTURE**

Russian food culture is a mixture of many cultural traditions and influences that have been absorbed over many centuries. For example tea was brought to Russia from the Mongolian khan. Nowadays Russian people drink tea 3-5 times a day and it is served for example with candies, pies or pastries. In the old days the rivers were overfilled

with different kinds of fish that made for variety of fish table in the Russia. Fish, caviars and milt became part and parcel of every meal. However, the basic food of Russian cuisine go back to ancient times and include all kinds of vegetables, mushrooms, meat, milk products, honey, fruits and berries, and a variety of wheat, barley, and rye grains. (Russian cuisine.)

Russian food culture is very often associated with vodka, caviar, beetroot salad and pies. It is worth knowing that vodka was actually brought to Russian from Italy in the 15<sup>th</sup> century as well the salads were borrowed from European food culture to Russian food culture in the 19<sup>th</sup> century. Caviar is more likely used as a festive food. (Russian cuisine 2006.)

Russian food culture has accumulated features from different cultures. Combination of Eastern and Western food cultures has built the Russian food culture. Originally the daily meal of Russians was quite modest: It was based on cereals and vegetables, with fish, mushrooms and milk products. (Russian cuisine 2006.)

Pies, pancakes, muffins and gingerbreads are part of traditional festivals. Pies including for example vegetables, berries and mushrooms are popular in Russia nowadays as well. Very often a Russian dinner includes soup. Example of soups are shchi (cabbage soup) and borshch (beetroot soup). Also vegetables are essential part of Russian food culture and they can be cooked many ways. Vegetables can be for example pickled, salted, boiled, stewed, baked, fried and roasted. The vegetables can be flavored e.g. with oils, onion, garlic, mustard and anise. (Russian cuisine 2006.)

## **7 RESULTS OF THE RESEARCH**

### **7.1 Qualitative research and implementation of the research**

The base in qualitative research is to describe the real life. The target should be researched overall. In qualitative research the researcher can not be totally objective, because values direct how people understand the things they research. It is said that in

qualitative research the intention is to find or reveal the facts. (Hirsjärvi, Remes & Sajavaara 2005, 152.)

There are some typical features for qualitative research. For example the researcher's intention is to reveal some unexpected things and the material is viewed detail. The target group for the research is chosen on purpose not randomly. (Hirsjärvi et al. 2005, 155.)

Instead typical for quantitative research are previous theories and making conclusions from previous researchers. The selection of research persons is very important and precise. The material of the research is put on statistics form. (Hirsjärvi et al. 2005, 131.)

One way of collecting data is questionnaire. Self-administrated questionnaires are normally completed by the respondents. Questionnaires can be posted (post or mail questionnaire) to respondents, who post them back after answering. Questionnaires can be delivered by hand to each respondent (delivery and collection questionnaire) and then collect they back later. (Saunders, Lewis & Thornhill 2009, 362-363.)

Open questions are useful for example in exploratory research, when the response is unsure. Open questions are useful also if you want to know, what is uppermost in respondent's mind. (Saunders et al. 2009, 375.)

This qualitative research was conducted by using a questionnaire (see Appendix 1). The research was directed to people with a Russian background living in Jyväskylä. The reason for implementing the research was to gather information about the respondents' buying behavior and their opinions about the business idea.

The authors determined the living area, where Russian people would most likely be reached. This information was based on the authors' own connections with Russian people. The questionnaires were posted to mailboxes with Russian last names on them. The number of questionnaires posted was 15 with nine of them returned. The number of posted questionnaires was kept to a minimum, because the idea was only to get some guiding information and opinions from potential customers.

## 7.2 Potential Russian customers

The questionnaire included three areas. The responses to each area were analysed separately.

### Background and general information

There were 7 female and 2 male respondents. The respondents' ages differed from 22 to 70 years, with the average age being 47 years. The size of the family varied from one to three persons. The shortest time of living in Finland was 2 years and the longest time was 13 years so the average time for living in Finland was 6,5 years. The respondents represented different categories according to their professions. There were students, workers in low and high positions and pensioners. Even though the amount of respondents was minor, there were reached people with different background.

### Buying/food behaviour

The most often mentioned places to buy food were Prisma and Citymarket. E.g. Prisma was mentioned by 8 respondents. Some smaller stores were mentioned too, for example Lidl. The responses were almost as expected. The respondents in that sense represent a normal type of buyer nowadays, concentrating the buying on bigger markets. The most important factor in buying decision was price, mentioned by all respondents. A couple of respondents had also mentioned origin and taste.

Eight of the respondents told that they or someone on their behalf bring food products from Russia. Some of the respondents had also mentioned that they bring products a couple of times a year. This could be interpreted so that respondents are interested about Russian food, but not very interested in travelling to Russia only to bring food from there. All the respondents cook the food in a Russian way, which was as expected, also telling about their interest in their own food culture.

## Russian food store

The most essential part of the research was to get the respondents' thoughts about opening a Russian food store. The business idea got negative and positive responses. Over half of the respondents thought it is a good idea. The reasons given by respondents, why they did not find it as a good idea, were that there are not enough customers, it will not be profitable and also that people will not trust the quality of the products.

The last reason about people not trusting the quality of products is actually quite interesting. Finnish people you may expect to have prejudices toward food produced abroad. According also to the authors' observations, Russian people may trust the quality of a foreign product more than the quality of products made in Russia.

To the question if there are enough customers for this business, the responses were evenly for and against. The same amount believed that there will be, but as much respondents thought that there is not enough customers.

The respondents offered quite many different products, while asked what products they would like to buy from a Russian store. Mayonnaise was the most often mentioned product, followed by condensed milk. There were also a number of other products mentioned, such as caviar, sweets, cookies and herring.

The location of the shop is not that important for respondents, even though a couple of respondents preferred it to be in the centre. The possibility that food expenses would grow while buying from a Russian food store, would make four of the respondents not to buy. For the rest of the respondents, this factor did not seem to affect the buying behaviour. The amount of money spent at one time in the store varied a lot. The sum of money used at one time varied from 10 euros to 100 euros.

The respondents did not see other food stores as a big threat to our store. Couple of respondents mentioned that another Russian food store in Jyväskylä would be a threat, some mentioned that a store selling Russian food in Helsinki, is a threat to us.



The main idea for the research was to find out people's opinions about the authors' business idea. No great conclusions can be drawn, because the number of respondents was minor. Still, the research gave some guidelines how the Russian people would react to a Russian store in Jyväskylä. It also gave information about Russian people's buying behaviour.

## **8 WHY AND HOW TO DO A BUSINESS PLAN**

### **8.1 The importance of a business plan**

A business plan is a written summary of an entrepreneur's business idea, its operational and financial details, marketing opportunities and strategy and its managers' skills and abilities. Business plan describes company's direction, its goals and how it is going to achieve them. Business plan has two essential functions. It guides company's operations by charting future and devise a strategy for following it. The other function of the business plan is to attract the possible lenders and investors for the business. (Zimmerer & Scarborough 2002, 337.)

