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**LOUVAIN SCHOOL OF MANAGEMENT**



A contextual, strategic, operational and financial analysis of a Business Project for a Food & Beverage/Recreational venue in Lisbon, Portugal.

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## AVANT PROPOS

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# THEORETICAL PART

## I. INTRODUCTION – CONTEXTUALIZATION

Our thesis consists of developing a Business Plan for our business idea: a food and beverage venue in Lisbon, Portugal. In this theoretical section of our body of work we will be reviewing some of the existing literature on the subject. In order to facilitate the reader's understanding of our literature review and its structure, it seems logical to introduce it with a brief explanation of what ARCA is about.

ARCA is a product of the imagination of four ambitious Lisbon locals in their early twenties. A lack of employment opportunities in the country by the time we finished high school and curiosity to see the world has pushed us to work and study abroad for the past few years. However, our entrepreneurial spirit and everlasting love for Lisbon has motivated us to come back and give back to the city.

The Portuguese capital has been slowly realizing its potential, evolving into a cosmopolitan destination for people from all over. If in the past the Portuguese were known for exploring the world, in the present we're making a name for welcoming it. We want ARCA to be as much of a place for local people who want to express themselves as for foreign people who want to discover them.

As such, we imagined a venue that provides a fully sensorial experience: acting as a window into Lisbon's artistic scene, its past and its present, its flavors and its sounds.

### **Value Proposition**

- A cultural and recreational venue that combines simultaneously diverse types of art with delicious food and drinks. Provide a unique view of the city, what it was and it will become: combining historic elements of Lisbon's past with a contemporary look into the future of its evolving artistic scene.
- A platform for aspiring and renowned young artists from Lisbon with few opportunities to exhibit their work.
- A part of the city's routine by breaking its routine: a weekly format where a different artist or a collective of artists bring their vision to the public through image, sound, flavor and atmosphere.
- Destroying the resistance people have to the tedious and pretentious aspect of museums and art galleries.

- To give the Lisbon crowds a new and exciting place with a young reference to gather and meet with people of similar tastes and curiosities.

The literature review will consist of laying down the theoretical elements necessary to understand the complexities of building a business plan but also managing a food and beverage venue.

The structure we have followed for this review is a conjugation of the logical sequence of a classic business plan document with important themes we have found from researching food and beverage management literature.

We will begin by looking into how an executive summary is made before we explain how a company should develop its vision and mission statements. Then, we will look at conceptual development theory for a food and beverage business and what are the important factors that we will need to take into account. After doing that we will come back to business plan theory to understand how to present the management team, conduct a market analysis and devise strategies to obtain an appropriate marketing mix. Finally, our focus will turn to operations planning: understanding the importance of the purchasing function and storing in food and beverage but also scheduling staff to fit the levels of demand.

## II. THE EXECUTIVE SUMMARY

Typically, the executive summary is the beginning of every business plan but also its single and most important section.

The main objective of every business plan is to persuade its reader that the business venture is worth the investment that it requires and to commercialize a business idea to potential investors and stakeholders. The executive summary is the business plan's bait, the section that needs to capture the investors' attention as quickly and as efficiently as possible. For that reason, literature suggests that it should be two pages long at most. It is the part that every investor reads when he considers the proposal and the main motivation to continue reading the rest of the document. It should include (Schwetje & Vaseghi (2007), pp 21-27):

- An outline of the enterprise strategy with emphasis on the success factors.
- A presentation of the key qualifications of the management team.
- A short description of the market, the success formula and unique selling propositions on the market.
- Concise presentation of competitive advantages.
- A short description of the products and services.
- Communication methods.
- Financial data and requirements.

Even though it figures at the beginning of every business plan, because of the degree of its importance it should be the last element to be developed. The reason is that it has to draw elements from all of the other sections, which makes it impossible to conclude before the rest of the work has been done. Otherwise it must constantly be revised.



### III. STRATEGIC GOALS

When a company wants to put in words its strategic goals, it does it by making two different statements.

The **vision** is where a long-term perspective should be adopted to draw a future image of what the company is aiming to achieve for the next five to ten years. A vision is the organization's dream, "*the "subject" of the enterprise*" (Shwetje & Vaseghi (2007), p. 35), what it hopes to achieve in the future. It is a direct product of its beliefs and shared values. Every stakeholder needs to understand and believe in it. It should be broad enough so everyone can feel included, identified and motivated by it.

