



LUNDS TEKNISKA HÖGSKOLA
Lunds universitet

Production Management Department

WHY BUSINESS PLANS AND PLANNING?

- An example from Belgium -

© Daniel Andersson, I-99

Supervisor:
Carl-Johan Asplund, Lecturer, Lund Institute of Technology

Master Thesis
Public Edition

KFS i Lund AB
Lund 2006
Printed in Sweden

Abstract

The writing of a business plan has become increasingly more highlighted in the academic world during the last few years as courses are being taught on the subject and a number of competitions have been started. Lund Institute of Technology co-organises an annual business plan competition called Venture Cup in order to encourage students and other participants to get into entrepreneurship.

People arguing in favour of writing a business plan often mention the possibility to test the idea theoretically before going live as a big advantage. The business plan offers a framework to perform the necessary studies in order to find out if the idea has the potential of becoming a success.

A common argument against writing a business plan is that if the entrepreneurs are not looking to attract any funding, they find the writing process to be a waste of time as they will not show the plan to any outsiders.

The author's interest in writing business plans arose during a course at Lund Institute of Technology called Entrepreneurship and Business Development. He found it very interesting to combine the engineering aspects of his education with the business skills required for the planning of a business. The author wanted to learn more about the process of developing an idea and turning it into a successful business and it is his belief that a business plan is the best tool for success in this case.

The business idea described in this thesis is a juicebar. Once the business idea had been chosen, the author started to conduct background research. The primary data is mainly based on interviews with advisors at banks,

governmental support organisations, unions, commercial consultants and sales representatives of various suppliers. Information has also been gathered from a market survey conducted among potential customers.

The juicebar described is intended to offer its customers fresh fruit drinks, served in an environment which gives an healthy impression. The bar should be an alternative to smoky cafés and stressful snack-bars. The bar should be opened in the centre of Leuven, Belgium, where it is close to shoppers, students and tourists who pass by on a daily basis. The products are primarily aimed at young working people and students who are interested in living a healthy life.

The market analysis and other research show that there are certain risks with this business idea. The main risk lies within attracting customers. Further market survey will be required before the plans can become reality, but the author is sure of the idea's opportunities. It is the intention of the author to prepare against these risks by gathering information and advice from more experienced entrepreneurs, who he will meet through a sponsor programme.

The lessons learned from writing the business plan are that planning the business is essential and that the writing of the business plan itself will force the entrepreneur to think about things that he otherwise would not have thought about on beforehand. A well-written business plan can turn into a very detailed blueprint for how to construct the business and it will be a roadmap to follow when the business is up and running.

Preface

First I would like to thank my academic tutor Carl-Johan Asplund and professor Jan-Eric Larsson, both at Lund Institute of Technology, for approving of my idea to turn a business plan into a master thesis.

Next I would like to thank Helga Fias and Eva Fias for their help with developing the business idea used in this thesis.

I further wish to thank all the people I have interviewed and the respondents to my market survey for this thesis. They have provided me with the information I needed to make the business plan complete.

Finally, I want to address a special thank you to my academic tutor Carl-Johan Asplund for his tutoring and advice. This thesis is the result of his support.

Daniel Andersson

Grimbergen, Belgium, February 2006

Table of contents

1. WHY BUSINESS PLANS AND PLANNING?.....	1
1.1 ARGUMENTS FOR WRITING A BUSINESS PLAN	1
1.2 ARGUMENTS AGAINST WRITING A BUSINESS PLAN.....	2
1.3 WHY I WANT TO WRITE A BUSINESS PLAN	3
1.4 THESIS AIM AND TARGET GROUPS	4
1.5 THESIS OUTLINE	5
2. RESEARCH DESIGN AND METHOD.....	7
2.1 CREATIVE WORK	7
2.2 THEORETICAL FRAMEWORK.....	7
2.2.1 Business plan templates	7
2.2.2 Analysis and marketing tools.....	11
2.3 DATA GATHERING.....	12
2.3.1 Primary data.....	12
2.3.2 Secondary data.....	13
3. BUSINESS PLAN FOR ZAPP – AN EXAMPLE	15
3.1 BUSINESS IDEA.....	15
3.1.1 Current situation of the Flemish food and beverages market.....	15
3.1.2 Zapp – the bar and its products	16
3.2 COMPETITION ANALYSIS	22
3.2.1 Potential entrants	23
3.2.2 Substitutes.....	23
3.2.3 Suppliers	24
3.3.4 Customers	26
3.3.5. Industry rivalry	26
3.4 MARKETING PLAN.....	30
3.4.1 Target group.....	30
3.4.2 Product.....	32
3.4.3 Price	32
3.4.4 Place.....	33
3.4.5 Promotion	34
3.4.6 People	35

3.4.7 Physical evidence.....	36
3.4.8 Process	36
3.4.9 Market size.....	36
3.4.10 Marketing campaigns.....	37
3.5 BUSINESS SYSTEM AND ORGANISATION	40
3.5.1 The management team	40
3.5.2 Vacancies	42
3.5.3 Advice and mentorship	43
3.5.4 Staffing	44
3.6 REALISATION SCHEDULE.....	46
4. THE SPECTRUM OF RISK.....	53
4.1 RISKS RELATED TO THE MARKET.....	53
4.1.1 Sales volumes are too small.....	53
4.1.2 Costs are too high	55
4.1.3 Too many customers.....	56
4.2 RISKS RELATED TO THE ORGANISATION.....	58
4.2.1 Employees are not performing well.....	58
4.2.2 Business grows too slowly.....	60
4.2.3 The management team lacks sufficient experience.....	62
4.3 RISK ANALYSIS	62
5. LESSONS LEARNED	65
5.1 THEORETICAL IMPLICATIONS AND CONCLUSIONS	65
5.2 PRACTICAL IMPLICATIONS AND CONCLUSIONS	66
5.3 FUTURE QUESTIONS FOR INDUSTRY AND ACADEMY	69
LIST OF REFERENCES	71
APPENDIX 1. FINANCIAL PLAN.....	73
APPENDIX 2. COSTS.....	75
APPENDIX 3. INCOMES	77
APPENDIX 4. MARKET SURVEY – QUESTIONS.....	79
APPENDIX 5. MARKET SURVEY – RESULTS.....	83
APPENDIX 6. POSTERS AND FLYERS.....	89
APPENDIX 7. INTERIOR DESIGN OF JUICEBAR.....	95
APPENDIX 8. EXAMPLES OF RECIPES	97

1. Why business plans and planning?

The writing of a business plan has become increasingly more highlighted in the academic world during the last few years as courses are being taught on the subject and a number of competitions have been started. Lund Institute of Technology, LTH, co-organises an annual business plan competition called Venture Cup (www.venturecup.org) in order to encourage students and other participants to get into entrepreneurship. During the competition, lecturing and feedback is offered to the contestants in order to help them write the best business plan they can. [1]

Competitions similar to Venture Cup exist elsewhere in the world as well, for instance the one hosted by Massachusetts Institute of Technology called MIT \$50k (www.mit50k.net), which is the premier entrepreneurship competition in the USA [2], and a competition organised by the Flemish state government in Belgium called Bizidee (www.bizidee.be). The ideas behind these competitions, besides tutoring the participants, are to make the public aware of the advantages of entrepreneurship [3] and to help create growth businesses [4].

1.1 Arguments for writing a business plan

People arguing in favour of writing a business plan often mention the possibility to test the idea theoretically before going live as a big advantage. The business plan offers a framework to perform the necessary studies in order to find out if the idea has the potential of becoming a success. In order to write a good plan, you are forced to look at all the details and compare different ways of running the business. You also test the feasibility of your idea and find out if what you want to achieve is possible. [5]

Another strong reason for writing a business plan is attracting investors. Whether it is a bank loan or venture capital you are asking for, a well-written and reflective business plan will be what the investor wants to read in order to be able to grant you funding. [5] Banks are getting more prone to help the clients with their planning and thereby increase the willingness to lend them money. The reason for the banks' interest is that they want good ideas to invest in and they do not want people showing up at the bank office to loan money based on a one-page plan. [6]

It is also said that a good plan will make it easier to run the business once it is started. [7] This is since you have created a detailed roadmap for your business and will be well aware of the situations you will face. You have been made aware on beforehand of the decisions you will have to make and you will be well-prepared when making them. Another advantage is that you will know which pitfalls to avoid, but also how to move on in case you should stumble upon an obstacle.

1.2 Arguments against writing a business plan

A common argument against writing a business plan is that the entrepreneurs are not looking to attract any funding. They find the writing process to be a waste of time as they will not show the plan to any outsiders. The time-wasting element is often referred to when it comes to avoiding the business plan. [5]

When entrepreneurs have come up with an idea for a business, they are eager to get going. If no involvement from the outside is required, it might not appear necessary to describe the idea in a detailed plan, as the plan is in

the head of the entrepreneur. Some may also argue that putting time and effort into theory, instead of trying the idea practically might be pointless, as there are certain issues that will only come up in the real process and not during hypothetical thinking.

1.3 Why I want to write a business plan

My interest in writing business plans arose during a course at Lund Institute of Technology called Entrepreneurship and Business Development. I found it very interesting to combine the engineering aspects of my education with the business skills required for the planning of a business. I continued directing my studies towards market and business development and when I was due to write my thesis I thought it would be very interesting to look further into entrepreneurship and the creation of a business plan. I wanted to learn more about the process of developing an idea and turning it into a successful business and it is my belief that a business plan is the best tool for success in this case. Thesiswise, I felt that a business plan would have a lot to offer too me as it includes the creative part of developing an idea, the gathering of background information as well as theoretical tools for analysing the concept.

Together with two friends, I had already developed a business idea which we felt we would like to investigate further. I got their permission to start working on a plan alone and upon recommendation from my study advisor and Professor Jan-Eric Larsson, I contacted Professor Carl-Johan Asplund at the Department of Industrial Management and Logistics at LTH about turning a business plan into a thesis. Carl-Johan Asplund agreed to tutor me on this subject and I started working on my thesis. It was important for the

both of us that the thesis should become a practical example of a business plan with additional background studies on business plans in theory.

1.4 Thesis aim and target groups

My aim with this thesis was to learn how to write the best business plan possible. I wanted to gather sufficient background knowledge on writing a business plan and then put the theory into practise and design a plan for a real business idea. It was my intention to write a business plan which can be read separate from the other chapters in the thesis, and thereby it can be used if I want to turn my plans into reality. The business plan can be showed to potential investors in order to attract funding.

Since the business plan is supposed to be read as a real business plan, it has been written on the form of *we*, even though it has been written by only one person. The business idea was developed by a group of three members and should these plans become real, all three members would be involved in the project. Therefore it is more realistic to use the *we*-form in the business plan, whereas *I* is used in the other chapters of the thesis.

It is not the aim of the thesis to be an all-covering handbook on writing a business plan, but to be a brief guide and an example on how to move on with a business idea. It is also meant to be a source of inspiration for my fellow students at Lund Institute of Technology and other programmes who are interested in (international) entrepreneurship.

This thesis is directed towards two main target groups. Primarily it is written for investors and other potential stakeholders who are interested in the actual business idea. The second target group is students or others who are interested in writing a business plan, for instance participants in a business plan competition.

As the business plan is intended for use in Belgium and the thesis will be presented in Sweden, I decided to write it in English. This way, the largest number of individuals will be able to read it without need for translations.

1.5 Thesis outline

Chapter 1 is a background chapter, describing why business plans are written, the reason I wrote the thesis and what the aim of the thesis is.

Chapter 2 is a description of the theories behind this thesis and which methodology I used to gather information and to write thesis.

Chapter 3 contains the business plan which was the actual goal of the thesis. This chapter includes the complete business plan except for the section on Risks.

Chapter 4 is a discussion regarding the risks of the business plan. This chapter has been moved from the business plan in order to be highlighted further.

Chapter 5 presents the conclusions drawn from the work on this thesis. Theoretical as well as practical experiences are taken into account. Finally, the chapter raises question for future writing of business plans.

The key business plan concepts described in this thesis are:

- Market analysis
- Marketing
- Planning the business
- Risks of starting the business

2. Research design and method

The work on this thesis started with the development of a business idea. It was my impression that the best way of learning about business plans was to write one and analyse the process. This chapter tells of which kind of research that lays behind the thesis and how the thesis came to be.

2.1 Creative work

The development of the business idea started after a discussion between me and two friends. We had discovered a common need as consumers and we discussed how to best satisfy this need, which led us to the concept that is described in this thesis. The concept is based on creative input of the members of the management team and my further development. All the creative work in this thesis, where no other source has been given, comes from the creators of the presented business idea.

2.2 Theoretical framework

The thesis is mainly based on two types of sources; one kind which outlines the business plan and a set of tools for analysing the market and creating a marketing strategy. This section informs about this theoretical background of the thesis.

2.2.1 Business plan templates

During my time at Lund Institute of Technology, I had become acquainted with the Venture Cup competition. For this competition, a handbook has been written by McKinsey & Company to support the potential business entrepreneurs, in which a template for a business plan is described

extensively. McKinsey & Company include the following sections in their outline for a business plan [8]:

- Executive summary: a summary of the whole business plan, which should make the reader interested in further reading of the business idea.
- Product idea: a description of where the idea comes from and what the idea actually comprises.
- Management team: a presentation of the team behind the business idea and in which functions they will work in the future business venture.
- Marketing: a plan for how to market the new business idea.
- Business system and organisation: a description of how the new business venture will be organised and how it will conduct its business.
- Realisation schedule: a planning of how and when the business will be started and which steps need to be taken to get there.
- Risks: an overview of the risks the management team will face when starting up the new business venture.
- Finance: a plan of how the finances will look for the new business venture.

