

A Work Project as part of the requirements for the Award of a Master Degree in Management from the NOVA – School of Business and Economics.

THE JOURNEY TO *FRULY'S* PLAN B

JESSICA PEREIRA BARUM, 3605

A Project carried out on the Master in Management Program, under the supervision of:

Ilya Okhmatovskiy

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Abbreviations

CAPEX – Capital Expenditure

CBD – Central Business District

COGS – Costs of Goods Sold

DIY – Do It Yourself

EBIT – Earnings Before Interests and Taxes

F&B – Food and Beverage

FJ & Smoothies – Fresh Juices and Smoothies

HR – Human Resources

INPI – Instituto Nacional de Propriedade Industrial

IRR – Internal Rate of Return

LLC – Limited Liability Company

MARL – Mercado Abastecedor da Região de Lisboa

NPV – Net Present Value

NOPAT – Net Operating Profit After Taxes

OPEX – Operating Expenditure

R&D – Research and Development

R&S – Recruiting and Selecting

ROI – Return on Investment

ROS – Return on Sales

TAM – Total Addressable Market

VAT – Value-added Tax

Executive Summary

This work project targets the identification of markets' needs, wants and preferences, through primary market research, and the consequent building of a product/service that aims to tackle a market gap, rather than impose on the market some pre-conceived business idea.

Nevertheless, what motivated me to pursue this work project, was my drive to be an entrepreneur, followed by the sense of an existing market gap in the *F&B* industry in Portugal, regarding the existence of a multi-location shop of *FJ & Smoothies*, which have long been part of other markets' routines. Thus, this project documents the journey from an idealized Plan A, that goes through a structuring and supporting stage to test whether it could or not become a viable business opportunity, until refined into a Plan B, in which uncertainty is still an integral part.

As the concept got proven, *Fruly* became the name behind the idea of a multi-location shop that prepares *FJ & Smoothies* at a good price/quality ratio, ensuring the authenticity of the process, while envisioning to be the top-of-mind *FJ & Smoothie* brand in Portugal. In terms of the project viability, the payback will be achieved 19 months after launching, and the NPV of the project, while considering a required rate of return of 25%, was estimated at 700.637€, suggesting the economic viability of this business opportunity, while being aware of the risks involved.

Context

Since young age, I have always enjoyed drinking *FJ & Smoothies*. Back in 2011, while studying in the USA, I got familiar with a *FJ & Smoothie* brand named Jamba Juice, which is a multinational franchising company publicly listed on Nasdaq but founded as a “senior project” of a student. (Funding Universe, 2002) Ever since I got back to Lisbon, I have been looking for similar places, but if at the time there were not any, nowadays a few can be found, which intrigued me to explore about this market potential.

Plan A - Ideas

Even though some juice bars can already be found in Lisbon, what kept me eager on pursuing this business idea, was the fact that no juice bar brand tried to become a multi-location shop, and therefore gain national recognition in this field. And so, my vision was always focused on creating a brand that aimed to structure the current *FJ & Smoothie* industry, by launching multi-location shops and become the top-of-mind *FJ & Smoothie* brand in Portugal.

However, to achieve this, the brand should have a strong mission which, back then, I believed to be aligned with core values based on the freshness and quality of the ingredients, leading to a superior tasting of the *FJ & Smoothies*. Also, as a differentiation factor from the already existing juice bars, the shop should have a targeted focus by only selling *FJ & Smoothies*.

In terms of target market, my plan A was to target younger market segments with high-purchasing power that would allow for the charging of premium prices. It was my belief, that people from 15 to 30 years old would be the major buyers of *FJ & Smoothies*, as its consumption would most likely have to be educated to become part of older Portuguese's target markets routines.

Combining this belief with the fact that most *FJ & Smoothies* brands present in Lisbon were mainly targeting touristic sites, I assumed there was market potential on the presence of juice bars in University Campus, that had not yet been explored. Also, considering the soon move of NovaSBE to the new campus in Carcavelos, which will prime for the welcoming and “outdoorsy” environment it proposes to offer, I believed it could be a great business opportunity to have the opening store at the new campus, as this would be the home of the target market previously presented. In addition, by launching the store at the same time of the transition to the new campus, which is scheduled to next school year's start in September 2018, marketing efforts were being spared, as everything was going to be a novelty.

Considering the shop's structure type, as it would exclusively sell *FJ & Smoothies* and with the main purpose of a take-away facility, through inspiration from the current food trailers present on Campolide's campus, I believed that a food trailer permanently positioned in the new campus would be a trendy and strategic way to launch the brand. Moreover, considering the mobility feature of having a food trailer, this could probably ease the test of future markets launchings.

In terms of business model, considering the core was the blend-to-order *FJ & Smoothies*, the gross margin would represent the total revenue the company keeps after deducting the COGS. To achieve high gross margins, *FJ & Smoothies* were to be sold at premium prices of 3€ or higher and, the COGS incurred, which would be mainly related with both perishable (fruits and vegetables) and non-perishable (disposable glassware) raw materials needed for the sale, would have to be kept to a minimum while guarantying their quality. All remaining costs (rents, utilities, insurances, *HR*, etc.) would be considered as operational costs, and would also have to be efficiently managed to guarantee positive profit margins. Concerning inventory, being a food trailer the targeted shop, no goods would be held for both lack of space and odds of ruining perishable items.

Regarding expansion plans, being the brand vision to become top-of-mind in Portugal, more locations will have to follow the initial shop. For that, the expansion could start by targeting other university campus, and subsequently target other facilities where the target market was to be found, such as business centers that employ young professionals. To successfully expand the business, marketing campaigns would also be required to acquire new customers and retain existing ones, for instance in the form of free-product and loyalty programs to retain customers and increase sales.

Overall, the initial investment needed would be in the food trailer and necessary machinery, among other initial expenses related with the opening of a business. If this initial investment was to be too large, funding would be needed in the form of a loan without equity renouncing.

Structuring of a Business Plan

Even though business plans start from ideas – just as the ones mentioned above –, to create a reliable business plan, ideas need to be structured and supported. Thus, this section documents the process of proving or refuting the initial assumptions, through both primary and secondary market research.

Market Analysis

This business plan follows Mullins and Komisar’s *Business Model Grid*, which consists of five key business model elements– revenue, gross margin, operating, working capital and investment models – and depicts the importance of assembling analogs, antilogs, and leaps of faith as a process towards a more coherent plan. In brief, the authors highlight the uncertainty factor present in new businesses and, to overcome it, they have created a framework that enables ongoing improvements of the initial plan based on both collective knowledge gains and real-life trials.

According with Mullins and Komisar, analogs are “predecessor companies that are worth mimicking in some way” while antilogs are “predecessor companies compared to which you explicitly choose to do things differently”. Thus, to identify both analogs and antilogs to a new *FJ & Smoothies* company, primary market research was conducted through the observation of 14 role models within the *F&B* industry (*see Appendix 1*), following an *observation guide* that aimed to learn about their customers, services and procedures. (*see Appendix 2*)

Simultaneously, a survey was built as a primary market research tool to assess current market’s needs, wants and preferences. Also, to avoid possible biased responses, the *FJ & Smoothies* topic was not disclosed until the last section of the survey. (*see Appendix 3*) Through online distribution, 235 responses were collected mostly from a Portuguese audience (94%) whose primary location was within the *Greater Lisbon* area (94%). Regarding the respondents’ current employment status, 48% were *Students*, 45% were *Full-Time Employees* and the remaining respondents were either

Unemployed, Retired or Part-Time Employees. Concerning respondents' monthly net income, around 29% earned less than 300€, against 57% who earned more than 500€.