The **mission** is more of a brief summary of the organization's strategies, behaviors and values. It translates the vision into more practical terms: "*the purpose of the enterprise, its strategies, behavior patterns, and values*" (Shwetje & Vaseghi (2007), p. 35). The mission statement should be a short and concise sentence that describes what the organization does and why it does it. It should focus on the outcome the organization is looking to achieve and, as the vision statement, should be inclusive to as many members of the community as possible.

From what we've understood, the difference between the vision and the mission is in the extent to which they are concrete. While the vision represents the organization's dream and what it sees itself achieving in the future, its mission serves rather as a motto that is shared by the company culture and has more of an active purpose.



## IV. RESTAURANT/BAR CONCEPT

We have always had a general idea of the general concept that we want to be translated into every element of ARCA but there are definitely some theoretical elements to take into account when brainstorming what it will be. From fear of being blinded by our own ideas to a point where we don't see the flaws that might exist in the concept, we thought we should review literature on how to develop it. After having defined the strategic goals, we think the business plan should take a more detailed approach and define the overall concept of the restaurant/bar. In this section, the business plan will focus on giving elements such as a sample menu, the story behind the concept's development, a description of it and what advantages it might have over its competition.

### 1. DEVELOPING CONCEPT

The concept is born out of an idea of what the restaurateur wants to achieve based on his experience and available talent. Restaurant concepts are classified into three broad categories (Davis & Lockwood et al. (2008), p. 118):

- Restaurants that rely on low margins but high volume of sales (fast food and takeaways).
- Mid-scale restaurants that offer a full meal but at relatively low prices.
- Upscale restaurants that rely on high margins.

Once the restaurateur has an idea of which of these categories his concept falls into (choosing one over the other will depend on his experience and abilities) he can start adding more details to his idea. When developing the concept, it is always a good start to identify the existing gaps in the market or in the geographical area. What is the market missing? If the concept were to be introduced, would it be successful?

Davis & Lockwood, et al. (2008), suggest that factors such as the level of formality are good ways to start picturing what kind of restaurant/bar it is going to be as well as the target customers it will be aiming at. Restaurant owners tend to consider how formal or informal they want their establishment to be and then decide on creating the appropriate atmosphere. Careful considerations to have are the interior design of the restaurant, the menu items featured, the furniture and cutlery, as well as lighting, the acoustics and type of music.

### 2. INTERIOR DESIGN / ATMOSPHERE / MUSIC / EXPERIENCE

*“There is much more to the total customer experience than the food or the way it is served”* (Davis & Lockwood et al. (2008), p. 28)

This statement underlines the importance to create a memorable experience that the customers perceive as an added value in a food and beverage venue. The value is not only perceived through the quality of what is served and the way it is served but also by the general environment and theatrical elements that the venue creates for its customers. Concrete examples are venues such as Hard Rock Café or Planet Hollywood. Of course, the product that is being served must obey a consistent quality standard regardless of those

elements, but they play a very important part as a driver of differentiation against competition. Elements besides food and beverage have an equally important role to play in the overall customer experience and justify investing time and resources.

Let's take interior design, for instance. It is a crucial element since it creates the first impression that the customer has of the venue and will influence the price that he is willing to pay for his meal. Another relevant factor is the atmosphere, which can be sometimes difficult to define due to its intangibility. An atmosphere is perceived in a different way by each individual and is created through the balancing of several elements that coexist inside the venue: physicals, other customers, level of noise, music or no music, attitude and dress code of the staff, among others. If a customer is impressed by the interior design and atmosphere of a venue he will be willing to pay a higher price.

### 3. FACILITY / DESIGN / LAYOUT / LOCATION

This section focuses on how the venue's physical aspects should be worked on. Design and layout have a heavy influence on the meal experience as a whole (Davis & Lockwood et al. (2008), p. 132). However there is no sacred rule that defines how every food and beverage venue should be designed. Different concepts and sizes of business have different requirements and priorities. For instance, a fast food restaurant's layout will be focused on functionality and speed of service whereas a fine dining one will place more emphasis on comfort and seating space. However, some concepts are useful to keep in mind regardless of the type of venue the facility will harbor.

A customer service area or *front of house* is the customer's first perception of the business: the type of operation, as well as the quality of service. Typically, it is the area where customers are received by a host/hostess; where they're asked how many will be having a meal so a table can be found for them. It can include a cashier station and in some cases a bar with a waiting area where customers wait until the table is available and readied.