For a beginner in the world of entrepreneurship as myself, the McKinsey-template felt as a good example when it comes to developing the idea. It has its focus on the internal strengths of the business plan, with detailed sections about the idea and the organisation of the business. I worked according to this template at first, but it was my impression that it was not concerned

with external factors to the extent I had expected. I missed an in-depth analysis of the surroundings of the business.

My academic tutor Carl-Johan Asplund then introduced me to a template created by a Canadian entrepreneur and teacher called Susan Ward, which includes the following sections [9]:

- Executive summary: a summary of the whole business plan, which should make the reader interested in further reading of the business idea.
- The industry: a description of how the industry into which the business venture will enter looks
- Market analysis: an analysis of how the market of interest currently works.
- Competitive analysis: an analysis of the current competitive situation on the market of interest for the new business venture.
- Marketing plan: a plan for how to market the new business idea.
- Management plan: a planning of how and when the business will be started and which steps need to be taken to get there.
- Operating plan: a description of how the new business venture will be organised and how it will conduct its business.
- Financial plan: an overview of the financial goals of the new business venture and when to reach them.

To me, Ward's template was more focused on the market the business would enter and on how to take on the competition that was present. It also includes more research work and less presentation of visions and skills. But

this template was not perfect either, as it leaves out the chapter on risks, which is included in the McKinsey-plan.

What I feared when working strictly according to the McKinsey-template was that it would lead me into believing that the success of my idea only depended on how well I could present it to investors and customers. I felt that there was little interaction with the market and not enough realism was included in terms of competition and other stakeholders. Ward's outline on the other hand, lacked a to me vital description of the business idea and a thorough risk assessment. Using only Ward's template would have led me to a business plan which did not present the idea properly and which would lack an important instrument in future risk handling.

After a discussion between Carl-Johan Asplund and myself, we agreed that a symbiosis between the two templates would be the best way to meet my requirements in a business plan. I took the parts I found useful from the respective outlines and put them together. The sections I chose to work with for my business plan are:

- Business idea; which I chose since an in-depth description of the business idea is vital for the understanding of the choices made in the other sections of the business plan.
- Competition analysis; was something I wanted in order to know what the market I wanted to enter really looks like.
- Marketing plan; which I wanted to include since I believe that marketing will be a key factor in the success of the business venture described.

- Business system and organisation; which I chose to include because it describes the way this business idea will evolve in the future.
- Realisation schedule; which I wanted to include as I felt it was the key part for planning the business and to have a roadmap to follow.
- Risks; which I chose to focus on to be better prepared for the challenges that can appear.
- Financial plan; which I included in order to see how much starting up the business would cost.

During my work with this thesis I came across other templates for business plans. These templates were all different from each other in some way and they all contained sections that were interesting for me. This made me believe more in my decision not to follow a single template, but to create my own outline for a business plan, fitting my idea.

2.2.2 Analysis and marketing tools

Within the business plan, a few methods for analysing are used. These are:

- M. E. Porter's model for analysing forces acting within an industry
- G. Armstrong and P. Kotler's 4 P approach to marketing, combined with;
- B. H. Booms and M. J. Bitner's 3 P approach to marketing

I have chosen to explain the background and use of these methods in the sections where they are being applied in order to make the business plan less dependant upon the other chapters of the thesis.

2.3 Data gathering

Data and information has been gathered for this thesis in different ways and from dispersed sources.

2.3.1 Primary data

The primary data is mainly based on interviews. I have conducted several interviews in person for this thesis with people who were either offering support and help or who were a potential supplier to the future company. The interviews were based on a few small questions, which led on to a more open discussion. The specific business idea as well as the general writing of a business plan was discussed. Here are some examples of positions held by the people who have been interviewed:

- Advisor for small businesses at bank
- Advisor for starters at governmental support organisation
- Advisor for starters at union
- Bank office manager
- Commercial consultant at staffing agency
- Sales representative at fruit delivery company

I have also gathered data by conducting an email-based market survey. I sent out a questionnaire to a wide circle of friends and asked them to forward the email to others as well in order to get a larger population. After the questionnaire had been returned I conducted a small discussion with a few of the respondents in order to let them elaborate their answers. The questionnaire and the results of the survey are included in the appendices 4 and 5.

All the pricing information included in this thesis is primary information, coming directly from the supplier at hand. Telephone and email were used in order to get a few specific answers from suppliers and, where possible, I have visited stores, such as Belcup, Brico, Colruyt, Fruit Vandepoel, Gamma, Makro and Toerisme Leuven, in person.

The surveying of the competitors was also made in person. I have visited the various competitors as a customer, in order to get an honest impression of their offering and service. Parts of the visits had been conducted already before the work on the thesis had started, but while the development of the business idea was taking place.

2.3.2 Secondary data

Secondary data has been gathered mainly from various sources. I have used printed books for the theoretical parts as well as articles and studies in order to deepen my studies. The studies I have used include AC Nielsen's "What's hot around the globe – Insights on growth in food and beverages 2004", K. Debackere's "Syllabus for Innovation Management" and Nederlandse Kamer van Koophandel's "De Belgische Horeca- en Cateringmarkt 2004". For statistical data, I have used official online databases as well as an economical DVD ROM-database and I also used *De Gouden Gids*, the Belgian yellow pages, as a source of company information. Finally the internet has been used as a provider of articles and writers' personal chronicles.

3. Business plan for Zapp – an example

This chapter contains the business plan I have produced for this thesis. Here I intend to show how the theory of the business plan looks in practice. It is also the purpose of this business plan that it can be used in a real situation; therefore it was important to include all the parts of a business plan. However, for the sake of flow in the thesis, I chose to exclude the Executive Summary at the beginning, as I felt it would disrupt the text to put another summary this far into the thesis. I have also moved two parts of the business plan: the section on Risks has been moved to an individual chapter in order to be highlighted further, and the chapter Financial Plan has been put as an appendix, since it was my belief that the numbers in the plan would not take the thesis forward at this point.

With the exceptions mentioned above, the business plan is presented below according to the structure chosen in chapter 1.4.

3.1 Business idea

This chapter starts with a section describing how the food and beverages market in the Flemish part of Belgium currently looks. We present the trends and customer needs that have led us to believe there is a business opportunity for us on this market. The second part of this chapter describes our business idea in detail.

3.1.1 Current situation of the Flemish food and beverages market

In its study of the global food and beverages market for the year 2004, the marketing information company AC Nielsen states that a continued focus on

health is one of the key trends behind growth in food and beverage at the moment [10]. Going downtown for lunch at a fast-food place or buying food at your local grocery store will make you think that AC Nielsen is on to something. A lot of advertising for food and drinks today, both in the media and in stores, is focused on the healthiness of the products: light soft-drinks, non-fat dairy products and fresh fruit and vegetables for example.

Numbers from Federatie HoReCa Vlaanderen, the Flemish organisation for hotels, restaurants and bars, show that the number of establishments has been decreasing during the last few years [11], but detailed studies of a few restaurants primarily offering healthy food show that their turnover actually has been increasing during the same period [12]. There are also numbers indicating that fast-food in general is enjoying an increased turnover, even though the number of restaurants and bars are decreasing [13]. These last two factors led us to believe there is an interest for a fast-food shop selling healthy food, so we decided to perform our own market survey. Our survey indicates that people are interested in eating and drinking healthily, but that locations where drinks are served are not very inspiring and that healthy drinks and food lacks appealing taste in their eyes. [Appendix 4 and 5]

As consumers, we, the people behind this business idea, are very fond of the healthy trends and we find healthy food and drinks very appealing. We too have, however reacted against the environment in which the healthy products are sold and served on the Flemish market: it does not always match the feeling you are supposed to get from the food or beverage. Most fast-food parlours serve their healthy salads and wraps alongside their greasy burgers and fries, which gives us as consumers a mixed impression. Another example is ordering a glass freshly squeezed orange juice and

trying to enjoy it in a smoky café: to us, the healthy feeling of the juice vanishes. These are experiences from which our business idea arose: we want to create a concept consisting of a combination of place and product, serving healthy drinks in an environment that gives a healthy impression to its customers; something we would enjoy as consumers.

3.1.2 Zapp – the bar and its products

The business idea we came up with is something we have chosen to call a juicebar: a bar which serves juice drinks and other beverages made of fresh fruit and dairy products. We have chosen to name our juicebar *Zapp* for a few reasons. First of all *zapp* strongly resembles the Dutch word *sap*, which means *juice*. Secondly, it is an onomatopoeic word, and to us it sounds like energy being transferred; with a bit of imagination it became the sound of the energy from a glass of juice entering your body.

The beverages we are going to serve will contain fresh fruit and dairy products; no sugar or unnatural flavours should be added. We would like to start off with a menu consisting of around 15 different drinks divided into three categories: fruit-based, fruit- and yoghurt-based and fruit- and milk-based. Products based on lactose-free milk and soymilk should be offered as alternatives to the milk based products. We believe it is good to have a set menu of drinks when starting up the business so that customers see the possibilities of what they can order. But it is essential to us that the drinks are prepared after the customer has ordered them. This way the customer will always have the option to add or remove any ingredient from the chosen beverage when ordering. By showing the customers our menu, we hope to trigger their imagination so that they dare order their own blends. It is also our belief that blending the drinks after order, as opposed to keeping

a readymade stock refrigerated, helps show their freshness to the customers. We understand that this will slow down the order process, but still we think the advantages are more than the disadvantages.

After preparation, which most likely will take place in a blender, the drinks will be poured into a plastic cup, so that the customer can choose to consume his drink on location or to take it with him. As it is our intention to only serve drinks and no food, we believe that take-away is an important service for the customer in case he wants to enjoy his beverage together with something to eat. We also like to see our products as substitute for ice-cream, which most people prefer to consume outside, a lot of times while walking. At first, we did not intend to have any seats at all in our bar, but now, depending on the size of the shop space we will find, we find it good to at least offer a few chairs and tables for those customers who prefer to drink on location.

We would like our bar to be an alternative to the smoky cafés and the usually stressful fast-food parlours. We intend to decorate the bar rather peacefully, in bright colours with a few pictures on the walls and no radio or TV blasting out loud music, but still a modern place. Exactly how this will turn out will be decided once a proper location has been chosen, but an example is available in appendix 7. The bar will be opened in Leuven, Belgium, preferably in the pedestrians' zone on one of the major shopping streets. We have been looking at a few different places so far and one matches our criteria for the location exactly: it is located in a house surrounded by various shops, a bakery and a few restaurants. The space is 60 square metres and the rent is 750 euro per month. Another option we found is a larger shop, 90 square metres of shop space plus an office space.

This building is located close to a few university buildings and a lot of students pass by it daily. The rent for the second place is 950 euro per month.

Leuven is mainly known for its university; it is the major student-city in the Flemish part of Belgium. In many ways the city can be seen as a Belgian equivalent of Lund, also in terms of size and number of inhabitants. Leuven also has many historical buildings, which attract a lot of foreign tourists and both of the shop locations described above are in the vicinity of these tourist attractions, as the city centre is rather small and there are no big distances within the city. During weekends and holidays the city fills up with shoppers from the nearby villages and all in all, we believe that Leuven is a very lively city where a lot of people are likely to notice our juicebar whilst out in the streets. [14]

Primarily, drinks will be sold across the counter to the consumers themselves, but we are also interested in selling our beverages to companies who deliver to the consumers. Here in Flanders, there is a big market for companies delivering sandwiches and other light lunches to big work-places. We have found support for this assumption in our own working-life as well as receiving confirmations of our beliefs from discussions with colleagues and friends. It would be very interesting for Zapp to get access to that market through a delivery company and we are currently looking for a company to join up with. We believe that for us direct sales to the company is the best way at first, but a full partnership might be better after our drinks have been established on the market. It is currently not in our interest to start our own deliveries, as we want to focus on the bar, but getting into the market of delivering to work places is something we are working on.

The idea behind Zapp is to open one juicebar in order to see how it works out. But from the start, it has been our intention to create a concept that can be reproduced in other cities if the first bar is a success. We have been looking a little at Starbucks, one of the world's largest chains of coffee houses, as an example of how to create a chain of bars in order to benchmark our ideas. What Starbucks did was basically to copy the drinks a typical Italian coffee house and then streamline the products to fit into their concept. [15] This is sort of what we are looking to do with Zapp: the drinks we will serve are not unique, but the bar itself will be unique on the Flemish market.

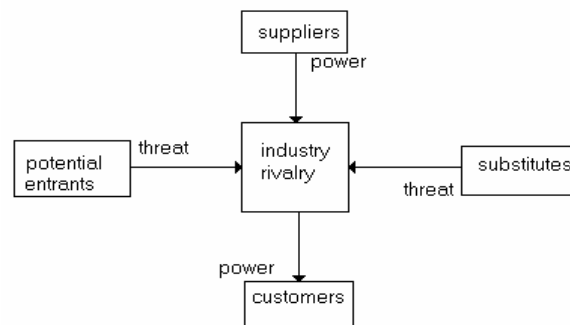
We have visited a few Starbucks stores around the world during the last year: in Australia, Germany, Malaysia and the United Kingdom. In our eyes, Starbucks looked the same in all these locations; the same products were offered and the interior was similar. Something that really struck us during our visits was that the Starbucks stores were all quite small and sitting there felt rather peaceful and cosy. To us, this was very special when compared to for instance major fast-food chains around the world, which are usually quite noisy and stressful. This was really something that inspired us to what kind of place and atmosphere we would like to create.