Lastly, secondary market research was conducted to gain knowledge on bureaucratic processes in opening a business and to get data to perform financial estimations, in which budgets were requested for all cost elements identified for a *FJ & Smoothies* company.

Legal and Financing

Regarding bureaucratic matters, a company should be registered either presently or through the website of *Portal do Cidadão*, which will cost 360€. Additionally, if a brand is to be protected, it should also be registered through *INPI* at a cost of 124,45€. (Economias, 2017)

Yet, extra legal aspects related with the *F&B* industry must be complied, namely in regards with hygiene and food safety. For instance, if the shop was to be located outside a privately managed building, licenses regarding the usage of the space for *F&B* would be required from the respective municipality. And, if instead of a food trailer was to be a brick-and-mortar shop, additional prerequisites would have to be obeyed, such as the existence of sanitary facilities. (Simplex, 2017)

Once the shop opens, there are other obligations to be concerned about, as with HR. For instance, it is the company's duty to communicate to the social security any employing changes and, as part of any hiring, the company must provide work insurance, pay a salary equal or higher than the minimum wage, and a food subsidy for each working day. Also, each worker is entitled to a holiday and Christmas allowance in the same amount as his/her monthly wage, resulting into 14 monthly wages in a year per worker, subject to a social security rate to be paid by the employer of 23,75%.

Regarding taxes, if a company is to be considered a small business, it is subject to a yearly income tax rate of 17% for the first 15.000€ of taxable income and 21% for the remaining, to be paid in the

following May. Yet, to avoid large tax payments, the income tax of the present period is estimated based on last year's and the payment is divided into 3 installments to be paid in July, September and December, being the necessary tax adjustments paid in May. Sales are also subject to VAT, which according with the Portuguese legislation, can be either 6%, 13% or 23% depending on the service/good traded. Considering the core business is the sale of *FJ & Smoothies*, these are subject to a VAT of 6%. However, food products would be taxed at 13% and non-food items at 23%.

Regarding business structures, the better would be a *LLC* that would avoid personal liability for a corporation's debt, apart from the share capital invested. Also, by being a more reliable business form, it eases the financing sourcing process. Conversely, the establishment of a *LLC* is more costly than other business forms, as they require more legal and accounting services. (Economias, 2017)

In terms of funding options, as startups are considered risky investments, the financing sources are limited, explaining why most entrepreneurs depend on their own savings or family loans. Yet, alternative credit lines have been established by some banks and agencies to boost entrepreneurship initiatives. Currently, the bank Caixa Geral de Depósitos funds up to 50.000€ through credit loans, upon delivery of a viable business plan. The loan can go up to 6 years, with interest rate of 3-month Euribor + 5,7%, and with an interest-free period of 6 months. Likewise, Novo Banco provides through a 12.500€ microcredit line at an interest rate of 3-month Euribor + 6%. Alternatively, Lisbon municipality has in practice a program named *Lisboa Empreende*, which finances business plans targeting Lisbon, to a maximum of 20.000€ and provides additional customized technical support. Lastly, *Programa FINICIA* supports the financing of investment projects up to 200.000€ for a maximum of 6 years, whose interest rates are to be calculated through 6-month Euribor + 5,25%. Nevertheless, banks and venture capitals provide other financing opportunities, to be considered at more mature stages of the company, for higher amounts at lower interest rates.

Industry Analysis

As known, the *F&B* industry is often characterized by its *Monopolistic Competition* since, even though restaurants may offer differentiated products, they serve the same customer need and strive for the same customers. The industries that compete in this form, tend to have low entry and exit barriers, and its firms are price setters while having low degree of market power. (Investopedia, 2017) Thus, it is key that these firms can differentiate themselves to increase its market share.

Accordingly, the *FJ & Smoothies* shops studied in the Lisbon area chose to differentiate geographically, mainly targeting touristic sites and established as one location only. Yet, some shops also differentiated by targeting a more health conscious market, for instance, by offering detox programs. In contrast, the remaining *F&B* offers were carefully considered, as any *F&B* shop located in the surroundings would be an indirect competitor, since even though they offer slightly different products, they compete to satisfy customers' hunger and desires. (Oman, 2018)

Through the analysis of role models, the customer market of *FJ & Smoothies* shops can be characterized by a mix of genders, ages and nationalities. Having more than 50% of Portuguese customers purchasing at the shop at least 3 times a week, depicting a quite high customer loyalty. However, to keep relatively high gross margins, the product is sold at premium prices and so, customers have a medium-high purchasing power. Consequently, orange juices' prices vary from 1,5€ to 3,3€ while *FJ & Smoothies*' prices differ from 2€ to 6€, varying according with the cup size chosen. Regarding the cup size, it varied from 200ml to 590ml, and the shops that offered more than one size option stated to mostly sell the smaller cup sizes due to customers' price sensitivity.

Conversely, when interviewing the *Weeel* present in Campolide's campus, the customer loyalty of both students and faculty played a role, but not enough to overcome the seasonality issues that lead to daily units sold in a September high season day over 200, in contrast to a December low season

day of 25 units sold. The combination of *Weel* being a frozen yogurt food chain affected by weather variations and daily time restrictions, as fewer frozen yogurts are consumed during winter season or before 11AM, and the presence in a quite volatile market due to student's uncertain schedules and long holiday periods, leads to the consequent volatile sales' volume.

Throughout the exploration of the different role models, it became evident that often the same shop could be simultaneously an analog and an antilog. For instance, the *Compal Frutológica* stand was rated as an overall positive role model, as most of their current practices lead to a successful business appreciated by the customer, such as the speed of service related with having 2 employees on site and three blender's vases, enabling the preparation of multiple beverages at once. On the other side, some customers were unhappy with the agricultural seasonality issue not overcome by the shop, leading for the unavailability of some ingredients and, consequently beverages.

In sum, some analogs insights were related with the need to increase sales, either by getting people to visit more often via loyalty programs, as loyalty cards that reward the consumption of multiple beverages or as the sale of customized bottles that allow for future refills. Or, through getting people to buy more per visit, by cross-selling complementary products, as food snacks or the existence of combos, such as lunch menus. Also, not to lose a sale, most shops accepted both card and cash payments. Regarding marketing techniques, most role models heavily relied on the word-of-mouth effect from customers and media coverages. Yet, some used social media ads, and *Compal Frutológica* innovated by having product placement on a Portuguese soap opera.

Conversely, most antilogs insights were linked with operational practices. For instance, issues regarding the menus offered, mainly due to its length, in both variety of *FJ & Smoothies* and ingredients per recipe, lead to long customer decision processes and higher chances of disliking ingredients, which combined with the previously mentioned issue of the unavailability of

committed ingredients, leads to a bad customer experience. To avoid this, all ingredients on the menu must be always available independently of agriculture seasonality and, besides a short-fixed menu available for customers to choose from, they should also have the option of “Crafting their own beverage” among available ingredients. Moreover, a key antilog issue noticed was the wastage of ingredients, in which daily fruit and vegetables leftovers were thrown away. This could be avoided through the exploitation of the ingredients into new products, such as fruit siders – dehydrated fruit, fruit desserts, among other options.

Overall, other key business aspects were learnt from the observation of role models, such as the importance of human resources management, as if in some shops employees were mostly not busy, in others the service sometimes was delayed due to the less workforce. Also, all shops admitted being daily supplied in-store, due to the goods’ perishability. Being the most common horticultural suppliers, distribution and trade companies based on MARL, which is the supply market of agri-food products in Lisbon.