The restaurant area is where customers are shown to their table, where they are served and eat. The layout of this area will depend completely on the concept that the managers have in mind for the business. For instance, table arrangement needs to make sure that the area can take a maximal capacity of customers while preserving the desired features for the venue. In a fast food restaurant, tables are small and have little space between them to ensure they can sit the highest number of customers possible. However, in an upscale restaurant, people will expect more comfort but also privacy from the other tables surrounding them.

According to Davis & Lockwood et al. (2008), the kitchen, the area of production, can be referred to as the *back of house* or the production area. It is where the food and beverages are prepared before serving. Although it is very often hidden from the eyes of customers, the kitchen can also play a part in the atmosphere and experience of the restaurant. For instance, open plan kitchens are a trend where the process of production becomes part of the meal experience. The customers can look through a window and see the preparation process of the meals. It becomes not only a fun side of the venue but is also a sign that the restaurateur has no fear of showing the conditions of his kitchen area which makes the customer feel more at

ease. From a design point of view, such kitchens can be an added value and can help establish a theme in the restaurant.

Traditionally, a kitchen includes several different sections that take on different functions in the preparation process. The cold preparation section assembles appetizers, salads and desserts. The cooking station is where main courses are cooked. The hotplate area is where dishes are plated and wait for servers to take them to the customers. A dishwashing area is close to the cooking area so that the pots and pans can be easily reached. Finally, an additional section is required to receive the goods from the suppliers, unpack them and make quality control checks so they can later be moved to a food storage area with freezers, coolers but also for dry goods depending on perishability. Linen (tablecloth and napkins) may also be stored in this area. Other areas in the facilities might include an office, an employee room and restrooms. Considering that guest satisfaction is often affected by employee satisfaction it is important to have a nice employee area.

As writers of the business plan this whole section is of value for us because of our lack of experience in the food and beverage business. Learning about the different rooms and sections in a restaurant helps us understand what we'll need to take into account when deciding on the blueprint of the venue we will require for ARCA.

Not only will the venue itself be important but also its location. Davis & Lockwood, et al. (2008) define location as being a key element. It is often considered to be the most important factor in a venue's attractiveness, not only because of its proximity to present markets but to future markets as well. The location has a very big impact on the success of the venue: the existence of other venues nearby, a scenic view, accessibility and parking among other factors.

#### 4. FEASIBILITY STUDY

Typically, a good concept is often what separates success from failure. However, it should not be static and remain unchanged. If it appears that it is flawed and hardly feasible, the restaurateur should not fear to make changes and adapt it to the existing reality and environment that he must deal with. Entrepreneurs are often blinded by their ideas and go forward with them even when the signs are pointing in the opposite direction. To avoid that phenomenon, a feasibility study is a good exercise to understand if the concept has potential or not. It should be done after having conducted a market analysis, as it requires its information in order to answer the six following questions (Davis & Lockwood et al. (2008), p. 118):

- Where to open the venue? The location is a critical factor because no matter how good or original the concept is, without the right location, accessibility, visibility and parking conditions, it will always have a hard time being attractive to potential customers. Other important considerations to keep in mind are the venue's proximity to other sources of business and competition but also try to project how the area will be developing in the next few years in terms of municipal investment, restrictions (environment, noise etc.) and other factors.

- What is the geographic size of the market? This involves estimating the amount of miles that potential customers are willing to travel, defining an area and obtaining demographic data about the people that reside or work in it.
- What is the existing competition? All food and beverage businesses must be taken into consideration here, not only the ones that have a similar concept. They all have in common the fact that they are competing against each other for the customers' disposable income and disposable time. Understanding why former players have failed before is as valuable of an information as knowing what future players are intending to penetrate the market.
- What are the industry trends? This means understanding how the market's demand and offer have been evolving for the past three to five years. What venues have succeeded? Which have failed? What regulations have emerged over the past few years?
- What projections can be made? After having done an extensive data collection, it is important to conduct financial projections to estimate the potential turnover of the business. Of course, these projections are heavily based on estimations and for a new venue such as ours they can be complicated to develop.
- Redefine the project? Based on these results, the manager should consider if the venue he is thinking of investing his time and money in is feasible or not, if it needs any modifications and in what way. He should have a clearer view into the overall risk that surrounds the project.