Starbucks also works with deliveries to work-places and universities, where they can benefit from the recognition of their brand [16]: Starbucks has managed to establish a brand and a design which they use in all their stores around the world. Recognition is something we will work carefully with on Zapp, as we want to create a brand right from the start, so that if we open a second bar, customers from the first bar will recognise the new one. We will

be very aware of naming and designing our products in the beginning, so that we can benefit from that later on as well. As stated earlier, Leuven is our primary city and the bar there can be regarded as a pilot for the chain of bars we would like to create. If it works out, we are looking to open bars in other major Flemish cities, such as Antwerp, Bruges, Ghent, and Hasselt and eventually Brussels as well.

3.2 Competition analysis

In this chapter we take a closer look at the current competitive situation on the market for healthy drinks in Leuven. The market has been presented generally above, but now it is time for a more in-depth analysis. We have chosen to make the analysis with the help of the Porter model for analysing forces acting within an industry. The model is used for looking at the threats of potential entrants and substitute products as well as the power suppliers and customers on the market. [17] Finally, we focus on the internal rivalry of the industry.



Picture 1. The Porter Model [17]

The information in this chapter is based on our own experiences and studies of the market. The market for drinking establishments in general is vast Leuven. There are a number of bars, cafés, coffee houses and tea-rooms of all kinds all over town. We have not been able to visit them all, but we have been to many of them and we have managed to gather background information of the market in general and to study some of them in particular. More detailed information regarding our experiences when visiting these potential competitors will be given below.

3.2.1 Potential entrants

The market for drinking establishments in Leuven is a market without special entry barriers: no advanced technology is required and neither is a major investment. The only real barrier is finding a good location in the city centre, as there is a lot of competition for these spots. But basically anyone can enter market quite quickly, if he manages to find a place for his establishment and is willing to put in the labour effort required. As for in-house preparation of healthy drinks, more research and skills are required than for serving drinks from bottles or on draught, but still not sufficient to be called a major entrance barrier. Therefore, one might think that the threat of potential new entrants is quite severe.

With the market being so big, it is not likely that a single new entrant can come in and take over the whole market in a short period of time. In order to make an impact, new entrant would have to ensure that he is unique in the eyes of the customer, which is hard on a big, diversified market like this one. As for Zapp, we must make sure our concept is unique and new when we enter the market, but also hard to copy for a competitor. All in all, we believe the threat of potential entrants to be medium sized, as the market is quite easy to enter, but it is too big for just one new actor to come in and change the market balance.

3.2.2 Substitutes

In a general sense, there are lots of substitutes for our beverages. The substitutes consist of coffee, tea, soft drinks, ice-cream and various alcoholic beverages. But in terms of healthy alternatives, the substitutes are certain ice-creams, sorbets, light soft drinks, and bottled juices are the

substitutes for our blended juice drinks and shakes. These products are all well-established and their markets well-defined, so competing with them will be tough. The concepts of mixed juices and milkshakes however, are also well-established, so we will not have to struggle with introducing entirely new products to the market. One aspect of the substitutes being so many is of course that the market is very big and that consumers do not stick to one exclusive product. In our experience, as people can drink coke one day, eat ice-cream the next and drink juice the third, so winning people over from substitute products permanently might not be possible, but also not entirely necessary. We do however believe the threat of substitutes to be very big and it will be imperative for us to be able to show the customers the benefits of our drinks compared to other drinks.

3.2.3 Suppliers

For our juicebar, we will be needing supplies of the following items: fresh fruit, dairy products, disposable cups and napkins and labour. Merely by looking in the Belgian yellow pages, we have been able to find several suppliers specialised in one of the products or services we require. We have been in contact with a few of them in order to apprehend specific information regarding their services and our initial impression remains: there are many suppliers for the items we need.

The two things that will require the most attention on our behalf in terms of supplies are fresh fruit and labour; disposables are easy to stock, so there can be a long period of time between deliveries and dairy products in Belgium can also be stored for quite a long time, unlike Swedish dairy products which usually remain fresh for about a week. The fresh fruit however, as deduced from the word *fresh*, cannot be kept in stock for too

long, but must be supplied to us on a regular basis: at least once a week. This means that we will be dependant upon finding a good fruit supplier. From talking to different suppliers, we have learned from that contracts with them in general are order-based [18]: the supplier sends out his pricelist on the Monday and customers place their orders accordingly. The next week there is a new pricelist and new orders must be placed. This means that there is no long-time commitment between the supplier and the customer, so the power of the supplier ceases to exist after bad order. This is of course bad for the power of a supplier on a market with many suppliers available, but it is good for us. It gives us the opportunity to shop around in order to find a supplier we are satisfied with and one that feels right. It is our belief that we only can benefit from getting a good business relationship with our fruit supplier as that can help us get exactly what we need, when we need it, especially is Zapp is to develop into multiple establishments.

As for recruiting labour; at the start we will be working with a staffing agency, in Belgium known as interim agencies, and temporary, or interim, contracts. (More information on why we will do this will be given in later chapters.) There are a lot of interim agencies in Leuven; currently more than 20 different offices are listed in the yellow pages [19]. This means that we will be able to look around and compare these suppliers of workforce until we find one that can help us in the best way and also find an interim agency that is specialised in our line of business. The commitment between the interim agency and the customer is of short-term; contracts are weekly and if we for some reason are dissatisfied we can chose to cease the collaboration after a week [20]. Also, we as customers are never obliged to accept an employee suggested by the interim office if we feel that the employee does not meet our expectations [20].

With so many competitors on the market and commitments being of such short term, the real power of the interim agencies on their customers is, just as that of the fruit suppliers, quite small. This makes us think that the power the suppliers we will be working with will have over us is small and we will be in a good position for getting what we need from them.

3.3.4 Customers

On a market of this size, the power of one individual customer is hardly sufficient to influence the whole market, but it will be hard to enter the market if a lot of the potential customers ignore us. Therefore, the customers do have some power over us. In order for us to make that power smaller, we need to create bonds with customers, give them loyalty cards for instance, so that they will return on a regular basis. It will also be important for us to listen to customer needs and ideas so that we can evolve in the right direction and make sure that we are as customer friendly as possible. We believe the customers to hold medium-sized power over us, as we cannot exist without them and as there are too many of them for one customer to be able to influence the majority of the market.

3.3.5. Industry rivalry

Currently the products we want to sell are sold by a number of actors on the market, but there is only that has juices as one of its main products: a snack-bar with a bio-food concept. They serve a good choice of soups, sandwiches and juice-based drinks all made with biologically grown ingredients and with a healthy touch to them. The bar itself is quite small, with a few tables. When we visited the bar, the service was quite lazy and the waiter gave an impression of being rather uninterested in his clients. The decoration and the

music of the bar gave it a sort of hippie-aura, which is quite different from what we would like Zapp to have, but the place was very calm and cosy.

One thing we have reacted to regarding this bar is their lack of marketing: we have never seen any ads or any promotion coming from the bar. In the window there is a menu and a sign saying that they offer drinks for take away. Both signs are hanging askew and the window is usually badly lighted. We have actually passed the place a few times thinking it was closed, only to realise when we came closer that there was somebody standing behind the bar. We have never known this snack-bar to be especially crowded, but the customers we have seen in there were usually young, ages 20 to 35. We believe that this place could benefit from a bit more marketing and perhaps friendlier service, but apart from that it is a quite strong competitor and it seems to have its clientele which makes an effort to come there for what we find to be good products and a cosy place.

Other places that will compete directly with Zapp are coffee houses that serve fresh juices. In the centre of Leuven, there are about five of these and most of them have a sign on the street informing about their juice drinks. They have a small selection of fresh drinks, which they serve on location and, in one case, offer for take away. These coffee houses are small, friendly places on good locations right between shops and restaurants. The clientele is quite varied, but the one coffee house with the most advertising of juice seems to draw the youngest customers. This coffee house is also the one offering drinks for take away and, as for the other coffee houses, juice drinks are not the main product on the menu. They all offer various kinds of coffee, tea, bagels and pastries. We believe that these coffee houses are weak competitors regarding customers who are actively looking for a

healthy, fresh drink. But they are strong competitors when it comes to customers, or groups of customers, who are looking for a place that offers a variety of drinks.

The pricing of all the establishments that have been mentioned so far is roughly the same: generally they ask 2.50€ for a drink of 25cl and then between 3.20€ and 4.00€ for a bigger one. Pricing does not seem to be what they use for competing with each other. The competition seems to be focused on the variety of the product offer and on the service.

There is one place that has the ability to compete on pricing: a multinational hamburger-bar with an establishment in Leuven. Their competing products in this case consist of milkshakes. They offer four different tastes in two different sizes: 25cl costs 1.50€ and 40cl costs 1.70€. The service at this place is usually very friendly in a professional way, but the place itself beams out stress and *fast-food*. In addition to its lower price, the hamburger-bar can of course benefit from its extremely well-known brand, so competing with them might be very hard for an individual snack-bar. But one it comes to customers actively looking for a healthy milkshake, we believe that the snack-bar should be able to benefit from its image as being specialised in healthy milkshakes and not hamburgers.

In conclusion, we find the internal competition on the market for healthy drinks in Leuven to be strong, but not insurmountable. As we mentioned above, there is only one establishment that is specialised in healthy drinks, but several places who serve healthy drinks as a secondary product. When starting up, we must first try to compete with the specialised bar. Looking at this present specialised snack-bar, we feel that there is potential to attract

customers from them, but that these must be actively sought and made aware of our existence. So in the beginning the internal rivalry will be strong.

We believe that the presence of the general coffee houses can be quite useful for introducing the healthy drinks to customers who do not actively seek them, and in that way more customers can become interested in what a specialised juicebar has to offer. We therefore think that a strong marketing will be necessary to really define Zapp as a health-bar and make us visible to the wide public. This means that for the business to really grow in the future, it will be the force of the substitutes that has the greatest impact on the success, as we eventually must lure customers away from these substitutes.

3.4 Marketing plan

In this chapter we describe how our target group looks and which marketing actions we are going to take in order to attract customers to Zapp. The chapter also contains discussions about the theory behind the specific marketing actions. We started off by using the marketing mix theory by Gary Armstrong and Philip Kotler. The four P's of the marketing mix are: Product, Price, Place and Promotion. According to Kotler, using these four elements in a good mix will help create an effective marketing programme. The four P's are all controllable tactical marketing tools and a company can combine them to achieve its marketing objectives. [21]

During our studies of marketing theory, we came across an additional three P's that have been described in a theory by B.H. Booms and Mary-Joe Bitner. These P's are: People, Physical evidence and Process. This theory mainly applies to marketing of services [22], but we felt that some aspects of these words were useful for us as well. The seven P's and how they apply on our case are described below, following the section on our target group.

3.4.1 Target group

The groups to which we would like to aim our juicebar are students and what we would like to call young working people, and by *young* we mean 20 to 35 years old. Within these groups, we direct us especially towards people who involved in some kind of sport or exercise regularly and who are interested in healthy food. We are self members of this target group and so are most of our friends, with whom we have been discussing the idea.

We also considered having families with young children as a target group. We would then want our products to be interesting for the parents, as they

are healthy for the whole family, and for the children because of their good taste and hopefully interesting appearance. We did however come to the conclusion that it will be easier for us to relate to the primary group without children as we are part of that group. We therefore think that marketing-wise, the young working people and students are easier to reach for us than parents with young children.

In the city of Leuven, there are about 25,000 inhabitants in our chosen age group, which is more than a quarter of the total number of inhabitants in the city. [23] We believe that this is a large enough population for us to try out business idea.

Another important target group for our products will be companies that can sell the products for us. An example of such companies is, as mentioned earlier, companies that deliver lunches to big workplaces. By getting these companies interested in our products we will be able to increase our volumes faster than if we only work with sales to individual companies. Another example is the many sandwich bars in Leuven. If we are allowed to put our products in their shops, we will be able to benefit from their established customer-bases and reach a group of people who at first do not actively seek us.

Our beverages are mainly directed towards individuals who lead an active and healthy life and who are looking for a wholesome and well-tasting alternative to coffee and soft drinks. We believe that the suggested target group contains many people who consume fast-food and soft drinks and we would like to present them with something else. We believe that working people are the most interesting group as their spending power is much larger

than that of students, and that is why selling through delivery companies is so interesting for us, but students are interesting as well as they usually are very open to new things. In our experience though, people who have just finished their studies and started working do at first have more money to spend than when they were used to as students and that way they also become interested in trying new products without being scared off by the price. Below there is a further discussion on the price of our products.

3.4.2 Product

According to Kotler et al, a product is, among other things, anything that can be offered to a market for consumption or use and that may satisfy a certain need of the customer. A product can be, for instance, a physical object, a place or a service. [24]

The products we wish to offer on the market are freshly prepared juice- and dairy-based drinks. These drinks will be completely natural and healthy. In our marketing of the products we will make sure to point out their healthy contents; the amount of vitamins in them and which health benefits one gets from drinking them, as well as the different flavours and versions they come in.

3.4.3 Price

The price is here defined as the amount of money charged for the product. [25] A company's pricing strategy can be determined in various ways: internal factors such as marketing objectives, costs or competition based. We almost immediately eliminated the cost-based pricing strategy as an option. To us it seems too generalising to say that we will add a fixed amount or percentage on top of the costs to determine our price, without

taking any other factors into consideration. We fear that using this method strictly and exclusively might lead us away from what the customer believes is a fair price for our drinks.