Lastly, regarding expansion practices, those F&B shops that were multi-location, such as *A Padaria Portuguesa* and *Weeel*, both opened their second location shop 2 months after the initial launching and, by the end of year one, they had 6 and 7 shops, respectively. Also, despite the success of both brands, *A Padaria Portuguesa* focused on growing through brick-and-mortar company-owned stores targeting the Lisbon neighborhoods, while *Weeel* chose to grow through a food trailers franchising model mainly positioned in shopping areas across the country. Likewise, *GoNatural*’s success proves an increasing trend for healthier lifestyles, and even though the initial expansion strategy was within shopping areas, currently, *GoNatural* has been positioning in business offices, educational facilities and health centers. Additionally, besides restaurants, the company also retails their products in supermarkets and have even launched their own supermarket brand.

Customer Analysis

To assess for the viability of being in the new NovaSBE campus location, I met with the responsible department for the facilities and services offered on campus, who announced that the new campus was not willing to have permanent food trailers facilities. Being the alternative to either invest in a fixed shop on campus or to launch a mobile location food trailer, that would be able to be present on campus on a temporary basis and would have to find other temporary locations to go next.

Given that, to understand if NovaSBE's target market was consistent enough to invest in a larger scale and, considering *FJ & Smoothies* shops target the *F&B* segment, it is essential for the shop to be in an area where there is a high demand for *F&B* options. According with the survey analysis, it was proven that *full-time employees* have both a higher purchasing power because of a higher monthly net income and, more meals on "Campus" as a consequence of more time spent there. Combining this evidence with Bill Aulet's framework that intends to reduce entrepreneurial risks through a discipline approach and, while focusing on his concept of the TAM size, which translates into the annual revenue obtained if the company was to achieve 100% market share in the designed target market, the result is a small NovaSBE TAM size. This is explained by the relatively small and volatile market of 3.000 students, who are off campus around 5 months in a year due to exams periods or holidays, joint with a low-price product. Consequently, the attractiveness of having a fixed location on NovaSBE's campus is reduced, and therefore the alternative to join the mobile food trailers industry, and find multiple locations to be temporarily present, was more appealing. Nevertheless, when focusing on the end goal of gaining national recognition, a mobile food trailer would not be aligned with this vision, as food trailers are not perceived as reliable as brick-and-mortar shops, nor are they often the beginning of a larger franchising model. (Robinson, 2012) Also, considering the formerly analyzed importance of increasing sales through cross-selling

mechanisms, a food trailer limits revenue, as it cannot easily integrate larger product ranges. Thus, this initial analysis points out a brick-and-mortar shop targeting the *full-time employees'* market segment, as a more attractive business strategy.

Nonetheless, according with the conducted survey insights, *FJ & Smoothies* are similarly valued across different target markets, meaning the concept would likely fit in various locations. Likewise, a clear majority of the population enjoys drinking *FJ & Smoothies*, and the main reasons they do not drink it as often are the issues that the brand aims to tackle, by becoming a multi-location shop that prepares *FJ & Smoothies* for customers at a good price/quality ratio and, in this way, alter the habits of having these drinks more often outside. Still, some respondents expressed their concern on the lack of authenticity of *FJ & Smoothies* when purchased outside, which should be carefully considered. Yet, no statistical relation was found between practicing sports and drinking *FJ & Smoothies*, meaning that sports locations should not be initially targeted as key sites.

Additionally, other variables such as the time people usually drink *FJ & Smoothies*, their preferred ingredients and flavors, their optimal cup sizes and prices and the key things that should be offered in a *FJ & Smoothies shop*, helps to narrow down locations and, decide on product offerings that most effectively meet the market's needs, wants and preferences.

For instance, respondents have a clear preference for cash as the payment method of *F&B* below 5€, and their average price was of 2,56€, being the average price of non-Portuguese respondents 25% higher than that of the Portuguese respondents, which in a way explains why the current *FJ & Smoothies* shops in Lisbon are mainly targeting touristic sites.

However, considering the vision of becoming a national recognized brand, the main customer target of the shop is to be the Portuguese customer. So, to have appealing margins while keeping

affordable pricing strategies, the shop should consider cross-selling. Thus, to define what additional products would be valued by the Portuguese customer, the insights obtained through respondents' answers when asked about what other *F&B* offers they would like to have on their "Campus" location and, to rank what was key for them on a *FJ & Smoothies* shop were used. Accordingly, the top 3 listed *F&B* options by the respondents were *Craft-your-own Salad / Pasta, Soup Shop*, and *Fresh Juices & Smoothies Shop*, respectively and, the top 3 listed key products to be sold in a *FJ & Smoothies* shop were *fruit bowls, orange juice, and breakfast food*, closely followed by *lemonade* and *healthy snack food*. Meaning, while maintaining the core of the business as the sale of made to order *FJ & Smoothies*, by additionally offering any of these valued products for customers, it would allow for higher sales volume and increased margins.

Considering all the above, the shop's launching location should prime for its population's medium-high purchasing power and, target the *full-time employee* segment, while easily tapping into the remaining markets such as *students, retirees* and *tourists*. Thus, any location within Lisbon's *CBD*, which comprises the geographical area from Avenida da Liberdade to Entrecampos, represents a strategic launching location, as large corporations are headquartered there, as well as educational facilities, besides many shopping areas and luxury hotels that are to be found in the area.

Supplier Analysis

Considering the location chosen as within Lisbon's *CBD*, shop's monthly rent prices are, according with *Idealista*, on average of 17,08€/m². Thus, when targeting maximum shop's areas of 80m², the estimated rent would be of 1.366,40€. Regarding utilities, the major costs are related with electricity and water, but communications, cleaning and office supplies are also part of this class. Overall, monthly billings are not expected to be higher than 400€ combined.

In terms of machinery, investments will be needed in both electrical appliances and catering furniture. Major electrical appliances are blenders, juicers and fruit dehydrators, which total budgets are approximately 2.000€. Yet, IT appliances will also be needed for the sales registration, and initial investments of 200€ are predicted. Regarding remodeling works, budgets round 20.000€ and catering furniture investments' can go up to 4.000€. On the other hand, specialized work expenses, such as accounting, web design and billing software, are monthly estimated to cost 750€.

Considering the need to have debit and credit card acceptance in the shop, the most efficient banking plan chosen was from Millenium BCP, which integrates a bank account plan and an automated payment terminal that charges 0,90% per transaction. Additionally, as part of personnel expenses' obligations, this bank account would also provide a food subsidy card per worker that allows for the transfer of a higher tax-free food subsidy amount. Overall, the total monthly banking expenses will vary according with monthly sales and are estimated at an initial amount in September 2018 of 52€, when considering 25% of sales would be paid by card.

Regarding disposables, the main items to have on stock are disposable glasses, tops, straws, utensils, bowls, sachets and napkins. All these items share a common characteristic, which is being non-perishable goods that allow for quantity discounts when bought in bulk.

Lastly, regarding the COGS and following the industry's insight of MARL's horticultural suppliers, a visit was paid to these warehouses to get more information regarding this process. In sum, both national and international agri-food goods are daily traded in MARL, and the wholesalers fulfill the shops' orders and distribute the ordered items on the following day. Prices for horticultural goods are not static, as the seasonality issue influences the goods availability and leads to price increases, which can occasionally negatively affect margins. Nonetheless, quantity discounts can also be exploited and amplified if all horticultural ingredients are to be ordered from

the same wholesaler. Similarly, complementary products such as breakfast food items can be either ordered from national bakeries or through cash & carries, depending on the targeted products.

Important to notice, is that all estimated costs were considered for one shop only and some vary according with the units sold. Also, when having multi-location shops, some costs are expected to increase in equal proportion while others might achieve lower marginal costs. Besides, economies of scale are likely to be achieved throughout the company's growth, leading to cost savings.

Refined Plan B

According with the insights obtained, a solid brand concept that highly values authenticity, service convenience and the engagement of the community was built to differentiate the brand from its current and future competitors. Also, the brand intends to enhance its "Made in Portugal" factor, by being a national brand that targets the Portuguese market. Thus, the brand was shaped around the motto of *Truly Fruit, Truly Yours* and the name became *Fruly*.