## V. THE MANAGEMENT TEAM

### 1. OVERVIEW

This section must show the strengths of the people that will be running the business and use their experience in the food and beverage industry to be successful. Their backgrounds should be described here as well as the responsibilities that they will be undertaking in the project and what each one of them brings specifically to the business, their distinctive competencies, skills and expertise (Davis & Lockwood et al., (2008), p. 124). Emphasis should be put on the business and financial skills of the management team: *“profound knowledge and professional experience in financial accounting, cost management, financing and controlling”* (Schwetje & Vaseghi (2007), p. 52). Investors will focus on these qualitative aspects of the management team:

- Technical and industry specific qualifications
- Entrepreneurial experience.
- The integrity, commitment and skills of each manager

Depending on the size of the business, an illustration of the organizational structure should be included, the type of ownership of the business and the elements that will be part of the board of directors.

### 2. LEGAL FORM

When talking about the management team it is important describe the legal form of the company. Investors will be very curious to read about the legal structure. Choosing the right legal form for the company is a crucial aspect of starting the business. However there is no absolute choice above all the others, each one will prove to have advantages and disadvantages depending on several factors (Schwetje & Vaseghi (2007), p. 55):

- Organizational laws
- Corporate laws
- Liability laws
- Tax laws
- Employment law

It is recommended to consult someone with expertise for advice on this matter as the legal form can have financial and personal consequences on the business owners. Experts may be attorneys, tax accountants, who know the inner workings of corporate law and tax. As the situation of the company evolves, the legal form should not remain static, as there are some legal forms that may become more appropriate as the company grows.



## VI. MARKET ANALYSIS & STRATEGY

Developing a market analysis is all about taking the gathered information about location, demographics, customer segmentation, industry trends, current and potential competition. A good market analysis provides the business with a clear path and knowledge about what strategy to follow.

As many theoretical tools that are employed in the business plan, the level of detail and the amount to be collected will depend on the scale of the business itself. Before rushing into a market analysis, Kerr, M. (n.d) explains that it is important to determine the value that it will add and then decide whether to proceed or not. However, the sheer presence of a sound market analysis with numbers that back and validate the statements that are made will increase the level of confidence that investors will deposit in the project. They will require information about the market and its overall appeal for the business idea.

Data collection for this process may be conducted in several ways such as interviews, field and online surveys among others. The objective is to gather information about the environment, customers, pricing and competition. This information is valuable because it legitimizes the business plan with actual numbers instead of assumptions and guesses.

### 1. MACRO-ENVIRONMENT: PESTLE ANALYSIS

The PESTLE analysis is a marketing tool and good starting point when a company is tracking its macro-environment. It provides an insight about the environment where a company is operating or planning to launch a new project, product or service. It acts as the starting point and the basis for strategic management: it defines how a company should be approaching its environment while taking into account its objectives.

The six letters in PESTLE stand for the six dimensions that this tool uses to draw a general portrait of the company's environment and identify the key factors that are likely to impact the industry. Depending on the industry that the company is inserted in, each factor will have a different importance for the company in question and some will have to be further developed than others. Allen (2001) approaches in depth each of the dimensions that act as the building blocks of the PESTLE theoretical framework.

“P”, stands for Political. The main focus here is to understand what the political situation of the country is. What are the political decisions that might have an impact in the industry? How do they impact the level of risk that a company is forecasting for its business? Relevant political decisions to be taken into account range from governmental to local levels of action. Concretely, political factors that are to be taken into account are fiscal policies, trade tariffs; to name a few, that have a direct impact in the business environment.

“E” stands for Economic. What is the macroeconomic environment where the business will have to survive? Relevant economic indicators here are the inflation rate, interest rates, foreign exchange rates, economic growth patterns and levels of consumption, GDP growth projections, employment and wage rates, effects of trade barriers and tariffs and any industry specific figures that may impact the industry (Allen, (2001), p. 60).

“S” stands for Social. This is more of a cultural dimension. It is important here to acquire knowledge about the consumers’ consumption patterns and social trends. How are they spending their money in the specific industry and product/service offering? What rules/patterns do they follow?

“T” stands for Technological. How will technological innovations impact the business environment? How will they affect the way we provide our product/service to our customers? What about the way we communicate with them or the way they communicate with each other about us? Will these impacts be positive or negative?