From our market survey, we have learned that consumers are rather price-sensitive and they are generally interested in a low price. [Appendix 4 and 5] Therefore we thought that offering the lowest prices on the market could be an interesting marketing objective for us, but we discarded that idea after a while out of fear of being labelled as *cheap*. As we are looking to create a brand that stands for quality drinks we thought it would be better to aim at value-for-money as a marketing strategy, rather than being the cheapest on the market. We thus decided to try to have the same pricing level as our competitors, in order not to be too expensive in the eye of the consumer. This means that our drinks will cost around 2.50 Euro for a cup of 25 centilitres. This should be perfectly achievable for us as the average direct costs involved in preparing a drink will be less than 30 eurocents. [Appendix 2]

3.4.4 Place

According to Kotler et al, a place is all the activities a company undertakes in order to make the product available to the customers. [21] For Zapp, the place for making our products available to the customers is the actual juicebar. We want to make active use of our place when marketing Zapp, which means that the juicebar will have to match the drinks in a certain sense: the juicebar will have to be a place which inspires a healthy atmosphere, which beams out a bit of peacefulness and all in all is a nice place for the customers to sit and enjoy their drinks, to which they will want to return.

Not only the looks of the juicebar will be important, but also its location. As we have stated before, we want to open our juicebar in a location where a lot of people pass by on a daily basis, in order to be able to attract as many curious customers as possible.

An important place for promotion will also be the cups of beverage we sell. A person walking around in the city with a cup from Zapp is able to promote our products without making an effort or even being aware of it, if we make sure the cup looks like we want it to. When we start with the company, we will be looking to buy the cheapest cups available to us, in order to keep the costs down. The cups are generally made of transparent plastics. In order to make Zapp-cups, we will put a sticker on the cup after an order has been made which will be put in that cup. On that sticker our logo and address will be printed, and so the cup represents Zapp and can be used as a place for promoting our products.

In the future, when our volumes are large to get a good price, we can put in orders for producing our own customised cups. This will be a target for us, as that will make better use of the surface of the cups. A final suggestion on how to fully utilise the cups as a place for promotion has been given to us: designing the lids to look like slices of fruit, for instance a slice of orange on the top of a cup of orange juice, would be a way of making our cups stand out in the hand of a customer walking through the streets.

3.4.5 Promotion

In marketing, the word promotion comprises all activities which communicate the product and its benefits to the target consumers in order to

convince them of a purchase. [26] In our case promotional activities will consist of adverts in the local newspaper, hanging up posters on billboards on locations where a lot of students go, handing out flyers on the same locations and putting up signs and perhaps also hand out some pieces of fruit outside our bar. We are also thinking of introducing some sort of loyalty card, for instance every 10th drink for free, in order to make customers prone to come back to Zapp. More details on these activities will be given below, in the campaign section.

The activities listed above are all aimed at the consumer of our drinks, but as mentioned earlier, we are also going to try to get other businesses to sell our products. We will initiate contacts with them by sending a letter where we inform them of what we are offering. Then we will call them and if they are interested we will set up a meeting in our juicebar, where we can show them our products and convince of the interest for them.

3.4.6 People

To Boone and Bitner, the term people means all the people who are directly involved in the consumption of a service. [22] In the case of Zapp, we interpret this not only to comprise the customers, who we hope will be satisfied with their consumption and perhaps recommend us to their friends, but also the people working in the juicebar. It is important to us that our waiters are seen as a sort of ambassadors for the products they are selling. By this we mean that they of course must look decent and clean and be friendly and helpful to the customers when they are working in the bar. Ideally, we will be able to find waiters that come across as very healthy, seem full of spirit and are happy and active at work. This is since these are the positive effects we hope that our juicebar will communicate to the

customers and our waiters should be able to amplify that communication in order to make it more credible.

3.4.7 Physical evidence

The idea of physical evidence within marketing is defined as the environment in which the service is delivered. It also includes tangible goods that help to communicate and perform the service. [22] This is a service concept which is mainly interesting for our business-to-business department. It is our goal to offer deliveries of beverages as a service to companies. In that case, the drinks we provide to our customers will be the physical evidence of the service we offer.

3.4.8 Process

Boone and Bitner define a process as how a service is consumed [22], but an interesting interpretation made by Alexander Reppel says that the process also includes *how* a product or service is produced [27]. This is interesting to Zapp as we want to show the customers that we use fresh products. In our case, we have decided to make the process of preparing the drinks visible to the customers, so that they see what we put in their drinks. We believe that this is a good way to prove that we use the fresh fruits we say we do.

3.4.9 Market size

The total annual spend in restaurants, bars and cafés in Leuven is about 70 million Euros or on average 780 Euro per inhabitant. From this amount, roughly one quarter goes to consumption of beverages without a meal, and this is where we see our point of entry. [23]

Other numbers show that on average, the inhabitants of Leuven spend 26 Euro per year per person on fruit and vegetable juices for consumption at home. [23] This is also a very interesting market for us, as we think that our take away concept will be suitable for consumption at home as well.

All in all, it can be concluded that the total spend in bars and cafés is a rather large amount and it is hard for us to talk about an exact market share that we aim for. Our potential market share of consumption of beverages without food on location probably lies below 0.1 percent, but this would to achieve that would be something we would be very satisfied with. For the consumption of juice at home, we believe we could achieve a larger market share, as that market is more specific, but it is also smaller than our other target market. Here we have a theoretical goal of a 2 percent market share.

3.4.10 Marketing campaigns

We will start marketing Zapp on the day we get access to the premises we will open the juicebar in. The first thing we will do is put up posters in the window saying that Zapp juicebar will be opening soon. These posters will stay there until we are ready to open. We hope to open the juicebar sometime during the month of April. We believe that this is the right time for the opening, as what we will be serving are cold drinks. Cold drinks are usually more associated with summer than winter, so we feel it is good to open when odds are in favour of good weather. We want to open Zapp in spring-time in order for it to already be somewhat established when the summer comes, as we expect that summer will be the most hectic period for the drinks we offer.

On the day of opening we will have a small advert in the local newspaper informing that the juicebar now is open. We will put up a sign on the street outside the bar and if the weather allows it, we will have someone standing on the street to promote Zapp by handing out pieces of fruit to the people passing by and making them aware of where the juicebar is situated.

Our first campaign will be a general one focusing on the health benefits of our drinks and the fact that we are a specialised juicebar. We will hang posters on billboards in places where we know students come frequently, such as the university computer rooms, the university restaurants and the student organisation houses. Another place for our promotion will be health clubs. We will ask permission to leave flyers and posters at the various gyms in Leuven, as we believe that the people who go to work out in these places will be interested in getting the natural energy boost that our drinks can provide.

The reason for working with posters and flyers is that we think it is the most cost-efficient for us and we do not want to spend too much money on marketing in the beginning: first we want to see what we can achieve with this low-budget marketing. We can produce the posters and flyers ourselves and also put them in the places we want. The purpose of this promotion will mainly be to create an awareness of our presence: we want to inform our potential customers that a juicebar has been opened.

As an opening offer, we will probably have some sort of low-price action. Currently, we are thinking about distributing flyers that offer 20 percent discount on the first purchase. We believe that a lower price can make the customers more willing to try our juicebar once to see if they like it. But as

discussed above, we do not want a permanent low-price strategy, so this will be a temporary action. We will however offer one long-term low-price action: a loyalty card offering every 10th consumption for free to the holder.

This first campaign will probably run to the end of April, in order to introduce ourselves to the market. After that, we feel that a different approach would be interesting. In June, the Belgian students have their exams, so we thought it might be a good idea to promote to students the increase in energy that can be achieved by our drinks. We will launch such a campaign at the end of May, when the official study-period starts. Again we will mainly make use of posters and flyers on locations we know that students pass frequently.

We also have an idea for a third campaign, which will be launched during the fall and winter. It will be a campaign promoting the summery feelings we hope that the customers will associate with our drinks. We will be pointing out that even though it is dark and cold outside, the summer is still available at Zapp.

In the appendix we have included some ideas for posters and flyers that we might use in our marketing campaigns.

3.5 Business system and organisation

In this chapter the start-up organisation of the management team of Zapp is presented. When Zapp is started it will be in the shape of one juicebar. The whole organisation will be focused on that bar and the business system will be rather simple. We will order supplies from suppliers and then prepare drinks in the bar and sell them to the consumers.

Primarily, we will be looking to create a good relationship with our fruit supplier, so that we can get a bit more influence over what he delivers and when. It will also be in our interest to learn about the fruit supplier's business so that we can find out if it would be good for us to integrate our own fruit supplier into the organisation. We do not believe that starting up our own fruit delivery department will be interesting while we run only one juicebar, but if we are able to expand the organisation into multiple sites, a vertical integration might be of benefit to Zapp.

Another relationship we will work on in the beginning is that with a company that delivers food to workplaces. If it works out, we want to sell our drinks to that company and let them deliver them to workplaces, to which they already deliver other products. This is a secondary market for us, which we will be evaluating after a time of selling to it. If we find it interesting enough, we might expand here before we open up a second bar. Expanding here would probably mean starting our own deliveries to workplaces.

3.5.1 The management team

The management team currently consists of the three people who have developed the business idea. The background and skills of the three

members will be presented briefly as well as their roles in the future company. After that, the skills that are lacking in the current management team are mentioned. At the end of the chapter there is a section about where we turn for advice and mentorship.

Daniel Andersson, CEO and bar manager

Daniel is currently finishing his studies at Lund Institute of Technology, Sweden, to become a Civil Engineer in Industrial Management and Engineering. He has focused his studies on market and company development and this will be his first chance to put the theory into practice. During his studies, Daniel took a break for one year to work as an economical analyst at a multinational ICT company in Brussels. Daniel has acquired experience in leadership during his 10 months of compulsory army service, where he served as group leader, and from his years as a football trainer. In the start-up phase, Daniel will be the manager of the bar and get the company up and running. On the long-term, he will be responsible for the overall management of the company.

Eva Fias, head of purchases and deliveries

Eva has a bachelor degree in Economics from Katholieke Universiteit Leuven, Belgium, and a degree in Logistics from the University of Namur, Belgium. During the five years since she finished studying, Eva has been working for a multinational petrochemical company in Brussels, where she has been responsible for negotiating with suppliers as well as keeping track of shipments. For many years, Eva was the member of a girl scout group, where she was trained in leadership, both practically and theoretically. When the first Zapp bar opens, Eva will work part-time talking to suppliers

and ensuring product quality. Once the organisation gets larger, Eva will set up and manage the fruit delivery department of Zapp.

Helga Fias, head of market communications

Helga has a bachelor degree in Communication Sciences from Katholieke Universiteit Leuven, Belgium. After taking a few complementary courses at Lund University, Sweden, Helga started working at a multinational facilities management company in Brussels. She has been working there for over three years now, first as the leader of an accounting team and then working with internal communications and ICT. Helga has also been the member of a girl scout group and she too has theoretical and practical experiences in leadership. Helga will be responsible for brand management and market communications of Zapp, which will consist of advertising as well as direct contact with customers.

3.5.2 Vacancies

On a long-term basis, there are certain skills that need to be added to the current management team. If Zapp is to develop on a large scale and become a chain of bars, the products must be very good and be supervised centrally. In order to improve product quality, an individual with skills within nutrition and diets will be required. This person would be working as a product manager and be responsible for developing new drinks as well as defining their nutritious value, which than can be communicated to the customers. In the start-up phase, Eva and Helga will be responsible for developing products.

Primarily, Zapp will be a bar to which the end-users themselves come to purchase their drinks. But it is the intention of the management team to also

sell drinks to companies that deliver to end-users; companies that already deliver other foods and drinks, but not our kind of products. The current management team will start up this department and Daniel will be leading it, but for Zapp to be able to get involved with these companies on a larger scale, a person with experience from sales and the food delivery business needs to be added to the management team. This person will be responsible for handling the contacts with these other companies as well as coordinating with the head of market communications on which products should be sold to which companies.

We believe that the best way of attracting individuals to these positions will be to offer them the chance of becoming partners in the company. That way we will be sure of their motivation of doing a good job and it will make them more prone to make a long-term commitment. As a starting company, it will be important for Zapp to have motivated co-workers, who are willing to make sacrifices for the company in order to ensure long-term success. We will not benefit from hiring skilled co-workers who are not interested in making the company evolve.

3.5.3 Advice and mentorship

The management team of Zapp has so far turned to two organisations for advice and help with starting up the company. The first one is VIZO, primarily an educational organisation controlled by the Flemish government. VIZO also provides free advice to starting companies [28] and they have helped us out with which kind of subsidiaries we can receive from the government, including cheques to pay for accountants and other practical services.

The second organisation we are involved with is UNIZO, which is the union for people managing their own companies. UNIZO also provides free information and support for people in the start-up phase of their companies. A membership with UNIZO costs 139 euro per year, and during the first year the membership covers all the start-up costs of the company as well as provides discounts on useful things as advertising. [29] Another interesting service of UNIZO is their mentorship programme: through that we will get in contact with experienced entrepreneurs who will be able to give us support and advice. [30]

3.5.4 Staffing

The three founders of Zapp will be the ones doing most of the job in the start-up phase and both in and out of the juicebar. We will however be looking to recruit a waiter or waitress for the bar almost from the start. This as we would like to have someone working in the bar who has experience from a similar position and since we also believe there will be other things to for us to manage in order to run the company properly. We expect that the workload in the juicebar will increase during the summer and that we will require at least two people in the bar at the same time. In our budget we have made room for 1.5 full-time positions on a year-basis on top of the work carried out by the management team.