The business plan works as a compass for the direction that a business will take in future. Planning always helps to achieve goals and it will help also with details of the business. In the process of writing a business plan more details will come out, which would have not been considered in the beginning. Business plan will help the authors to organize the business operations and can perhaps save from problems, because the issues have been planned well in advance.

### **8.2 The main components of a business plan**

Every business plan is unique and it must be tailor-made. The elements of a business plan have pretty much the same standard, but the way how entrepreneur points out the facts is unique. (Zimmerer & Scarborough 2002, 339.)

There can be found a lot of literature and information about business plans. Especially different forms for the content of business plan are available, still them all having the

pretty much same content. There is not one perfect business plan model, which suits every plan. That is why for example two different contents can be combined to build the most suitable business plan for the own business.

The authors have combined two different contents for their business plan. The Internet-pages of Uusyrityskeskus ([www.liiketoimintasuunnitelma.com](http://www.liiketoimintasuunnitelma.com)) have been utilized while writing the business plan. The main content that the authors followed is described below. The content is based on the information of the book The definite business plan. (Stutely 2002.) The book has been utilized so that only the needed elements have been chosen and combined for the business plan.

1. Executive summary: a short overview of the entire business plan.
2. Description of the business: an explanation of business idea, products and customers.
3. Industry and competitor analysis: market opportunities and threats, industry structure, competitor profiling and SWOT-analysis.
4. Marketing plan: estimating pricing and customers, planning of the sales and promotion.
5. Service delivery plan: location, equipment and logistics.
6. Human resources and organizational structure: information about management personnel and the company form.
7. Financial plan: initial profitability calculations.
8. Critical risks: the potential risks in business.
9. Start-up schedule: a list of actions made to start the business.

## **9 BUSINESS PLAN FOR A RUSSIAN FOOD STORE**

### **9.1 Executive summary**

The authors' idea is to establish a food store in Jyväskylä, selling Russian style food products. The store will be located in the central area of Jyväskylä. The products will be ordered from a German company producing Russian style food products.

The customers are divided into three different categories: people with a Russian background, ethnical cooks and the other consumers in the market area. All customer groups have different reasons to buy the products.

The competition in food retail industry is hard in the Jyväskylä area. The two retail chains; the S Group and K Group dominate the food market. The opportunity on the market is based on the fact that there is no direct competitor, a store selling Russian food, in Jyväskylä. The authors' store can differ from the other food stores with special product selection and customer service. The authors' also see that Jyväskylä is a potential place where to locate the store because the city has quite international atmosphere and growth of business create a possibility to this business.

The financial base for business will most probably be a bank loan of approximately 50 000 Euros, to be shared by the two owners. One option is also to use the owner's equity as a financial basis.

### **9.2 Description of the business**

#### **9.2.1 Business idea**

In short, the business idea is to establish a food store in Jyväskylä selling Russian style food. The business would bring something new for the food market in Jyväskylä. The ideal location for the store is in the centre of Jyväskylä or nearby some of the city area's hypermarkets, Prisma or Citymarket. The products will be ordered from a German company Ulan GmbH and are delivered straight to Jyväskylä.

The business will be very small in the beginning. In addition to the two owners, more employees will possibly be hired later. Depending on the profitability of the business and how well customers will find the store, the business might be expanding to the Internet later on. Then there would be an online-shop in addition to the store.

### **9.2.2 Products**

Products can be divided according to their characteristics:

1. Core product is the problem solving services or core benefits that consumers are buying when they obtain a product (Kotler 2004, 539). Russian store's core product offers opportunity to feel like at home for Russian customers and to try something new for Finnish and other customers.
2. Actual product is a product's parts, quality level, features, design, brand name, packaging and other attributes that combine to deliver core product benefits (Kotler 2004, 539). According to those characteristics, by quality level the products satisfy EU standards; by features, packaging and styling they are relevant to current Russian food market; by brand names they are familiar to Russian customers.
3. Augmented product is additional consumer services or benefits built around the core and actual products (Kotler 2004, 539). Russian store's additional benefits include services in Russian, English and Finnish language and sales promotions.
4. "Non-durable product is a consumer product that is normally consumed in one or a few uses" (Kotler 2004, 540). The food products are non-durable products.

Also by type of consumer product it is convenience and specialty products. Convenience product is a consumer product that the customer usually buys frequently immediately and with a minimum of comparison and buying efforts (Kotler 2004, 540). Some of the products represent specialty products by their uniqueness, for example, skimmed condensed milk with sugar, speck, pickled tomatoes and etc.

The marketing strategy includes the following product mix decision:

1. By width it will include one main product line: food
2. By length it will contain 114 items
3. By depth each item will be representing by two or three variants (Kotler 2004, 555).

The products sold are Russian style food products. The authors have searched and compared different companies where to order the products and decided to choose Ulan GmbH from Germany because their web-site is well organized and the products seem to be with good quality. The authors have already contacted the company to receive information about the product selection.

Ulan GmbH distributes traditional Russian foodstuff in Europe, but also some other countries of the world. The company already has experience of operations for example in France, England and Italy. For each client the company tries to find the best possible delivery of goods. The delivery planning is made depending on expiration date of the goods and duration of delivery. The quality of the products satisfies all European standards. Most of the labels are translated into several languages. (Ulan GmbH 2005.)

The authors decided to import products inside EU, because the similar standards and regulations make it easier than importing food from Russia. Also the quality issues are similar around European Union, so the food products will be with high quality. The fact that products are produced in Germany and not in Russia is a thing which needs to be noticed in operations e.g. in marketing, because the customers may assume the products are made in Russia.

The product selection will be quite small in the beginning, before learning the customers' needs and wants. The authors have chosen the products from the product list received from supplier. There has been chosen products from different food categories to offer the most diverse selection to the customers. In the beginning it is hard to know what kind of products customers are willing to buy, so starting with wide selection is good idea. Later on the product selection can be changed based on sales, which products customers buy.

The exact product list (see Appendix 2) includes the products of the first possible order. It also includes the prices the authors pay for the supplier. The offered products can be shared into different food categories.

Main categories are:

- Mushrooms
- Sea products
- Pelmeni
- Sweets (cake)
- Sweets (cheese cake)
- Tomato
- Sea garbage
- Smetana
- Milk products
- Meat stew
- Sausages
- Fish products
- Canned products
- Pickled vegetables
- Soups
- Mayonnaise
- Sweets and candies
- Seeds
- Porridge, dry soup

The plan is to first order 114 different items and the number of products will be 1708. The labels are expected to be in several languages as mentioned before. The labels will be translated into Finnish and English if needed.

### 9.2.3 Customers

Generally speaking potential customers will be all consumers in the Jyväskylä area, interested in Russian food. To help especially the marketing processes the authors have identified the customers into three groups:

1. People with a Russian background
2. Ethnical cooks
3. Other consumers on the market area

The most important customer group is people with a Russian background. In Jyväskylä area customers with a Russian background can be for example students, workers or pensioners. The reason to their move to Finland can be for example studies or work or even family issues. To all of them Russian food represent traditions and familiarity from their own culture. Many people living abroad are willing to keep up their own food culture. When living abroad it might feel nice to have an opportunity to have food from your own culture. Despite the close location of Russia, which allows people go to Russia and buy products straight from there, there can be a market for this business. The benefits are location close to the customers and high quality products.