“L” stands for Legal. Here the aim is to take into account all legal factors that will affect the company’s business environment. They may be either external or internal: for instance, a law can be implemented by the government and affect the environment of a country as a whole and policies can also be implemented by the company itself. Taking into account all of these legislations, the company, should devise its strategy. Notable examples here are consumer laws, safety standards and labor laws.

“E” stands for Environmental. This dimension of the theoretical framework concerns all of the factors that are influenced by the environment. For instance, a business such as ours, with an affluence that will depend on tourism, will have to take into account the seasonality of demand, which will depend a lot on the weather, and the time of the year.

## 2. PORTER’S FIVE FORCES

Porter’s Five Forces is a theoretical model that describes the competitive position of a company. The competitive power of a business can be determined by the conjugation of five forces that provide strategic clues on how to improve a given situation; be it through taking advantage of a situation of strength or by improving a weak attribute. It can be used in several contexts such as the introduction of a new product or, as in our case, the starting of a new business. Let’s look in depth at each of these five forces.

Supplier power details the ability that suppliers have to raise their prices: “*Suppliers can exert bargaining power on participants in an industry by raising prices or reducing the quality of purchased goods and services*” (Porter, M. 1979). Several factors come into play such as switching costs and availability of alternative suppliers on the market with comparable products. The number of suppliers that are active will be a driving force in the power that they have over companies: the fewer they are, the easier it will be for them to be aggressive with their pricing.

Buyer power is all about the bargaining ability of customers. In a similar way as the force above, the factors that come into play are the number of buyers on the market, their importance for the survival of the business and their switching cost. The fewer customers a company has, the more it will be vulnerable to their ability to negotiate a price decrease.

Competitive rivalry addresses the power of a company’s competitors. The more competitors it has to face in a given market, the more the competition will be fierce. Both suppliers and customers will have a higher possibility of substitution if they deem that

dealing with the company is making them lose money. In case of monopoly, they have no alternatives but to deal with the monopoly and competitive rivalry is simply non-existent.

Threat of substitution describes the ability that customers have of finding an alternative to the product/service that is being offered. For instance, in the case of a food and beverage business, the alternative would be to eat at home instead of going out, or inviting friends over instead of meeting them at a bar for a drink. If the possibility of replacing the company's offering is easy to execute, it will consequently be in a more vulnerable position.

Finally, the threat of new entrants details the ability that new competitors have to penetrate the market: "*New entrants to an industry bring new capacity, the desire to gain market share, and often substantial resources*" (Porter, M. 1979). If the resources and time needed to get the business up and running and competitive are low, then the threat is real. For example, if a restaurant's most valuable resource is a recipe that is easily replicated then the barriers to entry in the market are fragile. For that reason it is essential for a company to protect its most valuable resources, as they are its source of competitive advantage and create entry barriers that protect it from newcomers.

### 3. PORTER'S GENERIC STRATEGIES

Michael Porter developed the Porter's Generic Strategies in 1979. It is a theoretical framework that outlines three major strategic options for organizations whose objective is to obtain a sustainable competitive advantage. There are two dimensions to Porter's model. First of all, it is necessary to determine the source of the competitive advantage: does it come from a differentiation of the product/service or rather from being the lowest cost producer in the industry? Second of all, strategic managers must determine the competitive scope of the market: is the business targeting a wide market and selling to a large number of consumers or is it targeting a narrower share of customers (niche market).

Once the position within these two dimensions has been defined, one of the following three strategies should be followed: cost leadership, differentiation and focus strategy (Sengupta, Bhattacharya, et.al. (2006), p.121-122).

The cost leadership strategy consists of obtaining a competitive advantage in a market by producing a product at the lowest cost. By producing at the lowest cost, a firm has a very high level of flexibility to adjust its price according to what the competition is doing on the market without affecting its margins and profitability. This strategy is hard to implement but ways to do it are typically a unique access to a source of low cost materials that the competition does not possess, outsourcing, manufacturing efficiency and supplementary cost avoidance. To become a cost leader in a given industry, the mentality is usually implemented across the whole organization and every single source of cost advantage is exploited in order to maintain its position.