Staff will be recruited through a staffing agency. We choose to do it this way as it will simplify the recruitment and dealing with the staff for us. More details on the advantages of the staffing agency are given in the chapters *Realisation schedule* and *Risks*. We have visited a few different agencies to get a feel for them and we have decided to collaborate with Randstad NV. We choose them as we have previous experiences of working

for Randstad and they made a good impression on us. Randstad does also have offices in most major Belgian cities [31], so when we expand we can continue our collaboration with them on the new locations.

As stated earlier, we are looking to acquire additional skills to the group. These needs are based on a long-term expansion, but it could be interesting for us to make use of these skills from start. Should it prove necessary and if the budget allows, we will take on a nutrition specialist on a consultancy basis. As for getting into the food delivery market, we believe that the above mentioned partnership is the best way to start. If that does not work out, we will leave that idea for the moment and focus on the juicebar instead.

The management team has agreed that we will work as a group and take decisions as a group. The founders will be compensated for their work when there are profits to be shared. No salaries for the management team have been included in the budget for the first year. Should we however decide that we cannot find suitable staff or we are dissatisfied with the staff we have hired, it might be possible for members of the management team to take the positions in the juicebar and be paid according to budget.

3.6 Realisation schedule

It is our intention to open our juicebar in April 2006, but before the bar can open a number of activities will have to be performed. This chapter describes in detail what we are planning to do during the first year of activity.

The first thing we have to do is choose the best premises for our juicebar. We are looking at various shops in the centre of Leuven and comparing rents. We would like to sign a contract as soon as possible, but we do not want to start renting the place until March 2006. We have had difficulties finding a realtor who agrees to these terms as all the places we have looked at are already vacant. We keep looking for a place and the closer we get to March, the more confident we are that the contract can be agreed. Our search for a suitable location has also led us to believe that definitely will find something we like, as there seem to be a lot of shop spaces available.

Once we are allowed access to the premises we are renting, we will get to work immediately on covering the windows with posters saying that Zapp juicebar will open there soon. This is something we have seen other shops do when they were redecorating or getting ready to open. This is the first step in our marketing plan. We will also start printing posters and flyers for our general opening campaign.

Depending on the state of the shop we are moving into, we will have a few weeks of redecorating. We are able to perform paintjobs and minor carpentry ourselves, but if major restoration is required we will have to get professional help. Of course, we will not accept to rent a shop where we would have to pay for that kind of restoration ourselves, but the costs of the

paint has been included in our budget. Once the renovation is finished, we will pick up the furniture and equipment we have ordered for the bar and put it all into place.

During the renovation works we will be contacting fruit suppliers in order to get their most recent pricelists, but we will not place any orders until the juicebar will definitely open. We will however start stocking up on dairy products as well as cups, straws and napkins

Early March we will also start talking to Randstad, our staffing agency of choice. We will provide them with details on the individual we are looking for so that they can start their search for suitable candidates. Randstad told us they need about 4 weeks for this process so at the time of our opening in April there should be a staff member ready to get to work. [20]

During the month of March, we will also start contacting lunch delivery companies and sandwich bars to promote our products and try to attract them as sales channels for us. This work will be something that needs to be done until we find that we have a satisfactory customer base. Entertaining these business relationships will also be necessary throughout the year, which is why we would need to attract another member to the management team. It could also be that we at this point in time have revised the roles of the members of the management team, so that one person will be focused on the daily management of the bar and another person will be responsible for business-to-business contacts.

A few days before opening the juicebar, in the beginning of April, we will walk around Leuven and hang up posters and put out flyers in order to really

kick off our opening campaign. As part of the same campaign, we will contact the local newspaper, *Het laatste nieuws*, about the advert we want on the day of the opening. We will order the advert as soon as we know when the renovation works will be finished, to ensure that we get it on the right day.

The opening of the juicebar will take place sometime during the beginning of April. The 1st of April 2006 is a Saturday and that is a good day to aim for, but we do not want to be too hung up on a certain date already as we cannot be sure which restoration works will be needed in our shop. When the bar opens, at least two members of the management team will be working in the bar. We will be there to supervise as well as keep track of what happens.

During the first few weeks after the bar has opened, at the least bar manager will be present in the juicebar together with the employee; still for supervision of the activities as well as helping out if there are too many customers at once. The bar manager will have to keep track of our daily sales, as it will be important for us to be able to adjust our fruit orders to fit the demand. Should it during this period become evident that having a fulltime employee is unnecessary, we will revise the contract to fit our needs better. This is so that we will not have to pay the salary for someone standing in the bar with nothing to do.

The bar manager will also be responsible for talking to the customers about the bar. It is not our intention to survey the customers right away, but talking to them briefly when taking their orders will be helpful for us. We will ask about which drinks on the menu they like and if there is something

missing on the menu. We will also hand out our loyalty cards and that gives us a way to see if customers are returning to us.

In the middle of May, we will launch our summer campaign. Again, this will be done by distributing posters and flyers. By this time, we will have studied the customers' behaviour when it comes to ordering our drinks for take away. If it seems that many customers stay in our bar to enjoy their drinks, it will be necessary for us to invest in some outdoor furniture and invite the customers to sit on our terrace outside the bar. At this time, we will also talk to Randstad about getting extra temporary staff, as we foresee that the summer period will bring us more customers. The bar manager will still be keeping track of our sales in order to know during which time of day that the extra staff will be required. Revising our fruit orders will also be necessary during the summer, so that we are prepared for larger volumes.

After the summer, our fruit orders will probably have to be decreased again, as will the hours worked by the extra staff. At this point, all the employee contracts will be up for discussion again, as we must ensure that there is a need for staff before we promise them any work. We do intend to keep one person working fulltime in the bar and already during the summer we expect that this person will not have to be supervised at all times. We hope that we will have been able to train the employee well enough so that he or she sometimes can take care of the fruit orders and other everyday things in the bar. If it has become clear during the summer that our original employee will not be up for the task, we will ask Randstad to recruit an individual who is more fit to work as waiter as well as part-time bar manager. This way, the management team can focus more on the development of the company, rather than worrying about the daily activities of the juicebar in Leuven.

During the month of October it is time to launch our fall campaign. This campaign will mainly be aimed at the new students arriving in Leuven. The campaign will probably be quite similar to the winter campaign we will launch in December, describing the summery feelings we hope our juicebar transfers to the customers.

At the end of 2006 we will be evaluating the first nine months of activity of Zapp. We will look at the profit we have made so far and try to survey what the customers think of the juicebar. If we conclude that the bar has been successful, we will start working on the next bar. We will first choose a city by comparing a few different possibilities, and then we will go through the same cycle of activities as we have done for Leuven. We do not want to expand too much too soon, but opening one or two more bars during 2007 will be our target, depending on how successful the Zapp has become in Leuven. If they juicebar has not been making the profits we hope for, we will focus on improving our results in Leuven before we move on to other locations. The decision to open one or more new bars during 2007 should be taken in January that year in order to enable the bars to open in April.

Depending on where we open, we will try to work with the same fruit supplier as we already have for Leuven. This might not be logistically possible however. The result might be that we work with one supplier for Leuven and another one in the next city. We are willing to do this as we want the best conditions for the respective bars and it is also in our interest to have the bars run individually. We will not be working we centralised fruit orders, as we want the local demand to influence which supplies we are ordering.

As for labour, Randstad is present in all the cities we are interested in, so it will be possible for us to continue to work with them. The different Randstad offices will be able to collaborate in order to learn which kind of employees we are looking for. It will also be possible for us to get a single point of contact at Randstad for all the different cities. [20] The demand for workforce will of course be determined locally, but it will be controlled centrally. This might be good for us as it can be interesting to have someone working full-time, but at different locations, or if we want to simply transfer people from one location to another. This will all be discussed with the employee in question of course, but it is important that we do not limit ourselves during the start-up of the company.

4. The spectrum of risk

There are a number of factors that could influence the success of Zapp. In this chapter we have listed the major spectrum risk of starting up the business. We chose to divide the risks into two categories: market and risks related to the organisation. For each category we have started by listing the risks we see and then described them separately.

This chapter ends with a discussion on all the risks as a whole.

4.1 Risks related to the market

The most important market related risks we have identified are:

- Sales volumes are too small
- Costs are too high
- Too many customers

Below, the risks are described separately. For each risk there is a brief motivation of why this risk is considered important and then we describe what we can do to minimise it.

4.1.1 Sales volumes are too small

Too us, the most obvious risk is that we do not get enough customers. This is most likely something we will have to deal with during the start-up of our company. We see this as a big risk since without customers we will not have any income. If this is the case at the start, it will probably be due to insufficient marketing or an unlucky choice of location. If the problem

continues, it could also be due to the products not meeting the expectations of the customers.

The first thing we will have to do if we notice that our sales are too small is minimise our costs. We can do that firstly by ordering less fruit, so that we do not have a surplus stock which goes to waste. Secondly, we will end the contract with any employees that we have and instead the management team will have to take full responsibility for working in the juicebar. This is the benefit of working with short-term contracts with suppliers of fruit and labour: we can cut our costs quite swiftly.

An important way of avoiding having too few customers will be the approach of companies. Selling to other companies will be the best way to quickly improve our sales volumes, so if sales in the bar are low, we should also make an extra effort in this department to increase the volumes. By increasing sales here, we also hope that customers will become more aware of the juicebar.

It will be essential to find out why there are no customers, so conducting some kind of market survey would be very interesting. It could for instance be that we need to make people more aware of our existence or that our prices are too high. In this case a lower price and promotion of our new price could help increase the number of customers. Another reason for low volumes might be that our drinks are not what the customers expected. In that case we would need to make some new recipes or get some external help for blending more attractive drinks.

In all cases, it will be most important for us to listen to customer needs right from the start. We will have to survey our customers briefly during their purchase, if possible, and pay attention to what they suggest. One thing we can do to enable spontaneous customer feedback is putting up a letter box for suggestions. Asking the customers to fill out a small form can also be a way of achieving more customer interaction.

4.1.2 Costs are too high

If our incomes are too low, minimising our costs will be important. However, high costs can also be a problem even if our income level is the expected. We have identified the risk of the costs being too high since we are afraid of having cash-flow problems in the start-up phase.

The costs which will have the biggest impact on our business, besides the rent of the bar, will be for the fruit we buy. When working with short-term contracts with suppliers one has to be prepared for sudden changes in the pricing. One risk as we see it could be that the supplier suddenly raises his prices dramatically. That would lead us to make a smaller profit and we would have to consider raising our prices as well. But before we do that, we will have to survey the market properly to find out if we can find a better and cheaper supplier. Since we will be using with order-based contracts, there is no reason for us to stick to a supplier if we unhappy with him. This might not only be because of the price, but also due to the quality of the fruit or changes in his assortment. It will be very important for us to always keep an eye on the various fruit suppliers and ensure that we are working with the one that is best for us.

If we, before starting, fear that we will be unable to cut the costs if necessary, we must consider increasing our initial investment and thereby secure the cash-flow.

4.1.3 Too many customers

In our eyes, there is also an opposite risk of the first one above, namely that we get too many customers in the juicebar. One might think that this should be something positive, not a risk, but to us it can be. For instance, if many people are queuing to give their order, they might become impatient and leave instead of waiting their turn. Customers leaving the bar unhappy might turn into bad marketing for us if the words start spreading that one always have to wait very long to be served at Zapp. Such a reputation could eventually make us lose customers if they will not bother to pass by the bar and look if there is queue or not. The immediate cure for this is however getting more people to work in the bar so that customers can be served faster. On the short term, members of the management will be able to help out, especially during the start-up phase. But on the long term, we will have to hire more staff through Randstad. Ideally, we will be able to have one or two employees who work part-time and who are willing come and work on a rather short notice.

Too many customers in the bar at once could also lead to a shortage of seating. Even though the take away option will always be available, some customers might feel repelled if there is no place for them to sit down in the bar. It will be important for us to make the most of the space we rent: we must ensure that we get as many chairs in there as possible, without making the bar too crowded. There are different ways of seating people and the tables can play an important role here: depending on if we go for round,

squared, low or high tables we can maybe seat more people. Something we have discussed before in terms of seating is having a terrace outside the bar. A terrace would give us a few extra seats on days of good weather, but hopefully it can be used on other days as well. We could for instance provide blankets or heaters in order to enable use of the terrace on colder days and a decent parasol might help against rain. In conclusion, making the most of our space and offering supplements to the terrace will be the best we can do on to make the bar less crowded on a short term. The long term solution will of course be to move to larger premises, but that decision will have to be made based on a long period of time and not just a few sunny days.

Another aspect of having too many customers could be that we run out of fresh fruit. As discussed earlier, we will keep a small stock of fruit in order to ensure the freshness, but hypothetically could a good day of business use up the stock that was meant to last for a few days. If we risk running out of stock on a certain day, it will be the responsibility of the bar manager to acquire more; for instance by buying fruit in the supermarket. The fruit in the supermarket will probably be more expensive than our regular supplier, but it will be necessary to stock up there in order not to disappoint customers. We believe that failing to serve customers due to running out of stock might make them less keen on returning to us.

4.2 Risks related to the organisation

The most important market related risks we have identified are:

- Employees are not performing well
- Business grows too slowly
- The management team lacks sufficient experience

Below, the risks are described separately. For each risk there is a brief motivation of why this risk is considered important and then we describe what we can do to minimise it.