Other customer group where to focus on is “ethnical cooks”. These are people who are interested in different food cultures and willing to try new tastes. To them the store can offered products for their cooking experience. These customers can be both Finnish and foreign people. They might have got the enthusiasm to Russian food during their travels or they are just persons, who like to try different food cultures.

The last group can actually include all the other customers in the market area. Identifying them with one descriptive word is not possible. This group can include for example Finnish consumers, who find the store on their way to other stores, or people who are passing by Jyväskylä, e.g. tourists. This last customer group is the most challenging because these customers do not have any special reason to come to the store, unlike the two other customer groups have.

### 9.3 Industry and competitor analysis

The authors believe there is a market for their business in Jyväskylä. The opportunity to the business exists, because there is not a similar store in the area. The population of the whole Central Finland is over 271 000. (Central Finland.) The population of city of Jyväskylä is around 130 000 and there are 70 000 households. In Jyväskylä are living over 3000 foreign residents from 100 different countries. (Statistics on Jyväskylä 2010.) In the whole Finland Russians are the biggest foreign nationality group with 28 210 persons. (Maahanmuuton vuosikatsaus 2009.) These numbers tell about a quite active city with a big number of foreign people as well.

One special aspect in Jyväskylä area is the big amount of students. On the other hand also the number of aging people is rising all the time. The geographical location of Jyväskylä by the main arteries is beneficial, when thinking retail trade. The through traffic gives opportunities for trade. (Kaupasta kaikille 2009, 58-61.)

In the year 2007 there were 1706 retail stores in the province of Central Finland and 57% of these were located in Jyväskylä area. 69 % of the total sales was done in the Jyväskylä area and 78 % of it in the city of Jyväskylä. S Group's cooperative store Keskimaa has got a strong position in the area with its large amount of customer owners. (Kaupasta kaikille 2009, 54-55.)

Retail trade in Jyväskylä is very much controlled by two strong groups: S Group and K Group. Smaller role on the market plays Suomen Lähikauppa Oy, Lidl, and Minimani. There are also at least couple of retails specialized in more exotic food. These are Herkkuja Maailmalta Keidas (Delicacies From The World Oasis) and Asian Food.

S Group and K Group have both large markets in Jyväskylä area. S Group has three Prisma stores and K Group two Citymarkets. They have also got a number of smaller markets, S Group has 13 and K Group has 8. Suomen Lähikauppa has got 20 smaller retail stores in Jyväskylä city area. Lidl has two stores, Minimani and Tokmanni has one.



Competitors in a wide range are all stores selling food in Jyväskylä area. The strong leaders in business are Keskimaa and Kesko with their variety of different size of food stores. There are also some smaller special stores, specialized into some other food culture. At the moment there is no Russian food store on the area. One Russian food store “Kalinka” is located in Helsinki, and it can be also categorized as our competitor. Even the near location of Russia can be seen as competition to the store.

A new business on the market can face some threats. The most essential threat in this business is that there will not be enough customers. The competition is very strong on the food industry and it is centralized into big markets which effects on the situation of smaller specialized stores. On the other hand customers might be looking for something new compared to hypermarkets. There is market potential for Russian food store, to offer something different and more customer oriented service.

There might also be some negative attitudes toward the store and its products. It is important to inform customers about the store and its operations, to give knowledge for them. The quality of the products compared to Finnish products can occupy some people. Then again in today’s global world, people are used to travel and exploring new cultures and food experiences.

The authors assessed two competitor’s strengths and weaknesses. As an example of indirect competitor we chose Prisma, because of its strong position in Jyväskylä and direct competitor is Kalinka, because it is offering the same type of products.

#### Prisma

- strengths: established customer base, good reputation, effective sales promotion, discounts cards, wide assortment
- weaknesses: common product selection, minor personal service
- opportunities: gain more customers, build more stores
- threats: intense competition in the area, customers possible saturation for the product selection

#### Kalinka

- strengths: good location near the centre of Helsinki from the customer and logistics point of view

- weaknesses: lack of advertisements, no website
- opportunities: creating website, more advertisements
- threats: lack of customers

### **Russian food store in Jyväskylä:**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- <b>No direct competitor in chosen geographical area</b></li> <li>- <b>Multi language service (team members have Finnish and Russian background)</b></li> <li>- <b>Convenient location</b></li> <li>- <b>Developed promotion strategy</b></li> <li>- <b>New idea</b></li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- <b>Limited resources</b></li> <li>- <b>Lack of managerial experience</b></li> <li>- <b>Dependence from supplier</b></li> <li>- <b>New industry (retailing) for the team members</b></li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- <b>Potential to grow</b></li> <li>- <b>Development of Online-shop</b></li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- <b>Entrance of new competitors</b></li> <li>- <b>Attack from existing indirect competitors</b></li> <li>- <b>Lack of customers</b></li> </ul>

**Figure 1. SWOT-analysis for a Russian food store**

### **9.4 Marketing plan**

The marketing strategy is to be market niche that concentrates on providing services to Russian, Finnish and other customers who want to enjoy about the Russian food culture. The authors are going to obtain a long term relationship with the customers by providing good customer service and high quality goods. The sales method is direct selling by the entrepreneur (Kotler 2004, 72).

A marketing mix is a set of controllable tactical marketing tools that a company mixes to produce the response it wants in the target market. The marketing mix tool consists

of everything a company can do to influence the demand for its product. The marketing mix can be presented as four P's: product, price, place and promotion. (Kotler, Wong, Saunders & Armstrong 2005, 34.)

Below are the P's in the business:

Product: Russian food products, service.

Price: To define the price for the products, many things need to be considered, for example research about the prices of competing products, what consumers expect and how to cover the costs about running the business.

Place: the store in the central area of Jyväskylä.

Promotion: advertisement in newspapers, on the Internet.

All products and services have a price just like they have a value. In a narrow sense price is the amount of money charged for a product or service. (Kotler et al. 2005, 665.)

Price is part of the marketing plan. It is good to be aware of the prices of competing products. The authors have done a field research in their direct competitor Kalinka's prices (see Appendix 3) to see with what kind of prices Russian food products are sold at. It is noticeable that the exact same prices can not be used for the authors' products. The location of the store and the amount of customers affect the pricing. Still, it was beneficial to business planning to get information about the price level of Russian food in the market.

The biggest cost comes from buying the products. The authors pay each product and also the delivery costs from Germany to Finland. The authors have received the delivery cost and product list from the supplier, but only after ordering the first time they can know how much the delivery will weigh and how much they need to pay for it.

The consumers may expect the store to have higher prices than the majority of the food stores in the area. This is normal assumption for a smaller store. There are fewer customers so the sales are lower than in a big market. The image of the product can lead the customers to wrong assumptions. The name Russian food store gives an image of food that is produced in Russia. This is an issue, which needs to be noticed in marketing, e.g. in advertisements.