Revenue Model

Building on the collected information, *Fruly's* core business will be the blend-to-order *FJ & Smoothies* that prime for the freshness of the fruit and no added ingredients. Still, cross-selling will be key to increase sales volume and, initially, the major sold products will be breakfast food, fruit siders and soup. Moreover, *Fruly* aims to provide customer delight through the authenticity factor it promises to deliver, which will allow an experience that transcends what customers have come to expect in the past, by being the "homemade away from home" through a transparent process and by the shop's design itself, which intends to be a more welcoming place where people choose to spend their free-time on, and in this way differentiate from existing *F&B* options in Portugal.

Being one of *Fruly*'s pillar to be part of the community, the target market is therefore in Portugal. As for the last Pordata report, released on July 2017, Portuguese population was of 10.325.452 resident citizens, where the *Greater Lisbon Area* accounted for 2.817.014 people.

Accordingly, *Fruly* will be launched as a brick-and-mortar shop in Lisbon's *CBD* mainly targeting Portuguese *full-time employees* at their office locations, as this market is characterized by both higher purchasing powers and *F&B* needs and, allows a larger TAM size. Also, by being positioned in these locations, the prediction is to be able to generate repetitive sales through loyal customers, regardless of the existence of loyalty programs. Nevertheless, as previously disclosed, while the *full-time employees* market proves to be more profitable, *Fruly* has potential to target other markets.

The price point for a 400 ml cup size for *FJ & Smoothies* was established at 2,75€, but Orange Juice/lemonades would be priced at 2€, while the DIY option would be priced at a premium of 3€ for three ingredients, in which additional ingredients would come at an extra cost of 0,50€.

Regarding complementary products to beverages, fruit siders would be priced at 2€, breakfast items at 1,5€, and drinkable soup at 3€. Additionally, *Fruly* will offer the option of breakfast or soup combos, which will be priced at 3,5€ and 5€ respectively and consist on a combination of a breakfast item or a soup with a beverage, excluding the DIY option.

Initial sales were estimated based on *Weeel*'s daily units sold, while considering *Weeel* is already an established brand with 4 years of existence, but that the frozen yogurt consumption only starts later on the day as it is often considered as a dessert, conversely from *FJ & Smoothies*, and that the analog numbers being used are from the food trailer located within NovaSBE, which has a limited target market. Thus, *Fruly* assumed to be able to initially gather 70% of *Weeel*'s daily units sold, which translates into 140 daily units sold in summer season. Also, *Fruly*'s sales will be affected by

weather seasonality, leading to lower sales in the winter, represented by a 10% decrease registered in December which is only reversed with a 10% increase in June.

Consequently, the growth of units sold is measured considering the opening of new locations and respective seasonal behaviors, as well as the conversion rate from marketing efforts. As so, a 5% unit sold growth rate was considered for the 3 months after the launching of any store, followed by a 3,5% growth rate for the next 8 months of the store until stores complete their first anniversary, from which point onwards no units sold growth rate was considered. Yet, considering the brand awareness achieved by the launching of the first store, initial units sold for the subsequent stores are to be 5% higher than those of the first store to be launched in September 2018. Still, the actual sales' behaviors may differ from the expected, requiring extra efforts on both marketing and new product and business developments, which is accounted for, from the second year onwards, through a conservative ROI of 1,3 on *Fruly's* core business development departments employees' wages, meaning that for every 1€ invested in these employees the company would get a return of 1,30€.

Gross Margin Model

Consequently, in terms of the gross margin model, by following analogs, *Fruly* will have to find a reliable horticultural supplier, who will ensure the availability and quality of the product, at affordable prices. Also, by buying in bulk, *Fruly* will take advantage of quantity discounts and therefore lower the COGS and increase margins in the future, which is already considered in the ROI applied on the employees in charge of procurement. On the other hand, differently from antilogs, *Fruly* will have to carefully manage the waste of resources and, the cross-selling of some products targets this issue, as for instance, the in-house making of dehydrated fruit packages aims at the daily use of the remaining fruit. Hence, while assuming the above prices, *Fruly's* margin mix across the product line differs, being the higher product margins from the *FJ & Smoothies*, and the

lower from food complements. Thus, considering the core of the business are *FJ & Smoothies*, higher units sold were predicted for the high-margin products, and the average gross margin mix obtained was of 66%. (*see Appendix 4*) Even though cross-selling has lower gross margin products, these will help enhance *Fruly's* competitive advantage as it will allow the customer to have a complete meal in a single place, while increasing sales per visit.

Operating Model

Concerning the operating model, and as previously seen in the supplier analysis' section, the majority of *Fruly's* operational costs will be related with rents, utilities, insurances, wages, and other administrative costs such as accounting, billing software, licenses and bank commissions fees. Yet, some of these costs will vary within the company's lifecycle, as if in the first-year rents, utilities and insurances are estimated just for the store locations, on the second year all of these will also have to be considered for an office location, which will still undergo changes on the third year, as the company grows and needs more space. Hence, from the second year onwards, higher office supplies' costs are also expected to account for employees' furniture and laptop computers' needs.

Additionally, to meet market needs, *Fruly* is to be opened 7 days a week from 08:00 to 19:00 and, two employees are needed on site during the busiest times (11:30 – 16:00). Therefore, store clerks will have work shifts to comply with labor legislation and, to provide every employee with two consecutive days off, three employees were considered per store, plus the additional hiring of a summer intern per store for 3 months, to account for store clerks' holidays. Nevertheless, changes in store's estimated units sold will lead to proportional rearrangements of store clerks' work shifts.

Regarding human resources structure, a career progression framework was established with 12 levels, from *Store Clerk* to *Head of Department*, to effectively attract talent and be a competitive employer in the job market, for other reasons than exclusively the pay-level itself. (*see Appendix*

5) So, considering a weekly schedule of 40 hours for every employee, initial salaries for *Store Clerks* were estimated above minimum wage at 600€, followed by increments from 10% to 25% depending on the level position, until the *Head of Department* job function is reached, with a monthly pay-level of 2.521€. Besides, wages will increase 5% every year, accounting for both growth and positive inflation rates, and every employee is entitled to a daily food subsidy of 7,63€.

Considering the initial startup phase *Fruly* will undergo, the organization chart will vary throughout the years, until having five separate departments – *Financial, Operational, HR, R&D, Marketing* – with their own teams and responsibilities. (see Appendix 6)

On the first year, besides store staff, *Fruly* will employ two analysts, one responsible for the *financial, operational* and *HR* tasks, and the other for *R&D* and *marketing* duties. On the second and following years, analysts will be hired for the development of each department apart from the *financial* department, which tasks will be outsourced until year 3, when a senior analyst will be hired to start the accounting section, as the company's official accountant.

The *financial* department's main tasks are related with accounting and control management, while the *operational* branch deals with suppliers' procurement and maintenance and the whole store operation needs. For instance, from year 2 onwards, supervisors will be hired for every 6 stores' launching, as each will be responsible to coordinate the interaction between 6 stores and the headquarters, in terms of any stores' needs or new changes to be introduced. Additionally, the *HR* department will be responsible for R&S, organizing trainings, and managing vacations, work shifts and personal development needs. Lastly, the *R&D* and *marketing* divisions will be *Fruly's* core business development departments, as these are responsible for expansion plans, new product and business developments, as well as the possible creation of partnerships, implementation of loyalty programs, and the marketing of current and future initiatives.