4.2.1 Employees are not performing well

We have identified the risk of employees not performing well since we in the management team might not have enough experience in management. We want to work with a staffing agency in order to avoid making errors in our management of the staff and to get help with everyday management issues. We do however fear that this is not a perfect solution either.

When we hire staff to work for us in the juicebar, we will be dependant upon them to work hard and to be nice to the customers. But when hiring staff that we have not worked with before there will be some uncertainty regarding their performance. Time could prove that the person we have hired is not able to carry out the job in the way we desire, for instance by being unfriendly to customers or inadequate at blending the drinks. In both cases this could lead to unhappy customers and a damaged company image.

As stated earlier, we want to hire waiters through a staffing agency and to us this is a way of minimising the risk of hiring unsuitable staff. First of all, the staffing agency has much more experience when it comes to hiring people than we do, so they should be able to select strong candidates right away as they will know what to look for in a suitable candidate. The second reason for us to work with an agency is the short-term contracts. These weekly contracts make it possible for us to change staff more easily than if they were hired by us directly. If a waiter does not perform well, we can end his or her contract the same week and ask the staffing agency to find us a better worker. This said; it is not probable that we will be ridding ourselves of staff members after their first mistake. First of all, people will need time to settle into their new job. Second of all, it will take the staffing agency a few weeks to find a replacement and perhaps we cannot afford to be completely without staff.

The weekly contract of course works along two ways: the employee can choose to end the contract within a weeks notice as well [20]. If this should be the case, the management team will have to cover up for the employee until the staffing agency is able to find a replacement. This is certainly not an ideal position to be in, so we must make sure that our employees are treated well and that they want to stay with us for a long while.

It will also be important that we ask ourselves why the person is performing badly. Besides from not having the required skills for the job, a person could also lack the motivation to perform well. The salary can be one motivating factor, but this is something the person is aware of before accepting the position. Having a feeling of security about the job can be another. Being employed on a temporary basis might make a person insecure regarding the

future at the job and therefore he or she might become less keen to perform well. We want our employees to become ambassadors of Zapp and to be happy to work for us. But it might be hard for them to do that if they fear that their future at the company will be brief. We will have to consider offering staff members a fixed contract after a while. We will be contractually bound with the staffing agency for nine weeks, but after that we are allowed to offer the worker a direct contract [20]. We will probably wait a bit more until we hire someone permanently, as we want to make sure the bar is running well enough first. But after the summer season is finished, in September 2006, the management team will discuss the contracts of the staff.

4.2.2 Business grows too slowly

We want Zapp to become something more than just a juicebar: we want to create a chain of bars in Belgium and we want a brand that becomes recognised. One thing we fear regarding this is that we will not be able to expand fast enough to make it happen. We want to make the most of the business idea, but we see a risk in not letting the business growing fast enough.

It is our belief that starting with just one juicebar is the right way: it gives us the opportunity to see how our idea works out and we get to learn how to run the business in the best way. If we make mistakes during the opening of the first bar, it will be on a smaller scale and if we do them when we have five bars. We also think that when we open more bars, we can get benefits of scale and so earn more money per bar than if we stick to just the one. Our worry is that we will not be able to make the business grow fast enough to get those benefits of scale. We worry since expanding in this way will cost a

lot of money and effort. When we get to the point where we have to choose: are we expanding or not, we will have to make sure we are not too pleased with what we have achieved with the first bar. We have to be willing to take the risk of losing what we have built up during the first period of activity in order to become bigger. This situation will certainly make us hesitate and we might start thinking: we are doing pretty good now, but let us wait and see if we can keep it up.

A problem with hesitating for too long could be that the chance to expand disappears. If we do not take step forward at the right time, someone else might take it and there will be no interest for investing in Zapp. Getting venture capital will be vital for us to expand from one bar to more. If we manage to ensure venture capital we would have proof of that expanding is the right decision, but there will still be a risk of failure.

We believe that one way for us in the management team to get rid of this hesitation will be recruiting people we feel we can really trust. That way we can set up new bars without having to worry too much about the old one, as we are sure it is in good hands. This might sound trivial to more experienced entrepreneurs than us, but when starting up a business for the first time, it is hard to know who you can trust to do a good job for you. To solve the recruitment issue, we believe that the staffing agency can be of great help with their obvious expertise in recruiting people. But we will also want to get people we know into the company, so when we get to the point of expansion, we will probably look around for which acquaintances we have that can help out.

4.2.3 The management team lacks sufficient experience

Zapp would be the first company any of the members of the management team has started. This means that we have no experience when it comes to running our own business and that is of course a major risk. Even though we are very confident in the success of this project, we still have our reservations regarding our being ready for this. First of all we risk neglecting things as we are not sure of what to expect for instance in the daily management of the bar and second of all we risk situations like the one above, where we hesitate whether or not to move on with the business.

The best way to get this experience will of course be to start up the company and take in everything that happens along the way. But getting assistance from the outside and from more experience people will be essential for the success of Zapp. We believe that we have found the right way of doing this by getting support from UNIZO and joining their Mentorship programme. That way we can get general advice on running a business, as well as get introduced to entrepreneurs who can help us with their previous experiences. This kind of support will most probably be sufficient for running the first bar, but when it comes to expanding, it might be interesting to let an experienced entrepreneur join the management team. That way we will have a good mix of people in the team: experienced and hungry for new success.

4.3 Risk analysis

The risks we have identified for this business venture are based on our fears: fear of the business failing and fear of us failing the business. The fears mainly come from our inexperience with these situations, but they also come from knowing what could happen if everything does not work out as

planned. The fact that we do list the risks here does however also imply a willingness to avoid the risks. We have done our best to identify the risks our business will face in order to be as well-prepared as possible.

The risks we have identified are things that are more or less within our control. These issues will never be one-hundred percent within our control, otherwise there would not be any risks, but by analysing them and preparing ourselves to facing them, we can minimise these risks.

The area where we will have the least control is the market in general and customers in particular. Therefore the biggest risk we will face is that there are not enough customers who are interested in our juicebar. Our biggest challenge when starting up the business will be attracting customers to our products, preferably in large enough numbers to make our business profitable.

The best way for us to take on these challenges is knowledge about what to expect and what to do. In the case of the customers, the knowledge will come from studying and surveying them. We believe that we are well on our way with the market survey we have conducted, but for the sake of our own confidence, we will need to conduct the survey on a bigger population.

For all the risks listed in this chapter, we believe that we have found a way to deal with them. We will never be sure that this is the right way until the risk actually presents itself, but we do think that by arming ourselves with advice and knowledge we are up to the task. Taking in advice from more experienced entrepreneurs and experts in their areas will be vital to us and we think we are on the right way with the contacts we have taken so far.

There is also one risk that overshadows the rest: the risk of us losing all the money we invest in the business. This financial risk is a direct consequence of us failing in one of the risk areas mentioned above. This risk is however one we will have to take if our business plan is ever to become reality. The first step we took was to write this business plan and split up the general risks into smaller pieces so that we can tackle the problems separately. All in all, we would like to say that the risks of starting this business are big, but by continuing our studying and surveying of the market as well as gathering experience on how to be the best managers we can be, will minimise the risks.

5. Lessons learned

In this the chapter, the final of the thesis, I will present the conclusions I have drawn from working on a business plan. I have chosen to divide the chapter into one section describing the theoretical aspect and one that takes up the practical work. Finally I have raised a few questions which I think can be interesting for further studies on the writing of business plans.

5.1 Theoretical implications and conclusions

My first impression of the general theory involved in writing a business plan is that the more theoretical studies you can look back at, the more tools you have available when it comes to analysing the different aspects of introducing your idea to a market. The market analysis is very important in my eyes, as it is your best way of knowing if the products you will be offering can become a success. The better you can analyse the real situation, the better prepared you are.

I also find that it is of benefit to the business plan if it is based on different kinds of analysis. I do not believe in analysing for the sake of analysing, but if different tools can be used for analysing a certain element, these tools might offer views from different perspectives and thus give a more complete picture of the element. However, it is important to note that if a model of analysis is not used in the way it is supposed to, it might give the writer a faulty impression which might lead to the wrong decision. Therefore, the best must be to use methods you are well acquainted with and you know what to expect from.

When it comes to choosing a suitable outline for the business plan, I believe it is a good thing to work the way I did: start off with one template and then absorb pieces from other templates according to need. It is my impression that the template needed will vary with the idea that is presented and factors such as the organisation and the sector in which the business will be introduced influence the demand for certain content in the business plan.

I do not believe that a universal template for a business plan exists. (Neither do I believe that anyone claims to have written one.) It is therefore a good idea to search for different outlines in order to find one that fits your idea. A simple search for *business plan template* on Google generates over 250.000 hits [32] and lots of different views on writing a business plan. There is definitely a possibility for you to find a template that suits your idea, but once you do, it is important not to let the idea be limited by the outline of the business plan, but to let the nature of the idea control the outlines of the business plan.

5.2 Practical implications and conclusions

A good way to start working on your business plan is to elaborate your business idea as much as possible. I have noticed that the more I thought about the idea itself, the more I felt I needed to investigate for my business plan. It is important to make up your mind of what you want with what your idea so you know what to look for when you start gathering other information about the realisation.

Gathering as much skills and knowledge as possible about the implementation of my idea has proven to be vital to me when I have been conducting interviews. As I have been speaking to potential suppliers and

investors, I felt that the better I prepared myself, the better our conversation would run. I also felt it was good to be able to explain why I needed certain information from them and not just ask them straight questions and expect a straight answer in return. During the discussions that developed, I was able to prove to them that I was a skilled potential entrepreneur, and not just a student conducting research.

During the process of gathering information, I also felt it was important to get people involved. As I state in previous chapters, I have been in contact with organisations supporting entrepreneurship. These organisations are not just there to answer questions, but they also want to get involved in the process of writing the business plan. From them, I was able to get feedback on my business idea as well as help to find more information.

I also believe it is important to involve potential investors early in the process. I spoke to two Belgian banks when my business plan was only half done and they were glad to be able to give feedback at that stage. They said the relationship between the bank and the entrepreneur should be of a long term and that the bank wants to feel involved in the whole process. Seeing a business plan take form will make the bank more likely to want to lend you money, than if you present them with a finished plan that they have never heard of before. [33]

After gathering information and input, it is important to choose a framework to work with. The framework will help you put all the pieces of the business plan into one. It is also very important that there is a clear line of thought in the business plan. The line of thought must be apparent to a person who reads the final work for the first time, in order for him to fully take in your

business idea. The framework will help set this structure in the business plan and thus make it easier to understand for the stakeholders who read it.

One of the most important lessons I have learned during the writing of this business plan is the value of labour. Not only does labour cost quite a lot for an employer, but it is also important for any firm to have good labour. More specifically, I have learned that when starting a company, it is best to work there yourself as much as possible. Primarily in order to be in control of the company and to make sure everything runs as it should. As the owner of the company, you are probably the most enthusiastic worker available and enthusiasm and willingness to make sacrifices for the new company will be vital for it to survive. Secondly, hiring workers will increase the costs of the company immediately, so there are important financial reasons for trying to do the work yourself at the start.

In conclusion this means that when starting Zapp, me and the rest of the management team would most likely do most of the work ourselves in the bar at first, until we feel confident enough that the company is afloat. This means that changes will need to be done to the business plan before we start attracting financing for real. That is something that working of the business plan has made me realise, so now I definitely do not understand those who say that writing a business plan only for yourself is a waste of time. The whole process of writing my business plan has led me to analyse things deeper and further than I would have expected. I firmly believe that writing a full business plan is worthwhile for anyone starting up a new business. It will force you to think about every aspect of realising idea and it will make sure you do not look at your idea only from your original point of view, but also from the outside.

5.3 Future questions for industry and academy

To finish off my thesis I would like to list a few questions that can be interesting for further studying and writing of business plans. These questions can be of interest both for the business world and for academic world.

- *Is there a point in trying to write a template which fits all business ideas? Is it not better to try and invoke creativity among the students also when it comes to designing the business plans?* – I am asking this as I wonder why handbooks try to promote just one example in their texts, instead of giving multiple examples and views.
- *Is it possible to improve the process of teaching how to write business plans?* – This is also linked to the fact that even though handbooks on business plans are supposed to be very general, they tend to get specific in my eyes, since they usually only describe one model for a business plan.
- *How should a business plan be focused: idea or analysis; own strengths or market strengths?* – I believe this is an interesting question since different kinds of business plans have to be written for different kinds of ventures. The focus of the business plan must be in line with the idea and the market of interest for the new venture.
- *Are theoretical studies of how to write business plans worthwhile, or are practical studies the only way for students?* – Again, this is linked to the learning process and how the books on business plans are written. I am wondering whether students will really learn about writing business plans without actually writing one themselves.

- *What is the value of competitions such as Venture Cup, for the contestants and for the industry?* – Hopefully the value is high, as these competitions are a good chance for new entrepreneurs and industry to get acquainted with each other and learn from each other. It would be interesting to see what the impact is of these competitions on the number of new ventures started.