The buying decision is based on price, quality or values or a combination of these. The Russian food store can not compete with low prices in the market, at least not in the beginning of operations. Instead the store can attract the customers with high quality products and offering values. An example of customer making the buying decision based on value could be a person with a Russian background. The customers' needs and wants can be responded personally e.g. ordering the special product requested by customer.

Three target customer groups were identified: people with a Russian background, ethnical cooks and other customers in the market area. The main focus of the first marketing actions will be on the two first groups. Marketing for other consumers in the market area will be implemented later.

People can have different reasons to choose these products. For the Russian people products represent something familiar. Ethnical cooks and other consumers can experience something new with the products.

The sales method in the business will be direct selling to customers. The sales will take place in a store. In the beginning there is no possibility to employ a separate sales team. The marketing actions will be planned and made by the authors.

The business will be marketed via following channels:

Advertisement on newspapers:

Suur-Jyväskylän lehti

Jyväskylän kaupunkilehti

Both newspapers are distributed free in Jyväskylä, so more readers are reached than via normal newspapers. By newspapers will be reached most likely customers who are able to understand Finnish. Advertisement could be allocated to Russian customers by distributing advertisement to the areas, where they are most likely reached in Jyväskylä.

Internet:

Company website

Social media, as Facebook

Via Internet a wider customer potential can be reached. Company website gives a good view about the business and it concretizes the business for the customers. The sites would naturally be in Finnish, Russian and English to reach as many people as possible. Facebook offers a possibility to communicate with potential customers and it enables to market the business for customers outside the Jyväskylä area. It also offers possibility to customers to share their experiences.

Other channels:

Mosaiikki (an organization in Jyväskylä working for immigrants welfare, especially Russians)

Jyväskylä-Russia society

By directly contacting these organizations there is a possibility to reach potential customers. By Mosaiikki especially Russian and other foreign people could be reached. By Jyväskylä-Russia society, the people with special interest toward Russian culture can be reached.

Radio Sputnik:

A Russian radio channel in Finland; an advertisement there would reach Russian people in a wider area of Finland.

In the beginning the plan is to concentrate on the marketing in Jyväskylä area. The marketing operations will be minor, to gradually make the store familiar to people. The first marketing operations will be to have advertisement on newspapers and

contact the organizations in Jyväskylä, to especially reach the Russian customers first. The marketing costs per month are approximately 400 euros based on initial profitability calculation. In the beginning of business there could be two to three advertisements on newspapers per month, also the web-site should be created.

### **9.5 Service delivery plan**

The location of the store will be in the center of Jyväskylä or nearby some of the hyper markets. The store will be based on a small business premises. The estimated rent will be 1000 € / month.

Equipment for the shop is naturally bought after finding the place for the store. The required equipment will be sales furniture e.g. shelves for the products, cash register and probably coolers/refrigerators for the products needing low temperature. Mobile phones and computers for the owners are required as well.

The products will be ordered from Germany and will be delivered straight to Jyväskylä. The price of one container delivered to Jyväskylä is about 202,30 euros plus possible extra office expenses. After making the first order, the authors will know the exact cost of delivery. The delivery cost document received from Ulan GmbH can be seen in Appendix 4.

### **9.6 Human resource and organizational structure**

The management personnel will be two persons. Both of them have the background of international business studies in Jyväskylä University of Applied Sciences. Their language skills are: Finnish, English, Russian and German. They have previous work experience about different customer service tasks, but no managerial experience or experience about working as an entrepreneur. Also in the future the plan is to attend an entrepreneur course, if one offered nearby Jyväskylä. The authors want to achieve more skills to be able to run their own business.

A limited company can be established by one or more founding subscriber of shares. Subscribers of shares can be natural or legal persons. There are no requirements on

subscribers of shares regarding residence or domicile. The founding subscriber of shares can reside permanently (a natural person) or have a domicile outside the EEA (a legal person). There are no general partners, but only shareholders in a limited company. The liability for the debts of the company is limited to the value of their shares. A private limited company shall have a minimum share of capital of 2500 euros. (Holopainen 2006, 31-32.)

The authors are going to choose limited company as their company form. Shares are allocated as 60x40. In the beginning of the business operations the owners of the company will conduct the business together, for example the tasks related to marketing, finance and sales of goods. The authors have no previous experience about managing, so both are willing to learn all aspects of the operations. Later on, the tasks might be specified after seeing what are the authors' strongest areas in business. In the future more staff might be hired for example as accounting manager, cleaner, marketing people and sales person.

## **9.7 Financial plan**

A basic profitability calculation (see Appendix 5) has been made in order to find out the monthly and first year costs in their business. Also the initial investments have been calculated. The numbers are based on assumptions, but they are thought to be as realistic as possible. Below the calculations are showed more deeply.

To be effective, a startup business budget should address two issues: what are the necessary costs of getting business up and running, and what additional financing is needed to get through the first year of operation. Budget generally contains the following expenses: facilities, equipment, startup inventory, advertising and marketing, in addition to projected fixed and variable expenses. To turn the business idea into an operation entity we determined associated costs:

**Facility:** security deposits and furniture. Furniture-2500euro, deposit-2000euro.

**Equipment:** office equipment, production tools and equipment, machinery, and shipping equipment. Cost of equipment is about 10000 euros.

**Startup Inventory:** initial stocking of product and supplies. Cost of initial goods is 2645euro.

**Advertising and marketing:** printed materials, promotional products, and paid advertisements. Cost of marketing promotion is about 400 euro.

**Other Startup Expenses:** licenses and permits, professional fees for the services of an attorney, accountant, or other professional consultant, insurance deposits, and fees to incorporate the business. Sum of initial investments is about 7500 euro.

Aside from pre-operational expenses, included is the monthly fixed costs and variable expenses that the business will incur during its first year of operation. Fixed expenses are the ones that do not change in response to sales volume. Here are some of the most common fixed expenses: rent, utilities, phones and mail, office and bank, employee's salaries, business insurance, personnel expenses, tools, bookkeeping, travel, marketing and promotion, trade magazines, other expenses.

**Total monthly fixed cost is 5550 euro** (see Appendix 5).

**Yearly fixed cost is 66600 euro** (see Appendix 5).

Variable expenses on the other hand are ones that vary according to production and sales volume. Some common variable expenses include: the cost of initial products, delivery costs and income taxes.

**Gross profit** (sales price/product x quantity, within a period of time i.e. divided by month. quarter, year) =  $6 \cdot (1708 \cdot 12) = 122976$  **per year**.  $122976/12 = 10248$  **per month**.

Costs (both fixed like rent etc. as well as variable i.e. price of your products at source x quantity, shipment etc within a period of time i.e. divided by month. quarter, year).

Fixed yearly costs are 66600.

Variable yearly costs  $3 \cdot (1708 \cdot 12) + (230 \cdot 12) = 61488 + 2760 = 64248$  euro.

Monthly fixed costs  $66600/12 = 5550$  euro.

Monthly variable costs  $64248/12 = 5354$  euro.



Thus, **total annual costs**=fixed costs + variable costs=66600+64248=**130848 euro**.