Moreover, to acquire new customers and retain existing ones, a marketing strategy was delineated. For instance, new stores' launching campaigns and possible sponsored events, mostly in the form of free-product offering, will be part of *Fruly's* customer acquisition strategy, while ongoing marketing efforts through social media will aim to maintain a close contact with existing customers and attract them to regularly visit *Fruly's* shops. Still, additional marketing efforts might be needed to overcome uncertain events that could adversely affect *Fruly's* results, either external events, such as the possible increased competition if a new *FJ & Smoothie* brand develops their own chain model, or internal issues if, for instance, any food safety or hygiene cases harm customers and result in negative publicity. In monetary terms, offering of free-product translates into the COGS of the offered units, but social media ads were considered for a 400€ budget prior to new launchings and, other future marketing costs were estimated to cost around 200€ per month, in addition to an annual budget of 5.000€ per store, from year 3 onwards.

According with the financial estimations – that predict the initial sales of *Fruly* to be in September 2018 – operating costs, excluding COGS, are 160% of sales on the first year, and decrease to 60% on the sixth year of operation (2023), leading to a ROS of 7% in 2023.

Working Capital Model

Regarding the working capital model, since the payment is processed upon order, there are no account receivables and, being the raw materials perishable goods, suppliers' payment will also be upon delivery, meaning no account payables either. Yet, more flexible terms of payment can try to be established with the supplier, to be paid on a weekly or monthly basis instead of daily. On the other hand, all operational costs will be paid at the end of the month.

Concerning inventory, because fruit and vegetables are perishable goods, the inventory must be carefully managed, not to get wasted, and most items will have to be daily ordered. Yet, to avoid

running out of any ingredient and facing the consequent beverages' unavailability issue, more 10kg of fruits and vegetables are to be ordered per store, and the dehydrated fruit packages are to be made from eventual leftovers. In contrast, non-perishable goods, such as cups, should be bought in bulk to allow for quantity discounts, and be stored at the shop for future usage at no extra cost.

Investment Model

Following analogs expansion plans, and being more conservative than them, *Fruly* aims to open the second location 4 months after the initial store, also targeting the *full-time employees* market. Nonetheless, as previously proven, *Fruly* would likely fit within various markets, and so, further locations are to be launched within three market segments, characterized as *Service Stores*, *Neighborhood Stores* and *Leisure Stores*. Being the first ones directed at business centers, the second ones targeting the community itself, and the latter focused on locations such as gyms, shopping areas and touristic sites. Future launchings are estimated every 4 months for the first 2 years, and from then on 2 stores are to be launched simultaneously every 4 months. Yet, the expansion plan depends on the profitability of the opened stores, and a new location may only be opened if the previous location has registered positive monthly EBIT, including the monthly proportional CAPEX depreciation amount, for 2 months.

Also, once a leading position has been achieved within the *Greater Lisbon Area*, *Fruly* is to expand into other Portuguese regions, to achieve the desire goal of national recognition. Yet, *Fruly* may also have potential to expand internationally in the future, starting on neighbor countries within the EU. It is also part of *Fruly's* plans, to target a franchise business model, both in and outside borders, where new openings will be assigned to franchisees in return for royalty fees. The franchising will enable a greater growth, since more stores can be launched yearly than if they were to be company-owned, resulting into a larger recognition effect.

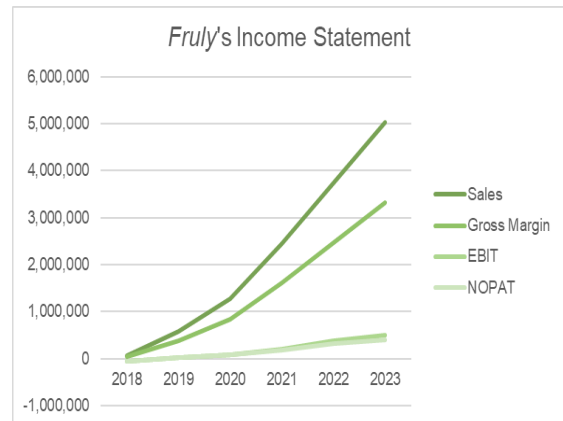
Lastly, *Fruly*'s investment model requires, in the pre-launch phase, the company and brand registration and acquisition of the respective *F&B* licenses, as well as the renting of a shop location in Lisbon's *CBD*, which most likely will need remodeling and design work to meet *F&B* requirements and *Fruly*'s identity. Also, before the launching, both electrical appliances and catering furniture must be purchased as described in the supplier analysis.

Considering this, the CAPEX is estimated at 24.234€, while continuous investments on future launchings were predicted at 23.789€. Overall, following the expansion plan described above, the financial estimations predict a total cash-burn of 53.161€, and the payback is achieved 19 months after launching, when the accumulated cash flow reaches 4.866€. (*see Appendix 7*)

As a result, to start *Fruly* a total amount of 60.000€ is needed, to cover the cash-burn identified and to allow for a margin for possible deviations from the initial estimations. Accordingly, *Fruly* will be a *LLC* with a total share capital of 20.000€, as I intend to have an egalitarian founding partner who will invest the same resources as me to contribute to the company's success. However, to complement the share capital amount and to lower financing costs, I will resort to a family loan of 40.000€ to finance the remaining amount of the investment needs, instead of applying to possible credit loans. Still, annual interest rates of 2.25%, 2.75% and 3.25%, on year 1, 2, and 3 respectively, will be applied and the loan is to be reimbursed in 3 years' time. Though, if 40.000€ are not raised through a family loan, other costlier financing alternatives, as bank loans, may be needed throughout the way to ensure the company's expansion plan.

Financials

Throughout this work project, information was collected to perform realistic financial estimations. And, while keeping a conservative approach, *Fruly's* income statement was built, depicting sales over 5.000.000€ and a NOPAT around 400.000€ in 6 years, time when 26 stores are estimated to be already opened.



Additionally, the respective yearly cash flows were generated from the revenues obtained from both sales and HR ROI, deducting every cost with CAPEX, HR, OPEX and Marketing, as well as the COGS calculated through the inventory management of large quantity purchases of non-perishable items. Being the difference registered from the *COGS* amount and the *Inventory* amount, due to the items held by the company at the closing period. Based on the yearly free cash flows, and on an assumed conservative discount rate of 25%, that accounts for the risk associated with a startup company, and no growth rate for cash flows after the 6th year, the business concept was proven to be viable, presenting a positive NPV of 700.637€ and an IRR of 146%. (see Appendix 8)

Conclusion

Overall, while being conscious of the uncertainties involved and focusing on customers' needs, wants and preferences, the *FJ & Smoothies* industry proves to be financially attractive.

And, by deviating from the initial plan A – of an exclusive sale of *FJ & Smoothies* through a food trailer positioned in an University Campus, which would target a limited market – to a refined Plan B – of a brick-and-mortar store located in Lisbon's *CBD*, targeting *full-time employees* with higher purchasing power and *F&B* needs, while aiming at cross-selling opportunities –, *Fruly* has the potential to unlock its envisioned national awareness goal.