List of references

Internet resources

- [1] Venture Cup <http://venturecup.inforce.dk/sw6169.asp>
- [2] MIT \$50k <http://www.mit50k.net/about/index.php>
- [3] Bizidee <http://www.bizidee.be/default.asp?s=1>
- [4] Venture Cup <http://venturecup.inforce.dk/sw6113.asp>
- [5] Small business: Canada <http://sbinfocanada.about.com/>
- [7] The sideroad <http://www.sideroad.com/Entrepreneur/why-write-business-plan.html>
- [8] Venture Cup <http://venturecup.inforce.dk/sw6117.asp>
- [9] Small business: Canada <http://sbinfocanada.about.com/cs/businessplans/a/bizplanoutline.htm>
- [11] Horeca Vlaanderen http://www.fedhorecavlaanderen.be/content/default.asp?id=346&Menu_Key=04
- [15] "Starbucks company profile", 2005, <http://www.starbucks.com>
- [16] "Starbucks foodservice", 2005, <http://www.starbucks.com>
- [19] <http://www.goundengids.be>, business category "Uitzendkrachten"
- [23] Ministerie van de Vlaamse Gemeenschap, Administratie Planning en Statistiek <http://aps.vlaanderen.be>
- [27] The privacy marketing review <http://www.reppel.co.uk/marketing-theory/the-marketing-mix-4ps-7ps-or-what.html>
- [28] VIZO <http://www.vizo.be>
- [29] UNIZO <http://www.unizo.be>
- [30] UNIZO Peterschapsprojecten <http://www.peterschap.be>
- [31] Randstad NV http://www.randstad.be/nl/employer/randstad/find/branches_overview/
- [32] Google <http://www.google.be/search?hl=nl&q=%22business+plan+template%22&meta=>

Personal interviews

- [6] Mr. Alfons Wils, ING BankGrimbergen
- [18] Mr. Hans Vandermeulen, Fruit Vandepoel BVBA, Kortenaeken
- [20] Mrs. Ann Vanwezer, Randstad NV, Leuven
- [33] Mr. Frederic Hoste, KBC Bank and Mrs. Hilde Baekeland, ING Bank

Literature and articles

- [10] AC Nielsen, "What's hot around the globe – Insights on growth in food and beverages 2004", 2004, p. 9
- [12] Bel-First DVD-rom database, 2005
- [13] Nederlandse Kamer van Koophandel voor België en Luxemburg C.V., "De Belgische Horeca- en Cateringmarkt 2004", 2004, p. 44
- [14] Toerisme Leuven - The Leuven tourist office
- [17] Debackere, K. Syllabus for "Innovation management", part II page 16, Acco, Leuven 2002
- [21] G. Armstrong and P. Kotler, "Marketing – an introduction, 5th edition", p. 55, Prentice-Hall, New Jersey 2000
- [22] B. H. Booms and M. J. Bitner, "Marketing Strategies and Organisation Structures for Service Firms in Marketing of Services", J. H. Donnelly and W. R. George, Eds, American Marketing Association, Chicago 1981
- [24] G. Armstrong and P. Kotler, "Marketing – an introduction, 5th edition", p. 219, Prentice-Hall, New Jersey 2000
- [25] G. Armstrong and P. Kotler, "Marketing – an introduction, 5th edition", p. 289, Prentice-Hall, New Jersey 2000
- [26] G. Armstrong and P. Kotler, "Marketing – an introduction, 5th edition", p. 56, Prentice-Hall, New Jersey 2000

Appendix 1. Financial plan

According to the current budget made for the first year of business, a total investment of 50,000 Euro is needed for the start-up of Zapp. This amount will cover all the costs we have foreseen for the first year of business. Our budget has been based on the following total costs:

formal start-up costs	200
renovation	500
start-up investments	3000
further investments	400
rent and fixed costs	12000
marketing	980
wages	26000
direct costs sales	3600
total	46680

The wages are what we will pay the interim workers. During the summer months, these will be student workers, which are cheaper than regular labour. The amount mentioned covers 1800 manhours of student work and interim work. The direct costs for sales have been based on an average sale of 1000 units per month during the first year of business.

At the moment the management team is looking to invest a total 21,000 Euro into the business. We are looking to loan the remaining 29,000 Euro, primarily from the Belgian Participatie Fonds, which is a governmental organisation that offer favourable loans to starting entrepreneurs. The maximum amount that they offer is 300,000 Euro, and there are no obligations to pay back the loan during the first three years of business. We have also spoken to a few banks and they say they are normally willing to

lend a company as much as the Participatiefonds offers, as the governmental organisation acts as a guarantee for a good investment.

If we have difficulties to secure a loan, the first costs we would cut are the wages. We would then work ourselves in the juicebar, even though this would not be an ideal situation.

Appendix 2. Costs

	2006										2007	
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
formal costs	200											
renovation	500											
start-up invest.	3000											
further invest.				400								
rent	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Marketing	20	900		20				20			20	
wages			2600	2600	2600	2600	2600	2600	2600	2600	2600	2600
direct costs sales		390	330	450	540	540	270	330	240	210	150	150

Total
200
500
3000
400
12000
980
26000
3600
46680

All amounts are in Euros.

The direct costs of sales are based on a purchase of ingredients and material for 12,000 units of 25cl. The average price of the costs for producing one unit was calculated from the recipes presented in Appendix 8.

Appendix 3. Incomes

	2006										2007	
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
start -up checks	200											
sales		2340	1980	2700	3240	3240	1620	1980	1440	1260	900	900

Total
200
21600
21800

All amounts are in Euros.

Appendix 4. Market survey – Questions

1. Which flavours/feelings/effects do you associate with *soft drinks*?
(indicate answers with an X, multiple answers possible)

Cooling
Healthy
Refreshing
Rich in energy
Sour
Sweet
Tasty
Thirst-quenching
Warming

2. Which flavours/feelings/effects do you associate with *light soft drinks*?
(indicate answers with an X, multiple answers possible)

Cooling
Healthy
Refreshing
Rich in energy
Sour
Sweet
Tasty
Thirst-quenching
Warming

3. Which flavours/feelings/effects do you associate with *juice*? (indicate answers with an X, multiple answers possible)

Cooling
Healthy
Refreshing
Rich in energy
Sour
Sweet
Tasty
Thirst-quenching
Warming

4. Which flavours/feelings/effects do you associate with *coffee*? (indicate answers with an X, multiple answers possible)

Cooling
Healthy
Refreshing
Rich in energy
Sour
Sweet
Tasty
Thirst-quenching
Warming

5. Which flavours/feelings/effects do you associate with *water*? (indicate answers with an X, multiple answers possible)

Cooling
Healthy
Refreshing
Rich in energy
Sour
Sweet
Tasty
Thirst-quenching
Warming

6. It is a hot day and you feel like having an ice-cream, but there is no ice-cream vendor in the neighbourhood. What would be a good replacement for the ice-cream for you? (indicate answers with an X, multiple answers possible)

Coffee
Fruit
Juice
Milkshake
Soft drink
Tea
Water
Yoghurt

7. When you and your friends go for a drink together, how important are the following aspects when you choose a place to go? (indicate with a number from 1 to 5, where 1 = not important at all and 5 = a decisive aspect)

Brand of drinks
Interior
Location
Possibility to sit
Price of drinks

8. You have now chosen a good place and are ready to order. How important are the following aspects when you choose which drink to order? (indicate with a number from 1 to 5, where 1 = not important at all and 5 = a decisive aspect)

Brand of drink
How healthy drink is
How thirst-quenching drink is
Price of drink
Taste of drink

9. Next follows a few choices one usually has to face when ordering a drink or an ice-cream. Which one do you usually choose? (indicate by deleting the word that does not suit you)

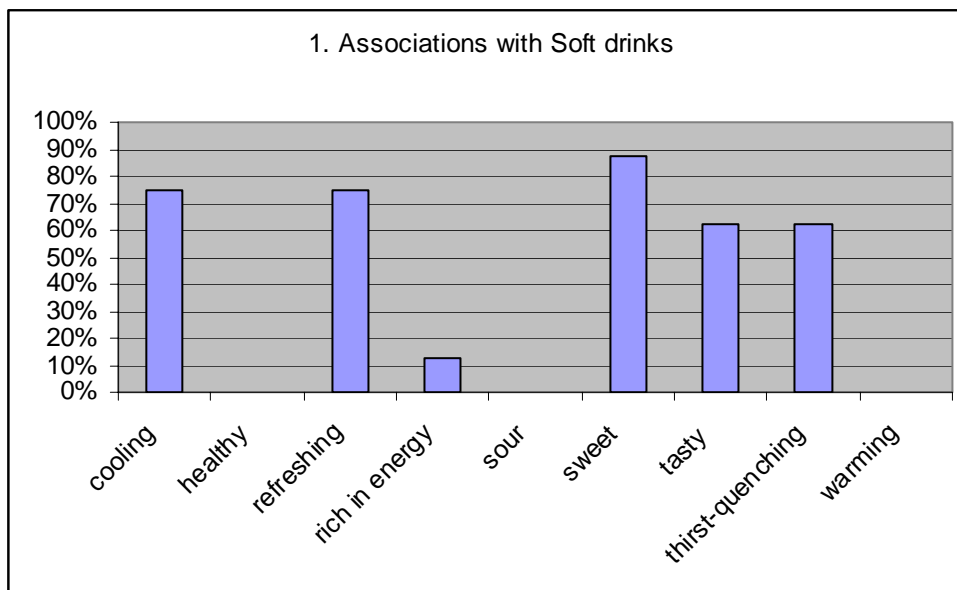
Healthiness according to “experts”: Healthy – Not healthy
Healthiness according to you: Healthy – Not healthy
Amount: 25 cl – 33 cl
Brand of drink: Famous – Not famous / no brand
Price in your eyes: Cheap – Expensive
Promotion from vendor: In commercial – No promotion
Promotion from vendor: Temporarily cheaper – No promotion
Taste: Good – Not good
Taste: Natural – Artificial
Where to drink/eat: On location – Take away
Where to drink/eat: Standing – Sitting
Where to buy: Bar/restaurant – Coffee house/Ice-cream vendor
When to drink/eat: Lunchtime – Evening

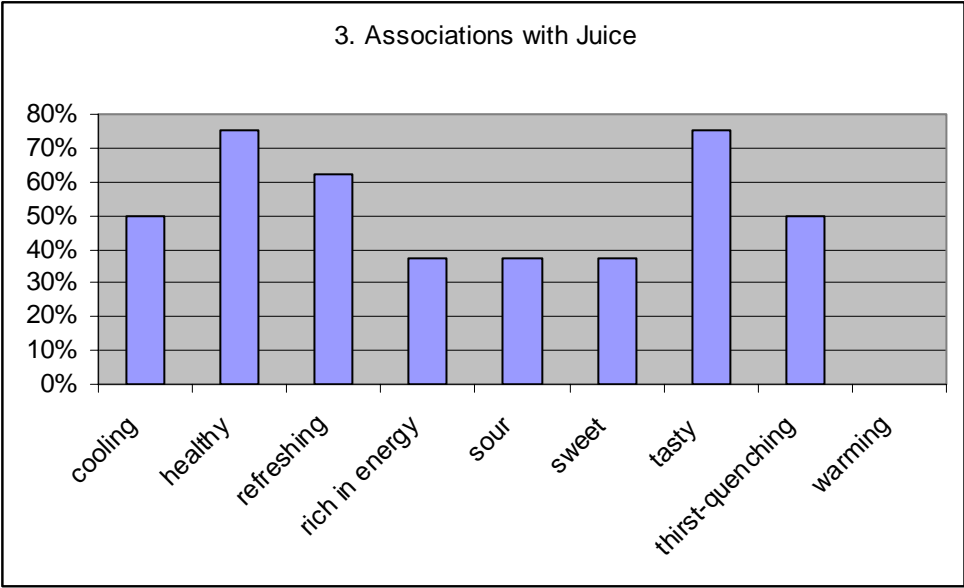
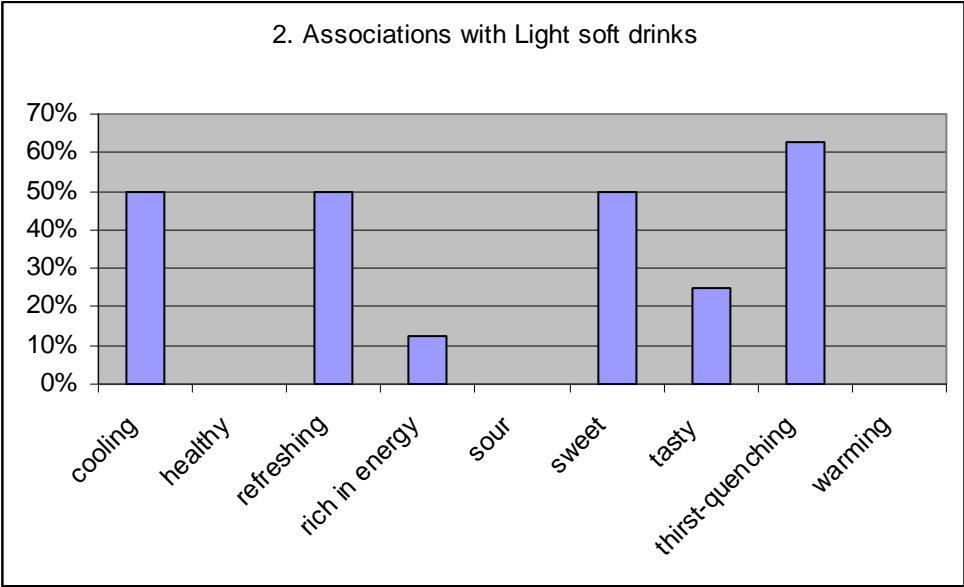
10. To which degree do you think that you eat and drink healthily? (indicate with a number from 1 to 5, where 1 = not healthy at all, 3 = pretty healthy and 5 = only healthy foods and drinks)