**Revenue per year** = gross profit-costs=122976-130848= **-7872euro**.

The result is not positive for the first year because the initial investment comprises big part of costs. During the second year plan is to increase revenue by increasing the amount of products to sell. After the first year it is able to focus on most favorable products for the customers.

According to the profitability calculations, yearly **turnover** should be **426600** euro plus VAT 13%, **total sales** should be **482 058 euros**.

Moreover, **break even analysis** of the business was implemented to define when approximately will get return on the investments.

**The initial investment is 50000** euro bank loan. The yearly fixed costs attributed to the products amounts to 66 600, they expected to rise 10% per year after that.

**The average price of products is 6 euro** per one item, average cost of product is 3 euro per one item.

**The number of units** bought per month is about **1708**.

Thus, **the yearly variable costs** are  $3 \cdot (1708 \cdot 12) = 61488 / 1708 = \mathbf{36}$  euro per unit.

**The average price** of product is **72 euro per year**.

**Fixed costs=investment +yearly fixed costs**

1 year fixed costs= 50000+66600=116600

2 year fixed costs= 66600+6660=73260

3 year fixed costs= 73260+7326=80586

4 year fixed costs=80586+8058, 6=88644, 6

5 year fixed costs= 88644, 6+8864, 46=97509, 06

**Breakeven point=fixed costs/ (price-variable costs)**

1 year Breakeven point= 116600/ (72-36) =3239

2 year Breakeven point= 73260/36=2035

3 year Breakeven point=  $80586/36=2238, 5$

4 year Breakeven point=  $88644,6 /36=2462, 35$

5 year Breakeven point=  $97509,6 /36=2708, 6$

Plan is to sell about 20496 items per year, so according to the break even analysis return on investment can be got already during the first year. Analysis is based on estimation that the monthly turnover is 10248euro (1708\*6).

## 9.8 Critical risks

There are different risks a company can face. The risks can be related for example to personnel and property. Also the operations of the business can face risks. For example the general financial situations, e.g. financial recession can effect on business. The most critical risk to avoid is bankruptcy. Company's business operation can be minimized by taking an insurance for personnel, property and business operations. Insurance companies and banks offer special insurances for companies. All insurable risks will be covered by the insurance.

Some business risk are insurable and other uninsurable. However, the greatest risk for small business is the possibility that it will be unprofitable. (Megginson&Byrd, Scott&Megginson 1994-1997, 541.) The greatest risk for the Russian food store is that it will not be profitable.

Insurance can for example cover following issues:

-Business property insurance protects business property and inventory against physical loss or damage by theft, accident or other means, even if the property is removed from the place of business when it is lost or damaged. Property coverage is usually very straight forward and may be packaged with general liability insurance in a BOP (Business Owner's Policy) at very reasonable rates. (Business insurance now 2010.)

-Liability insurance: two common types of liability insurance – comprehensive general liability include bodily injury or other physical injury or damage to property. It protects against accidents on the premises or at other locations where normally

business is conducted. Professional liability protects the business against claims of alleged negligent acts, errors or omissions in the performance of the professional services. (Business insurance now 2010.)

-Worker's compensation insurance is a type of business insurance that employer carries to provide medical and disability coverage for employees who suffer job-related injuries or illnesses (Business insurance now 2010).

**Core/Context Analysis Framework** will help to see on which activities the company should concentrate on mostly.

	<b>CORE PROCESSES</b>	<b>CONTEXT PROCESSES</b>
<b>MISSION CRITICAL RISKS</b>	-inability to obtain a bank loan -low initial sales	-conflict with supplier -failure of marketing strategy
<b>NON-MISSION-CRITICAL RISKS</b>	-entry of new competitor -attack from existing indirect competitor	-small managerial mistakes due to lack of experience

**Figure 2. Core/context analysis framework. (PowerPoint presentation. Saukkonen. 2009).**

Thus, the authors are going to focus on two core processes namely getting a bank loan (financial manager – Ekaterina Korolyova) and supporting sales volume (marketing manager – Susanna Liukkonen) in order to avoid mission critical risks.

### **9.9 Start-up schedule**

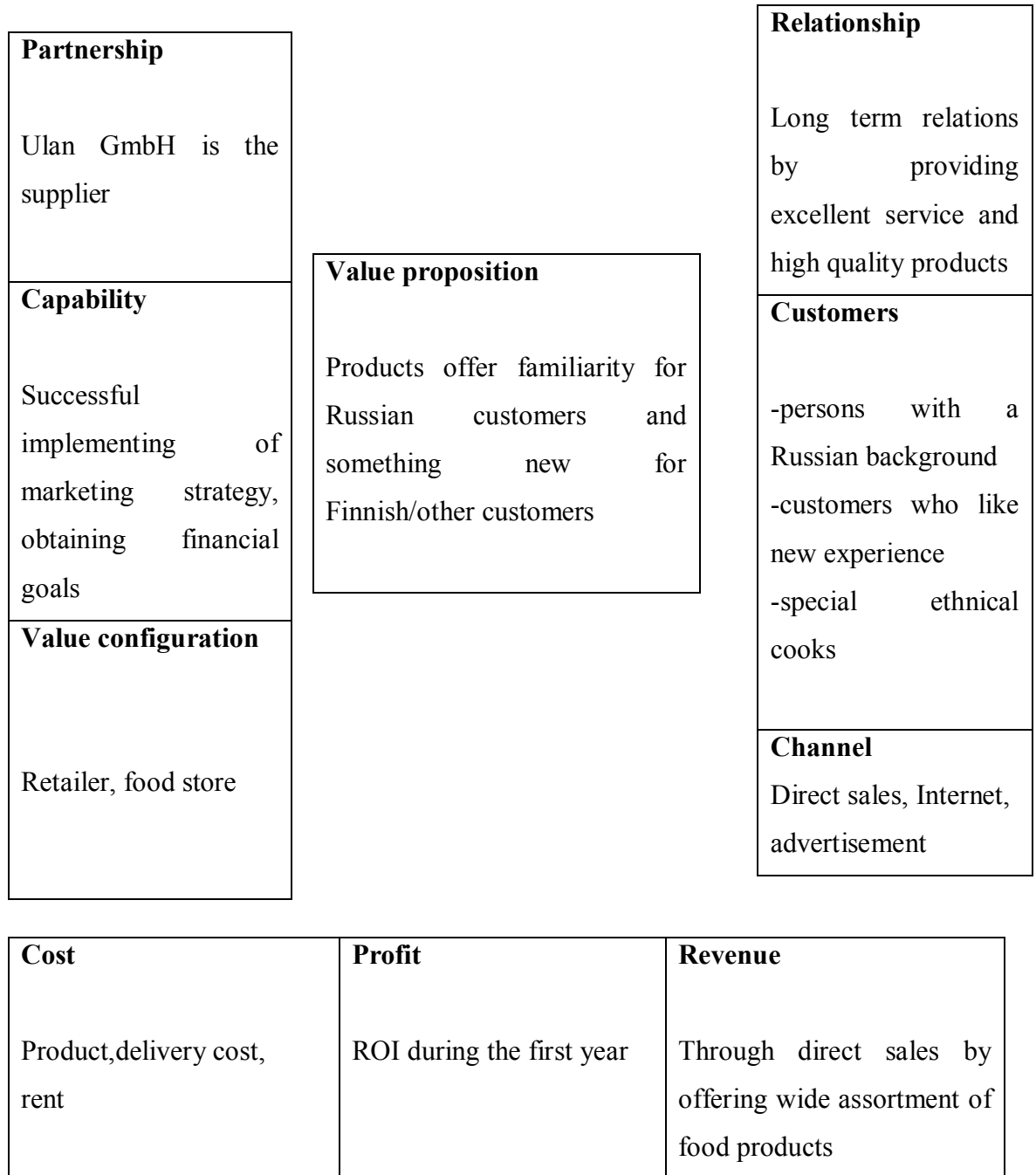
To start a business many things must be considered. First you need an idea, then definition of objectives and goals of the company. Next step is developing a good business plan. After implementing a business plan the following steps need to be done to start the business:

1. Get the finance; either own money or apply a loan from bank.
2. Find a reliable partner-supplier (already agreed to choose Ulan GmbH).
3. Register business in magistrate and pay all registration fees.

4. Find a suitable place for store (in centre of Jyväskylä or nearby).
5. Pay deposit for the rent.
6. Buy all necessary equipment such as furniture, refrigerators, shop shelves, tables, chairs, computer and cash machine.
7. When everything is ready, order the products.
8. Start marketing campaign.
9. Start to sell when products will arrive.

**10 DESCRIPTION OF BUSINESS MODEL**

**Business Model by Osterwalder**



**Figure 3. Business model**

The authors decided to use Ostervalder's business model because it reflects the main aspects of any business:

- how to do the business;
- what to do;
- who are the customers;
- how much profit it is possible to get.

The infrastructure management consists of partnership, capabilities and value configuration. The authors are planning to have partnership with one supplier, Ulan GmbH. Capabilities are to implementing a successful marketing strategy and obtain financial goals. The value configuration is retail in food store.

Value proposition means the products offered to the customer and the core value that customer achieves. The product is Russian style food. The core value for the customer is a familiarity for Russian customers and something new for the other customers.

Customer relationship includes relationship, customers and channel. The goal is to achieve long term relations with the customer by providing excellent service and high quality products. The target customer groups are: persons with a Russian background, customers who like new experience and special ethnical cooks. The channels to reach and communicate the customers are direct sales, Internet and advertisement.

Financial aspects include cost, profit and revenue. The costs are product and delivery costs and rent.

Considering finance part of the business, the revenue is made through direct sales by offering wide assortment of food products. The cost position consists mainly in delivery cost, ordering cost and rent. Return on investments during the first year will be the profit. The goal is to get ROI during the first operation year.

## 11 CONCLUSIONS

The thesis had two objectives: to make a customer research for potential customer group and develop a business plan for a Russian food store. Both the objectives were reached. The theoretical concepts were discussed and they worked as a base for the empirical part.

The exploratory study and the role of the practitioner-researcher were chosen as the research method and design. The literature was reviewed, but instead of interviews the authors decided to use questionnaire as an alternative method to collect data. The role of practitioner researcher was used, because the authors are defined as insiders in their business plan. The decision to choose these research method and design proved to be a right decision during the thesis process.

The research questionnaire was responded by 9 people with a Russian background, and the results were analyzed. The number of respondents was quite minor, but the opinions needed were gained. The original objective was to get guiding information about people's opinions which was also reached. From the research results it could be concluded that people had interest to the business idea. The results did not give any big surprises and the results were quite as predicted, but still there were variation between respondents.

Perhaps a research with more respondents with a Russian background would have given more information and possibly affected the decision to establish the business in Jyväskylä. On the other hand the research aimed only for people with Russian background does not tell the whole truth about potential customers. Also the other customers in the area should be included as respondents to the questionnaire to get a real picture about business possibilities.

The business plan contained all the things that need to be considered when starting a business. The plan was made to give a coherent picture about business operations and make the business idea more concrete. The plan included all the components of the authors' business.

In the executive summary the business idea, customer and competitor issues and financial base for business were explained shortly.

Product selection was described and the operations concerning importing the products to Finland. The target customer groups were defined into three groups: people with a Russian background, ethnical cooks and other customers in the area. The customer group's special features were described. The industry and competitor analysis discussed the retail trade in the Jyväskylä area and the main competitors there. The notification was that there is not a similar store at the market area.

Two competitors, Prisma and Kalinka, were profiled through thinking about their strengths and weaknesses. Kalinka's business was also researched through analyzing the prices of the products sold by it. The price information of the competitor gave first-hand information about the price level of Russian food products. The competitor profiles helped to find out the authors' own strengths and weaknesses in the industry. The authors own business was profiled with the SWOT-analysis to find out the strengths, weaknesses, opportunities and threats of the business.

The marketing plan discussed the choice of marketing channels, sales methods and product pricing. The plan of the marketing channels included newspapers, Internet, organizations and radio. In the future the business might be expanding to the Internet and perhaps to an online-shop. One efficient future marketing tool would be using phone directory or some other database to track down all the people in Finland with a Russian surname. A promotional mail advertisement would be sent to them. This kind of marketing requires a stable business, so it will not be implemented as the first market action.

The service delivery plan was about the operations related to business premises and product deliveries. Human resources and organizational structure included personal skills related to being an entrepreneur, and the company form.

The financial calculations were made to get a realistic picture about the costs and sales in the business. As a starting business, the calculations were based on assumed figures. The financial plan consisted of profitability calculations, initial investments, main costs and revenues. In addition, a break-even analysis was made. The critical



risks part included the critical risks and ways of preventing them. The start-up schedule included the operations needed to get the business started. The business model by Ostervalder was used to illustrate the main parts of the business.

While writing the business plan some limitations were observed. The business area was not familiar to the authors before and a lot of new information was learned. When starting to write the business plan the idea was to establish the business quite soon in future. During the process, the feeling grew that a couple of years more time would be needed to become an entrepreneur. The authors' personal limitations in managerial and entrepreneur skills justify the fact that the moment to start a business should have to be postponed. Before starting a business more work experience needs to be gained and entrepreneurial skills need to be developed e.g. in entrepreneur course. Perhaps the authors can gain some own equity, so the business will not be totally dependent on borrowed money. Still, while writing the business plan, the authors have gathered valuable information for operations, which will help to start the business in the future.

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## **APPENDICIES**

### **Appendix 1. Questionnaire for potential Russian customers**

#### **Background and general information**

Age and nationality?

Size of your family?

What is your profession?

How long have you stayed in Finland?

#### **Buying/food behavior**

Where do you normally buy your food?

What is the most important factor in your buying decision? (Price, origin, taste?)

Do you/some other people bring food products from Russia?

Do you cook your food with Russian way?

#### **Russian food store**

What do you think about the idea, of opening a Russian food store in Jyväskylä?

Do you think there are enough potential customers for this type of business?

Imagine, there is a Russian food store in Jyväskylä:

What Russian products you would like to buy from the store?