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Appendix 1 – List of Role Models

F&B Shop	Store type	Core Business	Location visited	Week Schedule	Weekend Schedule	# Shops
Compal Frutológica	Stand	Juices	Mercado da Ribeira	Sun-Wed, 10:00-00:00	Thu-Sat, 10:00-02:00	1
Dona Laranja	Street Food	Orange Juice	São Sebastião	Mon-Fri, 10:00-18:30	Sat-Sun, 10:00-18:30	2
Liquid	Store	Juices, Smoothies & Food	Chiado	Mon-Fri, 8:30-19:30	Sat-Sun, 10:30-19:30	2
LadyBug	Store	Juices, Smoothies & Food	Saldanha	Mon-Fri, 8:30-19:00	Closed	1
YAO	Store	Smoothies & little bites	São Bento	Mon-Fri, 9:30-20:00	Sat-Sun, 10:00-20:00	1
Horta do Mercado Frua	Stand	Juices & food	Mercado de Algés	Sun-Thu, 10:00-00:00	Fri-Sat, 10:00-01:00	1
O suminho	Street Food	Juices, fruit & pancakes	Expo	Mon-Fri, 10:30-19:30	Sat-Sun, 10:30-19:30	1
Smoothie Bar	Stand	Juices, Smoothies & Food	Colombo	Mon-Fri, 10:00-00:00	Sat-Sun, 10:00-00:00	1
Starbucks	Street Food	Juices, Smoothies & Cocktails	Marquês de Pombal	Mon-Fri, 9:00-20:00	Sat-Sun, 9:00-20:00	1
A Padaria Portuguesa	Store	Coffees, F&B	El Corte Inglés	Sun-Thu, 9:30-23:00	Fri-Sat, 9:30-00:00	10
Weeel	Store	Pastries, Bread, Coffee and Juices	Saldanha	Mon-Fri, 07:30-22:00	Sat-Sun, 7:30-22:00	>50
GoNatural	Street Food	Frozen Yogurt & Smoothies	NovaSBE	Mon-Fri, 11:00-19:00	Closed	>25
Bar Tenda	Street Food	Grab&Go: Food & Juices	NovaSBE	Mon-Fri, 8:00-18:30	Closed	>20
	Store	Drinks, Meals & Pastries	NovaSBE	Mon-Fri, 7:45-19:00	Sat, 9:00-18:00	1

Appendix 2 – Observation Guide

Areas	Description
Customer	Regular vs. Irregular; Portuguese vs. Foreign; Students vs. Faculty; purchasing
Service	Speed; safety & hygiene; employees (#, uniforms, spare time); Glassware; Straws; loyalty programs
Equipment	Blenders & Juicers (#, brands); other kitchen appliances; cleaning supplies
Process	Suppliers Regularity; preparation & conservation Process; Stand Display; growth
Menu	Variety; Seasonality; Prices; Sizes; DIY option; Best Seller; VAT
POS	Billing & Payment systems

Appendix 3 – Survey

Q1 Hey! As part of my thesis, I'm doing a business plan that requires market research to better understand potential customers' needs, wants and preferences. Thus, I would highly appreciate if you could answer this short survey (5-7 min) and be part of my thesis sample. Thank you!

Q2 What is your current employment status?

- Full Time Employment (1)
- Part Time Employment (2)
- Unemployed (3)
- Student (4)
- Retired (5)

Display This Question:

If Q2 = Full Time Employment

Or Q2 = Part Time Employment

Q3 Where is your office located? *(Specific area please!! - e.g. Lagoas Park, Saldanha,...)*

Display This Question:

If Q2 = Student

Q4 What is your faculty? *(Specific campus please!! - e.g. NovaSBE, FCT, IST,...)*

Display This Question:

If Q2 = Unemployed

Or Q2 = Retired

Q5 In which neighborhood do you spend most of your time? *(Specific area please!! - e.g. Alvalade,...)*

Q6 You are doing great! :

From here onwards, your "office/faculty/neighborhood" location will be named "Campus". And I'll be asking some questions about your daily routine on your "Campus".

Q7 Usually, how often are you in your "Campus" and how long are you there for? *(Please, choose only 1 option)*

	Less than 6 hours/day	6 to 8 hours/day	More than 8 hours/day
<input checked="" type="radio"/> 7 days/week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="radio"/> 6 days/week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="radio"/> 5 days/week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="radio"/> 4 days/week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="radio"/> 3 or less days/week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q8 What best describes your meals' routine during a working week? *(Monday to Friday)*
Where do you get/eat these meals?

	Restaurants on "Campus"	Canteen on "Campus" (Free meal)	Vending Machines on "Campus"	Own food on "Campus"	Outside "Campus" /Home	N/A
Breakfast	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Morning Snack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lunch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Afternoon Snack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dinner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q9 When you bring your own food, how often do you purchase beverages or desserts, as compliments, on "Campus"?

- I don't bring my own food (1)
- Never (2)
- Once a week (3)
- 2-3 days a week (4)
- 4-6 days a week (5)
- Daily (6)

Q10 Usually, how much do you weekly spend on food and beverages on "Campus"?

- I never buy anything (6)
- 0 - 10 EUR (1)
- 11 - 20 EUR (2)
- 21 - 30 EUR (3)
- 31 - 40 EUR (4)
- > 40 EUR (5)

Q11 Which is your preferred payment method for food and beverages below 5 EUR?

- Cash (1)
- Debit Card (2)
- Credit Card (3)
- MB Way (4)

Q12 What do you think of your "Campus" F&B offers? *(You may choose more than one option)*

- Very Good (1)
- Too Pricey (2)
- Low Quality (3)
- Little Variety (4)
- Not Healthy (5)
- Other (please specify) (6) _____

Q13 Please rank what other food and beverage offers you would like to have on "Campus", being the

#1 your preferred one. (Drag and drop the options into your ranking preferences)

- _____ Cultural cuisine (i.e. Mexican, Thai, Indian...) (1)
- _____ Ice Cream Shop (2)
- _____ Burger / Pizza Shop (3)
- _____ Craft-your-own Salad / Pasta (i.e. Vitamins) (4)
- _____ Fresh Juices & Smoothies Shop (5)
- _____ Starbucks or Similar Coffee Shop (6)
- _____ Soup Shop (7)
- _____ Vegan / gluten-free Options (8)
- _____ Other (please specify) (9)

End of Block: Campus

Start of Block: Gym

Q14 Almost there!!

Now, I would like to know a bit more about your sports routines!

Q15 How often do you practice sports? (e.g. Gym, Football, Running,...)

- Daily (1)
- 4-6 times a week (2)
- 2-3 times a week (3)
- Once a week (4)
- Never (5)

Display This Question:

if Q15 != Never

Q16 Do you eat / drink any of the below food supplements before / after practicing sports?

(You may choose more than one option)

- Protein Bars (1)
- Smoothies (2)
- Juices (3)
- Dried Fruits (6)
- Other (please specify) (4) _____
- I do not eat / drink any food supplement (5)

Display This Question:

if Q16 != I do not eat / drink any food supplement

And Q15 != Never

Q17 How much money do you weekly spend on those food supplements?

- < 10 EUR (1)
- 10 - 20 EUR (2)
- 21 - 30 EUR (3)
- > 30 EUR (4)

Start of Block: Fresh Blended Juices & Smoothies

Q18 Lastly, I would like to know your opinion about a specific topic that you are about to find out!

Q19 Do you drink fresh blended Juices & Smoothies? If so, where and when?