However, going for a differentiation strategy entails a completely different set of rules. Here the product/service's value is centered upon its uniqueness with regards to what the competition is offering. The business is focusing on designing features that make customers less price-sensitive and recognize their products as being of higher value and

worth the higher price that they are willing to pay. Of course, investing in the design and conception will come hand in hand with higher production/training costs that the company is hoping to be able to compensate by setting a higher price than its competitors. A challenge this type of firms always has to face is that some of their competitors will try to copy the features at a lower cost than they have invested in order to design them in the first place. Furthermore, customer tastes and opinions are constantly changing which means the company is constantly under pressure to improve and innovate its offering. Finally, as opposed to having a mass-market customer base, firms following a differentiation strategy have to segment their markets and tailor their product/service to each one of them so they can efficiently sell their solution at a higher price than the market average.

Companies who have neither a cost advantage nor differentiation strategies follow the focus strategy. These are usually small companies that focus all of their resources on a very narrow target market. The advantage of implementing a focus strategy is that the firm will enjoy a very high level of customer loyalty since the amount of substitute products or services that are available in the market are less likely to exist. Furthermore, customers have very low price-sensitivity and are willing to pay high prices due to that same lack of substitutes. The downside of focusing on such a reduced number of customers is that it is possible that the niche might cease to exist in the long term. Another threat is that a newcomer decides to enter the market as a direct competitor and imitate the offering or adapt one of his products and sell it at a lower price.

A key part of this theoretical framework is to understand that in order to obtain a sustainable competitive advantage over a long period of time, only one of these generic strategies should be followed. According to Sengupta, Bhattacharya, et.al. (2006), when companies feel tempted to follow several of these concepts at the same time, they can sometimes get *stuck in the middle* and fail to achieve the competitive advantage that they were trying create.

#### 4. RESOURCE-BASED VIEW

##### A. DEFINITION AND ASSUMPTIONS

*“Firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm to conceive of and implement strategies that improve its efficiency and effectiveness”* (Barney (1991), p. 101). The resource-based view is a theoretical framework that aims to identify a firm’s sources of competitive advantage. It is an internal analysis since it focuses on looking at the company from the inside instead of focusing on the opportunities that its competitive environment has to offer.

According to the model, there are two types of resources: tangible and intangible. While tangible assets are physical items and things such as buildings and machines, intangible assets include all of the immaterial possessions the company has. Examples of these intangible resources are things such as reputation, intellectual property, know-how and expertise. The resource-based view sees these resources as the main source of a sustained

competitive advantage since, as opposed to tangible assets, they have to be built over a longer period of time and are much harder to replicate.

Two assumptions of the model are that a company's resources are both heterogeneous and immobile. Resources are heterogeneous in the sense that they differ from one company to another. This assumption means that companies can outcompete each other and create a competitive advantage; perfect competition does not exist in real markets and companies execute strategies by employing different resource mixes. Furthermore, resources are immobile and cannot be transferred from one company to another in the short-run and with ease. This assumption ensures that companies are unable to replicate their rivals' resources and imitate their strategies. This immobility is a characteristic of intangible resources such as the examples that have been pointed out above.

#### B. THE MODEL

The VRIO theoretical framework is used to evaluate a firm's internal resources and capabilities and determine if they can be source of a sustainable competitive advantage. The process consists of submitting a resource or a capability to a four dimensional analysis.

As such, the VRIO framework is an analysis of the business' internal resources. According to the tool, in order to be considered a source of sustained competitive advantage, a resource must be *valuable, rare, imperfectly imitable and non-substitutable*. Thus, the tool was originally named VRIN as an acronym for all four of those attributes. However, its author, Barney (1995), in his *Looking Inside for Competitive Advantage* publication, introduced an improvement to that theory called VRIO. The major tweak was that the four questions to be asked in order to reach the original conclusion became: is the resource Valuable, Rare, Costly to Imitate? And is a firm organized to capture the value of the resources? If the answer to all of those questions is yes then the resource can be considered a source of sustained competitive advantage for the firm.

#### C. VALUE

Is the resource valuable? Concretely, the evaluation of a resource's value is determined by the extent to which it "*enables the exploitation of opportunities and/or the neutralization of threats*" (Cardeal & António (2012), p. 10161). If the answer to that question is positive then the resource may be considered valuable. A different source of value can be if the resource contributes to a higher customer value by either increasing differentiation or decreasing the price of the product/service. If a resource does not meet these requirements it cannot be considered to be valuable and it is a source of competitive disadvantage for the business.