Would the location of the store be important to you? (In centre, outside?)

Would you buy products, though it might grow your food expenses?

Do you think the other food stores are a big threat to this store?

## Appendix 2. Product list and calculations

<b>Name of products</b>	<b>Number of units (Pack, stk, dose, kg)</b>	<b>Price per unit (euro)</b>	<b>Total price</b>
<b>Mushrooms</b>			
Chanterelles, frozen 350g	14	3,75	52,5
Mixed Mushrooms, frozen 500g	12	1,59	19,08
Shiitake, frozen 500g	12	1,59	19,08
Honey agaric, frozen 500g	12	1,59	19,08
<b>Total</b>			<b>109,74</b>
<b>Sea products</b>			
Shrimps imitation 500g	10	2,29	22,9
Shrimps imitation 500g	5	3,99	19,95
<b>Total</b>			<b>42,85</b>
<b>Pelmeni</b>			
Russian Style dumplings, "Pelmeni Domaschnije" handmade, with pork and garlic 500g	14	1,89	26,46
Russian Style dumplings, "Pelmeni Sibirskije" handmade, filled with pork 500g	14	1,89	26,46
Ukrainian style dumpling "Wareniki", filled with cabbage and pork	16	1,49	23,84
<b>Total</b>			<b>76,76</b>
<b>Sweets (cake)</b>			
Fancy cake "Kortoshka" 4 itm	1	2,4	2,4
Fancy cake "Kiev" 4 itm	1	2,6	2,6
Fancy cake "Korsinka" 4 itm	1	2,6	2,6
Fancy cake "Honey" 4 itm	1	2,7	2,7
Fancy cake "Napoleon" 4 itm	1	2,7	2,7
Fancy cake "Eclair" 4 itm	1	2,6	2,6
Fancy cake "Bisquit" 4 itm	1	2,4	2,4
<b>Total</b>		<b>18</b>	<b>18</b>
<b>Sweets (cheese cake)</b>			
Cheese curd with caramel flavoured 45g Karums	45	0,18	8,1
Cheese curd with strawberry flavoured 45g Karums	45	0,81	8,1
Cheese curd with coconut flavoured 45g Karums	40	0,3	12
Chocolate cheese curd with crannberry flavoured 45g Karums	40	0,3	12
Chocolate cheese curd with chocolate flavoured 45g Karums	40	0,3	12
Chocolate cheese curd with crannberry flavoured 45g Karums	45	0,2	9
<b>Total</b>			<b>61,2</b>
<b>Tomato</b>	1	3,99	<b>3,99</b>
<b>Sea cabbage</b>			

Laminaria 260g with vegetables in oil	14	0,97	13,58
Laminaria 500g with squid in mayonnaise	12	1,99	23,88
Laminaria 500g with crab sticks in mayonnaise	12	1,99	23,88
Laminaria 500g with salmon	12	1,99	23,88
Laminaria 500g with vegetables in oil	12	1,69	20,28
<b>Total</b>			<b>105,5</b>
<b>Smetana</b>			
	12	0,55	<b>6,6</b>
<b>Milk products</b>			
Beverage Airan "Ali-Baba" 250ml	20	0,26	5,2
Yoghurt Drink "Kefir" 500ml	12	0,52	6,24
Yoghurt Drink "Ryazhenka" 500ml caramel flavored	12	0,52	6,24
<b>Total</b>			<b>17,68</b>
<b>Meat stew</b>			
Porkstew 400g	20	0,95	19
Pork stew "Arm.Kachestvo" 320g	45	0,79	35,55
Beef stew "3 Ohotnika" 400g	12	1,24	14,88
Pork stew "3 Ohotnika" 800g	12	1,85	22,2
<b>Total</b>			<b>91,63</b>
<b>Sausages</b>			
Sausages "Molochnije"	11	4,79	52,69
Sausages "Detskije"	32	1,49	47,68
Wurst "Doktorskaja" Lackmanka	15	3,19	47,85
Wurst "Russkaja" Lackmanka	14	3,39	47,46
Liver wurst "Domashniaja"	24	2,05	49,2
Wurst "Gubernatorskaja"	25	3,09	77,25
Sausages "Ochotnichii"	34	2,15	73,1
Bacon "Korejka" with garlic Lack	10	5,79	57,9
Bacon "Sibirskoje with Pepper" Lackmann	10	5,29	52,9
Bacon "Po-ukrainski" with garlic	12	5,69	68,28
<b>Total</b>			<b>574,31</b>
<b>Fish products</b>			
Dry Wittling/Merlan	4	4,99	19,96
Dry vobla	4	5,99	23,96
Dry Bream halves	4	4,15	16,6
Snack Fisch 52g TARO Bar-B-Q	36	1,09	39,24
Red Kaviar 200g	24	6	144
Red Caviar 300g	1	4,49	4,49
Red Caviar 300g	18	8,4	151,2
Tzar Black Kaviar 113g Dovgan	44	6,79	298,76
<b>Total</b>			<b>698,21</b>
<b>Canned products</b>			
Dorskaviar 160g	18	1,49	26,82
Macherel in oil 240g ULAN	24	0,69	16,56
Canned fish in oil 240g	24	0,75	18
<b>Total</b>			<b>61,38</b>
<b>Pickled vegetables</b>			
Pickled tomatoes and cucumbers "Assorti" ULAN 1,7L	6	1,75	10,5

Pickled tomatoes and cucumbers "Assorti" ULAN 2,5L	6	1,75	10,5
Tomatoes "Provita" marinated with hot chili pepper, 1,7l	6	1,79	10,74
Conserved Tomatoes 3,2L	4	2,19	8,76
Pickled tomatoes ULAN 1,7L	6	1,75	10,5
Aubergines "Provita" in Agika 560g	12	1,41	16,92
Vegetable mix "Macedonian Lüteniza" 560g	12	1,75	21
White cabbage salad "Datschnij" ULAN 500g	12	0,83	9,96
Pickled water melon ULAN 1,7L	6	0,99	5,94
Melon-pumpkin puree "Hutorok" 500g	12	0,69	8,28
Egg plant puree "Samorskaja" ULAN 720ml	12	1,37	16,44
Pickled mushrooms "mixed mushrooms" ULAN 720ml	12	1,69	20,28
Pickled mushrooms "Slippery Jack" ULAN	12	1,76	21,12
Pickled mushrooms "mixed mushrooms" ULAN 720ml	12	1,59	19,08
Pickled mushrooms "mixed mushrooms" ULAN 720ml	12	1,79	21,48
Pickled cucumbers "Babushkini2 900ml	8	1,13	9,04
<b>Total</b>			<b>220,54</b>
<b>Soupes</b>			
Soup "Borsch" with sauerkraut 480g	10	0,99	9,9
Soup "Solianka" with fresh cabbage 480g	10	0,99	9,9
Soup "Svekolnik" 480g	10	0,25	2,5
<b>Total</b>			<b>22,3</b>
<b>Mayonnaise</b>			
Mayonnaise "Laskuscha" Leicht 15% 420g	15	0,55	8,25
Mayonnaise "Laskuscha" Oliven 25% 420g	15	0,55	8,25
Mayonnaise "Laskuscha" Provan. 25% 420g	15	0,55	8,25
Mayonnaise "Laska" Oliven d-pak 56% 420g	15	0,89	13,35
Mayonnaise Laska m. Zinronensaft 40% 800g	6	1,19	7,14
Mayonnaise Laska Salatnij 40% 800g	6	1,29	7,74
Mustard "Russkaja" 200g Mold	15	0,68	10,2
Horseradish, hot 180g ULAN	12	0,5	6
Hot paprika sauce "Adjika" "Fiery" 200g	12	0,59	7,08
<b>Total</b>			<b>76,26</b>
<b>Sweets and candies</b>			
Sefir "Ljanezh" Herzform Vanille 330g	9	1,15	10,35
Sefir Ljanesc"Sliwotchnaja Neznost" 420g	9	1,27	11,43
Sefir Ljanesch 450g in Schoko	9	1,49	13,41
Halwa 400gr Mold	32	1,09	34,88
Condensed milk 8,0% fat	24	1,85	44,4
Mountain Honey ULAN 500ml	12	2,69	32,28
Corn sticks "Lubochka" 180g	20	0,46	9,2
Marmelade "Ogoniok" 400g	12	1,39	16,68
Kasinaki Sonnenbl.m.Nuss 150g		0,49	9,8