How often do you drink fresh blended Juices & Smoothies? If you drink it, when do you drink it? (You may choose more than one option)

	Less than once a week					If you drink it, when do you drink it? (You may choose more than one option)				
	Daily	2-4 times/week	Once a week	Never	Breakfast	Morning Snack	Lunch	Afternoon Snack	Dinner	
At home	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
On "Campus"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
At the Gym	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Shopping Areas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Beach (during Summer)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Restaurants & Bars	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Display This Question:

if Q19#1 != Daily

And Q19#1 != 2-4 times/week

Q20 Why don't you drink it more often? (You may choose more than one option)

- Too much work to prepare it (1)
- Expensive to buy outside (2)
- Small sizes when bought outside (3)
- No nearby locations that sell it (6)
- I'm not that big of a fan (4)
- Other (please specify) (5) _____

Q21 How do you classify fresh blended Juices & Smoothies for the following meals:

	Complements (1)	Substitutes (2)	Neither (3)
Breakfast (1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Morning Snack (2)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lunch (3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Afternoon Snacks (4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dinner (5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q22 Please rank what you like on your fresh blended Juices & Smoothies, being the #1 your preferred one: (Drag and drop the options into your ranking preferences)

- ___ Exotic Fruit (e.g. açai, avocado,...) (1)
- ___ Vegetables (2)
- ___ Regular Fruit (e.g. apple, strawberry, orange, mango,...) (3)
- ___ Yogurt (4)
- ___ Milk (5)
- ___ Soy Milk (6)
- ___ Ice Cream / Frozen Yogurt (7)
- ___ Protein powder add-ins (8)
- ___ Seeds (e.g. chia, flax,...) (9)
- ___ Peanut Butter (10)
- ___ Other (please specify) (11)

Q23 Please rank the fruits you like to have in your fresh blended Juice & Smoothie, being the #1 your preferred one: (Drag and drop the options into your ranking preferences)

- ___ Banana (1)
- ___ Avocado (2)
- ___ Berries (Strawberry, Blueberry, Raspberry, Blackberry) (3)
- ___ Watermelon (4)
- ___ Mango (5)
- ___ Orange (6)
- ___ Lemon (7)
- ___ Pineapple (8)
- ___ Açai (9)
- ___ Other (please specify) (10)

Q24 What do you think is the optimal cup size for a fresh blended Juice & Smoothie?

- 300 ml (1)
- 400 ml (2)
- 500 ml (3)
- 600 ml (4)
- > 600 ml (5)

Q25 What should be the optimal price for the cup size you previously chose? (EUR) _____

Q26 If there was a fresh blended Juices & Smoothies store on "Campus" and, assuming it would sell your optimal cup size at your chosen price, how often would you go there?

- Daily (1)
- 4-6 times a week (2)
- 2-3 times a week (3)
- Once a week (4)
- Less than once a week (5)
- Never (6)

Q27 Please rank, what you think is key on a fresh blended Juices & Smoothies store, being the #1 your preferred one: (Drag and drop the options into your ranking preferences)

- ___ Lemonade (1)
- ___ Fruit Bowls (2)
- ___ Breakfast food (e.g. toasts,...) (3)
- ___ Healthy snack food (e.g. cereal bars,dried fruits,...) (4)
- ___ Orange Juice (5)
- ___ Other snack food (e.g. biscuits, cake,...) (6)
- ___ Yogurts (7)
- ___ DIY option (e.g. you choose your own ingredients) (8)
- ___ Lunch / dinner meals (9)
- ___ Other (please specify) (10)

Start of Block: Demographics

Q28 Your Age _____

Q29 Your Gender

- Male (1)
- Female (2)

Q30 Your Nationality

▼ Afghanistan (1) ... Zimbabwe (1357)

Q31 Your Monthly Net Income

- < 300 EUR (1)
- 300 - 500 EUR (2)
- 501 - 750 EUR (3)
- 751 - 1000 EUR (4)
- 1001 - 1500 EUR (5)
- 1501 - 2000 EUR (6)
- > 2.000 EUR (7)

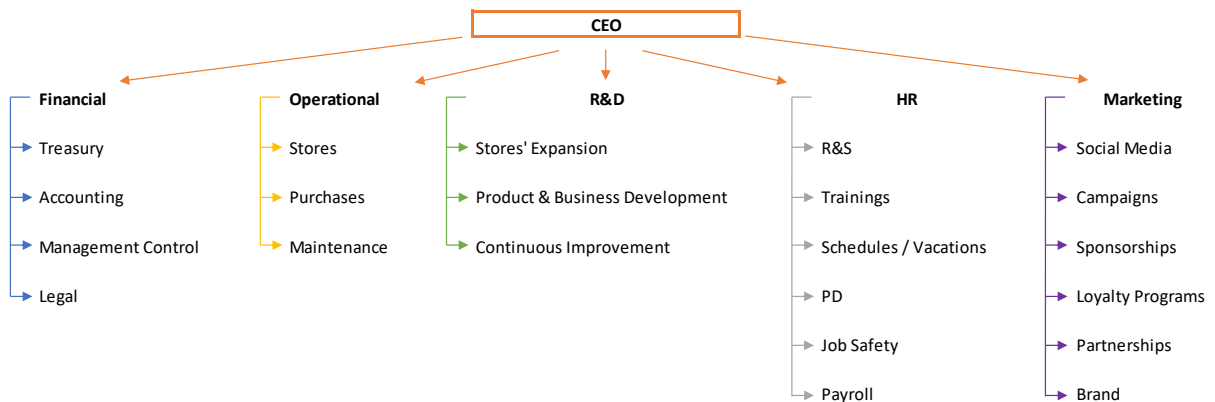
Appendix 4 – Margin Mix

Unit Prices	inc. VAT	Initial monthly Sales	VAT	ex. VAT	COGS	Margin	Product Mix	Margin Mix
FJ & Smoothies	2.75 €	2,400	6%	2.59 €	- 0.77 €	70%	57%	66%
DIY	3.00 €	600	6%	2.83 €	- 0.77 €	73%	14%	
OJ / Lemonade	2.00 €	300	6%	1.89 €	- 0.78 €	58%	7%	
Breakfast Food	1.50 €	60	13%	1.33 €	- 0.88 €	34%	1%	
Breakfast Combos	3.50 €	300	13%	3.10 €	- 1.65 €	47%	7%	
Fruit Bowls	2.00 €	150	6%	1.89 €	- 0.73 €	61%	4%	
Soup	3.00 €	60	6%	2.83 €	- 1.43 €	49%	1%	
Soup Combos	5.00 €	300	6%	4.72 €	- 2.20 €	53%	7%	
Dehydrated Fruit	1.00 €	WASTE	6%	0.94 €	- 0.21 €	78%		
Bottles	10.00 €	15	23%	8.13 €	- 6.00 €	26%	0%	
4,185								

Appendix 5 – Career Progression

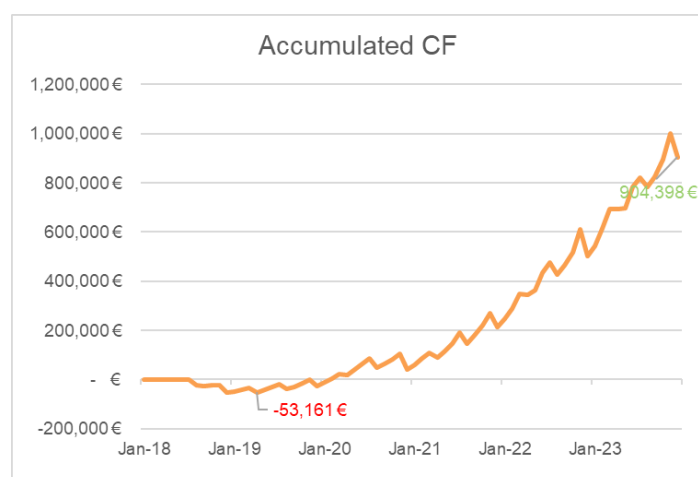
Level	Job Function	Daily shifts	Weekends	Work Week	Schedule	Weekly Hours	Promotion	Salary/Hour	Monthly Salary
1	Staffs Lojas	✓	✓	Mon-Sun	07:30-20:00	40		3.75 €	600.00 €
2	Manager	✓	✓	Mon-Sun	07:30-20:00	40	15%	4.31 €	690.00 €
3	Supervisor	✗	✗	Mon-Fri	09:00-18:00	40	10%	4.74 €	759.00 €
4	Analyst 1	✗	✗	Mon-Fri	09:00-18:00	40	10%	5.22 €	834.90 €
5	Analyst 2	✗	✗	Mon-Fri	09:00-18:00	40	10%	5.74 €	918.39 €
6	Analyst 3	✗	✗	Mon-Fri	09:00-18:00	40	10%	6.31 €	1,010.23 €
7	Senior Analyst 1	✗	✗	Mon-Fri	09:00-18:00	40	20%	7.58 €	1,212.27 €
8	Senior Analyst 2	✗	✗	Mon-Fri	09:00-18:00	40	10%	8.33 €	1,333.50 €
9	Senior Analyst 3	✗	✗	Mon-Fri	09:00-18:00	40	10%	9.17 €	1,466.85 €
10	Senior Analyst 4	✗	✗	Mon-Fri	09:00-18:00	40	10%	10.08 €	1,613.54 €
11	Manager	✗	✗	Mon-Fri	09:00-18:00	40	25%	12.61 €	2,016.92 €
12	Head of Department	✗	✗	Mon-Fri	09:00-18:00	40	25%	15.76 €	2,521.15 €