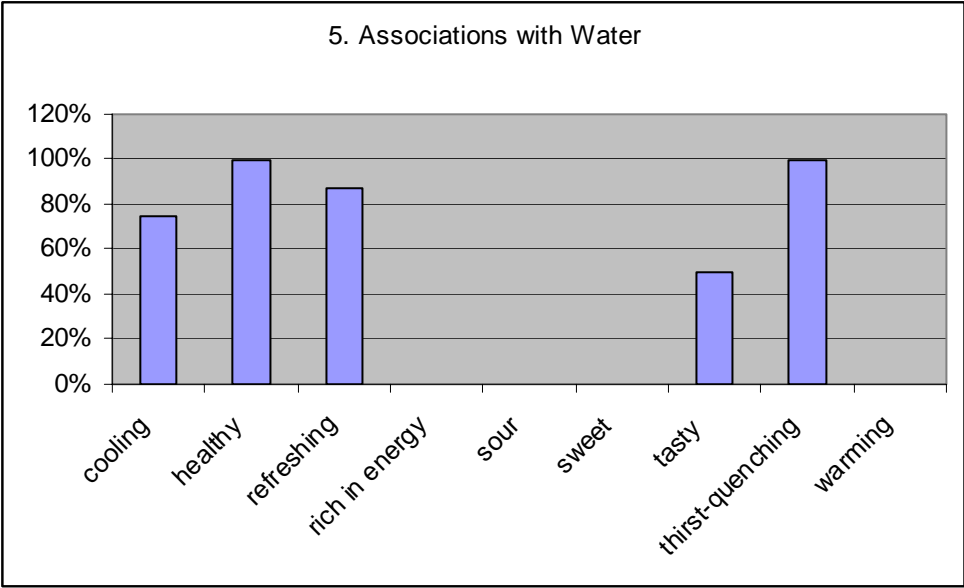
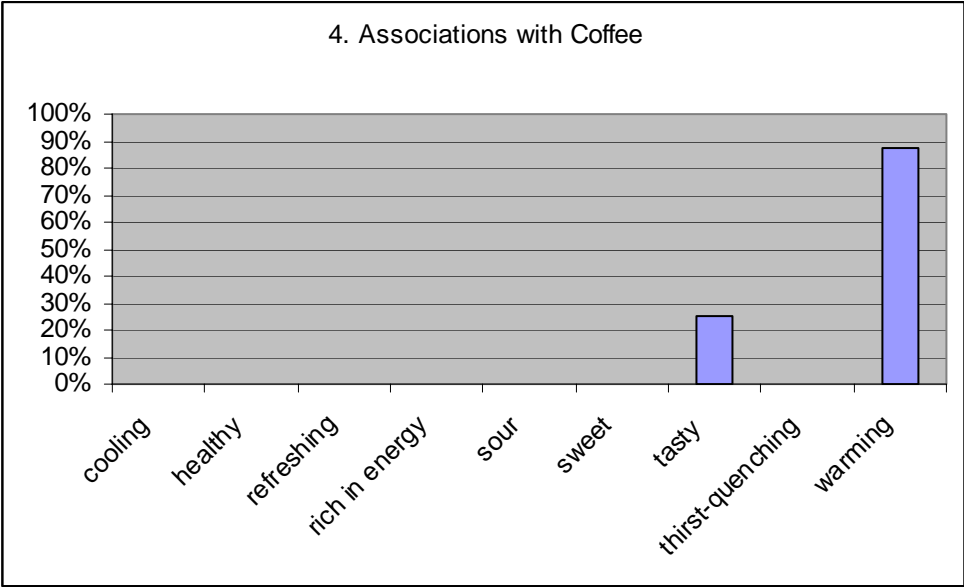
11. To which degree would you like that you were eating and drinking healthily? (indicate with a number from 1 to 5, where 1 = not healthy at all, 3 = pretty healthy and 5 = only healthy foods and drinks)
12. Try to briefly explain why there is a difference between your desired level and your actual level (if there actually is one).
13. Do you think that you get enough energy from what you eat and drink?
14. If not: what would you like to do to increase your intake of energy?

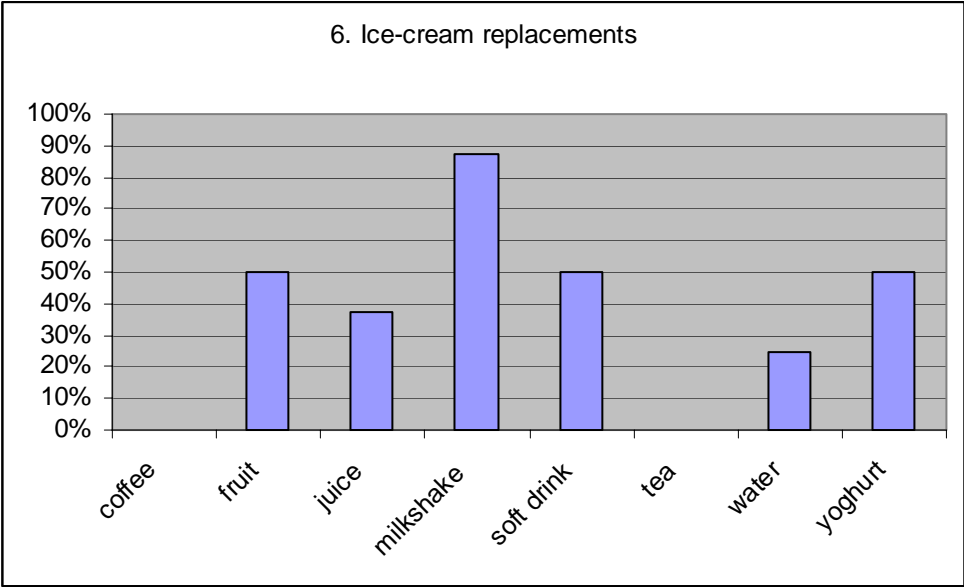
Appendix 5. Market survey – results

The market survey was sent out by email to friends and acquaintances, who also were asked to forward the email to others. In total, 24 answers were received before the writing of this thesis. These are the results of the answers.









7. Factors considered when choosing a place to drink, in order of importance:

1. Possibility to sit
2. Location
3. Price of drinks
4. Interior
5. Brand of drinks

8. Factors considered when choosing ordering a drink, in order of importance:

1. Taste of drink
2. Price of drink
3. How healthy drink is
4. How thirst-quenching drink is
5. Brand of drink

9. Options chosen:

Healthiness according to “experts”: Healthy 63% – Not healthy 37%

Healthiness according to you: Healthy 50% – Not healthy 50 %

Amount: 25 cl 63% – 33 cl 37%

Brand of drink: Famous 100% – Not famous / no brand

Price in your eyes: Cheap 100% – Expensive

Promotion from vendor: In commercial 63% – No promotion 37%

Promotion from vendor: Temporarily cheaper 63% – No promotion 37%

Taste: Good 100% – Not good

Taste: Natural 80% – Artificial 20%

Where to drink/eat: On location 100% – Take away

Where to drink/eat: Standing – Sitting 100%

Where to buy: Bar/restaurant 90% – Coffee house/Ice-cream vendor 10%

When to drink/eat: Lunchtime – Evening 100%

10. To which degree do you think that you eat and drink healthily?

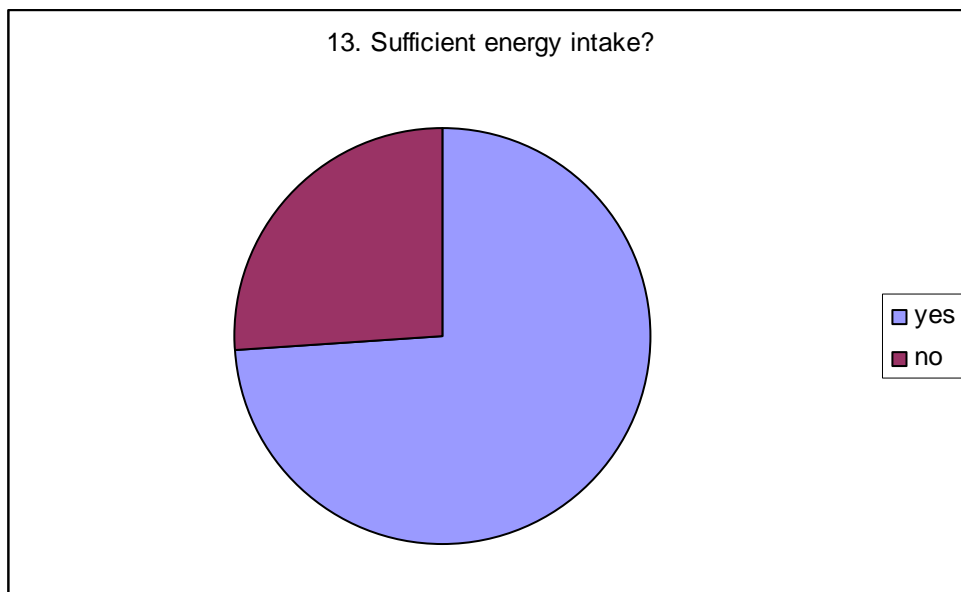
- On average 3,3

11. To which degree would you like that you were eating and drinking healthily?

- On average 3,9

12. Most common reasons for difference between desired level and actual level:

- Taste of unhealthy food is often more appealing than taste of healthy food
- Preparing healthy food takes too much time



14. Most common ways to increase intake of energy:

- Eat more fruit
- Drink more juice
- Eat more chocolate

Appendix 6. Posters and flyers

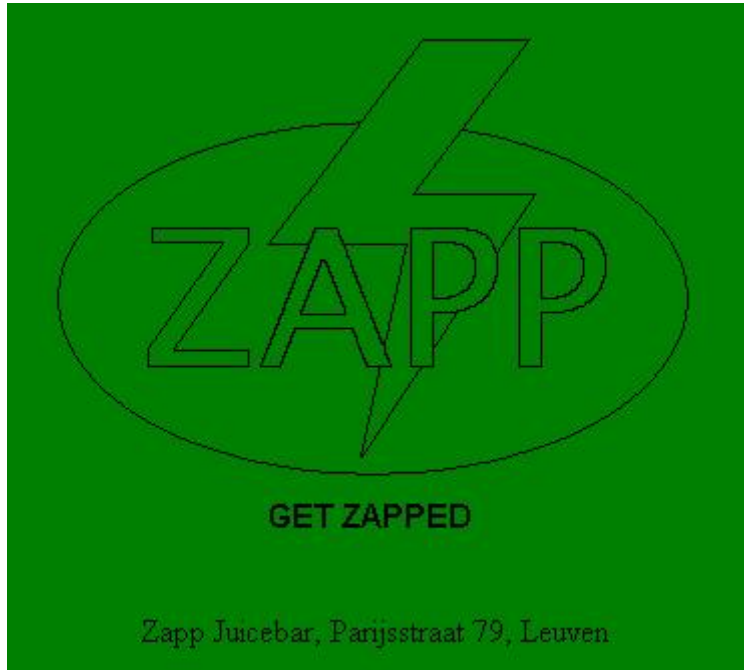


Zapp Juicebar, Parijsstraat 79, Leuven



ENERGY STRIKES LIKE LIGHTNING

Zapp Juicebar, Parijsstraat 79, Leuven





VITAMINES STRIKE LIKE LIGHTNING

Zapp Juicebar, Parijsstraat 79, Leuven

TASTE THE SUMMER AT



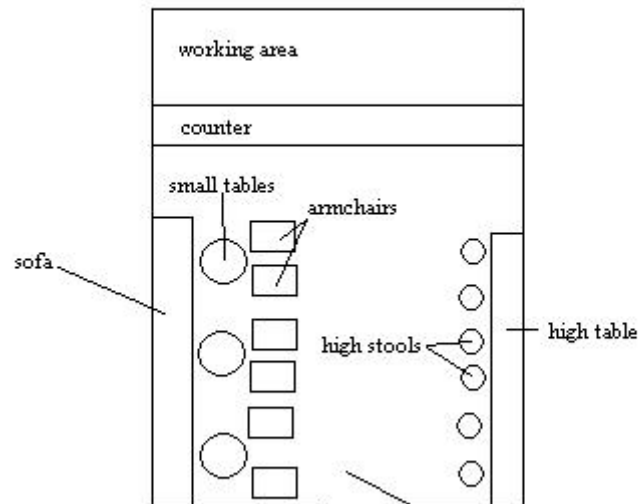
Zapp Juicebar, Parijsstraat 79, Leuven



ZAPP UP YOUR ENERGY

Zapp Juicebar, Parijsstraat 79, Leuven

Appendix 7. Interior design of juicebar



View from the top



Suggested look of typical wall

Appendix 8. Examples of recipes

These are some examples of recipes we would like to prepare in our bar. Types of berries and the taste of the juice are usually changeable. The examples are listed in order to provide suggestions and not to be the definitive menu. All recipes are for 25cl of beverage.

Milkdrink

1dl of berries

1.5dl of milk

Berry shake

0.5dl of berries

1dl of ice-cream

1dl of milk

Juice shake

1dl of ice-cream

1dl of milk

0.5 dl of concentrated juice

Banana smoothie

One half of a banana

0.5 dl of berries

1.5dl of yoghurt

Melon smoothie

One quarter of a galia melon

0.5 dl of berries

1.5dl of yoghurt

Christmas

5 mandarins

OBJ

One half of a banana

0.5 dl of strawberries

1.5dl of orange juice