	20		
Belochka with peanuts 170g	12	1,39	16,68
Birds milk confection "Ptasie mleczko " vanilla	36	0,99	35,64
Barbaris	5	2,29	11,45
Aljonka	6	2,55	15,3
Prebake Napoleon 400g	12	1,09	13,08
Pryanik "Staraja Riga" 400g 7 ja	20	0,54	10,8
<b>Pryanik "Tulskij" Pflaume150g Mold</b>	14	0,49	6,86
<b>Total</b>			<b>302,04</b>
<b>Seeds</b>			
Sunseeds 7ja "Lakomka" dark big 22kg	22	1,19	26,18
Sunflowerseeds black 800g Mold	16	1,03	16,48
Pumpkinseeds without salt 400g	26	1,55	40,3
<b>Total</b>			<b>82,96</b>
<b>Porridge, dry soup</b>			
Buckwheat in cooking bag "Uvelka"	21	0,99	20,79
Wheat groats in cooking bag "Uvelka"	21	0,69	14,49
Buckwheat in cooking bag "Uvelka"	6	0,89	5,34
Buckwheat "Belozerkovnaja" 1 kg	10	0,59	5,9
Buckwheat "Belozerkovnaja" 1 kg	10	0,64	6,4
Buckwheat "Belozerkovnaja" 1 kg	10	0,69	6,9
Soup "Gorohovii" 160g	18	0,29	5,22
Soup "Kharcho" hot 200g	18	0,46	8,28
<b>Total</b>	<b>1708</b>		<b>73,32</b>
<b>Totally products:</b>			<b>2645,27</b>



### Appendix 3. Price list of direct competitor (Kalinka store)

English name of product	Russian name of product	Price\euro
Canned: smelt	Консервы: корюшка	1,45
Pate fish	Паштет рыбный	0,75
Sprats	Шпроты	1,20
Chips 500g	Чипсы	1,39
Seeds not fried	Семечки нежареные	2,15
Seeds roasted	Семечки жаренные	3,49
Condensed milk small	Сгущенное молоко	1,70
Condensed milk large	Сгущ. Молоко бол. пачка	4,20
Lard 1kg	Сало	6,90
Sunflower oil large bottle	Подсолнечное масло	3,40
Pickled vegetables	Маринованные овощи	2,40
Marinated mushrooms 350g	Маринованные грибы	2,35
Sausage Moscow	Колбаса Москва	2,95
Sausage doctorskaya 1kg	Колбаса докторская	4,95
Stew	Тушенка	2,05
Borscht	Борщ	2,60
Marinated cucumbers 1kg	Маринованные огурцы	2,20
Crab sticks	Крабовые палочки	1,30
Ravioli 2 kg	Пельмени	8,60
Black bread	Черный хлеб	1,40
Cookies 200gr	Печенье	2,30
Sour cream 21%	Сметана	1,30
Cherry yogurt 1kg	Вишневый йогурт	1,75
Small cheese cakes	Сырки	0,50
Cheese 1kg	Сыр	6,90
Cottage cheese with vanilla, raisins 200g	Творог ванильный	1,30
Tea	Чай	1-3
Mayonnaise 900g	Майонез	2,90
Croutons	Сухарики	0,60
Halva 200gr	Халва	1,80
Buckwheat groans 1kg	Гречка	1,60
Caramel 1kg	Карамель	5,50
Cakes	Торты	8.60
Lemonade 1 liter	Лимонад	1,40

**Appendix 4. Delivery price list**

Delivery costs to Finland, Jyväskylä

Palett	Helsinki/Turku	Jyväskylä
1	189,30	202,30
2	155,80	168,60
3	154,60	166,30
4	152,70	165,40
5	150,60	162,30

## Appendix 5. Profitability calculations

PROFITABILITY CALCULATION: begin with the aimed returns, add up amortization of capital costs, taxes, interests as well as fixed costs and purchases. By adding up these we get a total sales objective.

	MONTH €	YEAR €	
<b>NET INCOME</b>	0	0	+
Amortization of capital costs	0	0	+
<b>INCOME AFTER TAXES</b>	0	0	=
26			
Taxes %	0	0	+
<b>INCOME BEFORE TAXES (Gross)</b>	0	0	=
Interests	0	0	+
<b>OPERATING MARGIN 1</b>	0	0	=
<b>Fixed costs (without VAT)</b>			
Pension payment	0	0	+
Other insurances	100	1 200	+
Employees' salaries	2 000	24 000	+
Other personnel expenses (appx. 40 %)	800	9 600	+
Rent	1 000	12 000	+
Utilities	100	1 200	+
Tools	20	240	+
Phone and mail	100	1 200	+
Bookkeeping	200	2 400	+
Office and bank	10	120	+
Travel	300	3 600	+
Marketing and promotion	400	4 800	+
Education	0	0	+
Trade magazines	20	240	+
Other expenses	500	6 000	+
<b>FIXED COSTS TOTAL 2</b>	5 550	66 600	=
<b>SALES MARGIN 1 + 2</b>	5 550	66 600	=
Purchases (without VAT)	30 000	360 000	+
<b>TURNOVER</b>	35 550	426 600	=

VAT	13 %	4622	55 458	+
<b>TOTAL SALES</b>		40172	482 058	=
Billing	<u>12</u> kk/v	43 823	€/kk	
Billing	<u>21</u> pv/kk	2087	€/pv	
Billing	<u>8</u> h/pv	348	€/h	

**Estimated personal revenue per annum** 0 €

**Pension-% :** 15,45 %

### Initial investments

Name	Payment\euro
Registration of business	350
Starting capital	2500
Cost of products	2645
Deposit for the rent	2000
Delivery cost	230
<b>Total</b>	<b>7725</b>