Appendix 6 – Organization Chart



Appendix 7 – CAPEX and Accumulated Cash Flow

Costs	Initial Investment (t=0)		Expansion		Source
	With VAT	No VAT	With VAT	No VAT	
Brand Registration (online)	124.45 €	101.18 €	- €	- €	INPI
Extra class (online) x2	63.10 €	51.30 €	- €	- €	INPI
Company Registration	360.00 €	292.68 €	- €	- €	Portal do Cidadão
Complaint Book	19.76 €	16.07 €	19.76 €	16.07 €	INCM
Brick and Mortar shop	23,915.57 €	19,654.93 €	22,460.00 €	19,654.93 €	
Remodeling Works	20,000.00 €	16,260.16 €	20,000.00 €	16,260.16 €	Zaask
Saladette	2,460.00 €	2,000.00 €	2,460.00 €	2,000.00 €	Fafrinog
Vitrine Frig.	1,230.00 €	1,000.00 €	1,230.00 €	1,000.00 €	Fafrinog
Mixer Tap	177.60 €	144.39 €	177.60 €	144.39 €	Fafrinog
Containers	47.97 €	39.00 €	47.97 €	39.00 €	Fafrinog
Customer Furniture	200.00 €	162.60 €	200.00 €	162.60 €	Superstudio
Employees Uniforms	60.00 €	48.78 €	60.00 €	48.78 €	Cfardas
Licenses	3,000.00 €	2,439.02 €	3,000.00 €	2,439.02 €	Portal do Cidadão
Soup Container	72.57 €	59.00 €	72.57 €	59.00 €	Formifri
Fruit Dehydrators	220.17 €	179.00 €	220.17 €	179.00 €	Formifri
OJ maker	160.00 €	130.08 €	160.00 €	130.08 €	Krups
Juicer	479.70 €	390.00 €	479.70 €	390.00 €	Magnus
Blender	701.10 €	570.00 €	701.10 €	570.00 €	BlendTec
Vases (x2)	243.54 €	198.00 €	243.54 €	198.00 €	BlendTec
Thermal Printer	20.00 €	16.26 €	20.00 €	16.26 €	eBAY
Money Drawer	45.00 €	36.59 €	45.00 €	36.59 €	Sector Digital
Tablet for registration	123.00 €	100.00 €	123.00 €	100.00 €	
Total	29,547.96 €	24,234.11 €	27,544.84 €	23,788.95 €	



Appendix 8 – Income Statement, NPV and IRR

	Column Labels					
Valores	2018	2019	2020	2021	2022	2023
Soma de Total Sales	53,851 €	567,469 €	1,275,421 €	2,444,582 €	3,739,813 €	5,026,360 €
Sales FJ & Smoothies	26,116 €	279,922 €	632,908 €	1,214,366 €	1,861,077 €	2,503,083 €
Sales DIY	7,123 €	76,342 €	172,611 €	331,191 €	507,567 €	682,659 €
Sales OJ/Lemonade	2,374 €	25,447 €	57,537 €	110,397 €	169,189 €	227,553 €
Sales Breakfast Food	334 €	3,581 €	8,096 €	15,534 €	23,806 €	32,019 €
Sales Breakfast Combos	3,897 €	41,774 €	94,453 €	181,227 €	277,739 €	373,549 €
Sales Fruit Bowls	1,187 €	12,724 €	28,769 €	55,198 €	84,594 €	113,776 €
Sales Soup	712 €	7,634 €	17,261 €	33,119 €	50,757 €	68,266 €
Sales Soup Combos	5,935 €	63,619 €	143,843 €	275,992 €	422,972 €	568,882 €
Sales Dehydrated Fruit	5,660 €	50,943 €	107,547 €	203,774 €	305,660 €	407,547 €
Sales Bottles	512 €	5,483 €	12,396 €	23,785 €	36,451 €	49,026 €
Soma de Total COGS	- 18,148 €	- 192,402 €	- 433,359 €	- 830,928 €	- 1,271,993 €	- 1,710,010 €
Soma de Total Margin	35,702 €	375,067 €	842,062 €	1,613,655 €	2,467,820 €	3,316,350 €
Sum of Total CAPEX	- 48,023 €	- 71,367 €	- 118,945 €	- 142,734 €	- 142,734 €	- 142,734 €
Sum of Total HR	- 25,599 €	- 194,412 €	- 462,680 €	- 914,869 €	- 1,457,306 €	- 2,064,564 €
Sum of OPEX	- 10,853 €	- 90,396 €	- 209,699 €	- 410,616 €	- 622,088 €	- 859,649 €
Sum of Marketing	- 2,088 €	- 4,880 €	- 19,189 €	- 67,777 €	- 99,845 €	- 132,267 €
Sum of HR ROI	- €	11,908 €	48,600 €	120,063 €	240,825 €	374,308 €
Sum of EBIT	- 50,862 €	25,919 €	80,149 €	197,721 €	386,672 €	491,444 €
Sum of Interest	- €	900 €	1,100 €	1,300 €	- €	- €
Sum of EBT	- 50,862 €	25,019 €	79,049 €	196,421 €	386,672 €	491,444 €
Sum of PEC	- €	- €	1,501 €	1,856 €	3,663 €	1,669 €
Sum of PpC	- €	- €	1,010 €	6,412 €	30,762 €	43,867 €
Sum of IRC	- €	- €	1,063 €	6,749 €	32,381 €	46,176 €
Sum of NOPAT	- 50,862 €	25,019 €	75,475 €	181,405 €	319,866 €	399,733 €
Sum of Revenue	53,851 €	579,377 €	1,324,021 €	2,564,645 €	3,980,637 €	5,400,668 €
Sum of Costs	- 86,564 €	- 361,956 €	- 815,187 €	- 1,552,313 €	- 2,388,779 €	- 3,290,925 €
Sum of Inventory	- 19,324 €	- 194,142 €	- 440,970 €	- 840,207 €	- 1,300,489 €	- 1,707,945 €
Sum of CF	- 52,037 €	23,279 €	67,865 €	172,125 €	291,369 €	401,797 €
Max of Stores	1	4	8	14	20	26
Max Employees	5	19	38	63	88	112
Costs/Sales	161%	62%	61%	60%	58%	59%
ROS	-94%	4%	6%	7%	8%	7%

NPV & IRR	1	2	3	4	5	6	6+
Free Cash Flow	-52,037.45 €	23,279.12 €	67,864.56 €	172,125.22 €	291,369.22 €	401,797.21 €	1,607,188.82 €
PV FCF	-41,629.96 €	14,898.64 €	34,746.65 €	70,502.49 €	95,475.87 €	105,328.73 €	421,314.91 €
Accumulated Cash Flow	-52,037.45 €	- 28,758.33 €	39,106.23 €	211,231.45 €	502,600.67 €	904,397.87 €	2,511,586.69 €
Discount Rate	0.25			NPV	700,637.32 €		
Growth Rate	0			IRR	146%		