#### D. RARENESS

Rare resources are the ones that only a few companies in the industry possess: "*if most competitors hold the same valuable resource, then they will likely explore their use in similar ways, thus implementing the same value-creating strategy*" (Cardeal & António (2012), p. 10161). For that reason, the theoretical framework describes them as being a source of temporary competitive advantage. A situation of competitive parity is achieved

when more than just a few companies have access to the resource that was once considered rare. The outcome is that the firms are no longer enjoying a higher performance in the market since the resource has now become a standard.

#### E. INIMITABILITY

After having verified that a resource is both valuable and rare, a firm wants to determine whether it is costly to imitate as well. That is, its competition cannot easily copy, buy or even find a substitute with ease and for a low price. Cardeal & António (2012) define five instances where resources are more difficult to imitate:

*“(a) they are path dependent (Dierickx and Cool, 1989; Vergne and Durand, 2011); (b) there is an ambiguous relationship between the resources that enhances competitive advantage (Barney, 1995; Dierickx and Cool, 1989; Reed and DeFillipi, 1990); (c) they are socially complex, for example, if they are beyond the ability of firms to manage and manipulate them in a systematic way (Barney, 1991); (d) there are legal property rights, such as in the case of patents (Wills-Johnson, 2008); (e) the process of their imitation by other companies is lengthy, for example due to the time needed to train employees or to absorb the knowledge necessary to master the resource (Wills-Johnson, 2008)”.*

Consequently, this revised version of the resource-based view suggests that if a firm’s resource combines all three of the requirements above, by being simultaneously Valuable, Rare and Costly to Imitate it should be able to achieve a sustained competitive advantage. However, according to Barney, this is not a rule, there are exceptions.

Barney (1991) also details three circumstances where resources can prove to be hard to imitate: historical conditions, causal ambiguity and social complexity. When a resource has a very strong historic background behind it (such as tradition) and has been developed over a long period of time, the cost to imitate it can be very high. Causal ambiguity refers to the instance where companies are unable to understand what resources are the sources of the competitive advantage. Finally, when the resources and capabilities come from the company’s culture or interpersonal relationships, the author describes it as being due to social complexity.

#### F. ORGANIZATION

The final dimension of the VRIO does not concern the resource or capability but the firm itself. If it is to capture value from those, the company needs to be organized to do so. The organization in question here are management systems, processes, policies, organizational structure and culture. Only that way may a firm be able to reap the profits of possessing valuable, rare and costly to imitate resources and capabilities and achieve a truly sustained competitive advantage:

*“Competitive advantage stems from the way firms operate and interrelate their strategic and non-strategic resources (Pan et al., 2007), exploiting organizational processes, to produce what can be regarded as intermediate products between primary resources and the firm’s final products (Amit and Schoemaker, 1993)” (Cardeal & Antonio (2012), p. 10161).*

To conclude, once a firm has identified a resource that gathers all four of the VRIO requirements, it should protect it as it is a source of a sustained competitive advantage. Managers should be aware of its existence and importance and develop strategies that take advantage of it to either lower costs or further differentiation. Making the resource hard to imitate will ensure that it has a longer lifespan. Furthermore, it is also important to keep track of how the resources' attributes are evolving and if new VRIO resources and capabilities are being generated.

## 5. SWOT ANALYSIS

The SWOT analysis is a strategic management tool that companies use to get a feel of their competitive strengths and weaknesses from both an internal and external perspective. The technique consists of identifying a business' Strengths and Weaknesses from an internal point of view while also enumerating the different Opportunities that might be available in its external environment as well as the Threats that it might be exposed to. The objective of the SWOT analysis is to help strategic thinkers identify a sustainable niche in the market where their business is inserted.

A SWOT's ultimate result is the developing of a consistent strategy that allows the business to differentiate itself from its competition and cement a strong position in the market. Let's look in depth to each element of the theoretical framework (Manktelow, J., n.d):

### 1. STRENGTHS

The objective here is to determine what the business' internal strengths are from a competitive standpoint. To populate this field, strategic managers will typically ask themselves some of the following questions:

- *“What advantages does your organization have?”*
- *What do you do better than anyone else?*
- *What are unique resources or lowest cost resources can you draw upon that others can't?*
- *What do people in your market see as your strengths?*
- *What is your organization's Unique Selling Proposition?”*

An important aspect of this part of the SWOT analysis is to take the business' strengths and to think of them in relation to the existing competition instead of perceiving them individually. If you consider one of the characteristics of your organization to be a strength when all of the established competitors in the business possess the exact same quality, then the factor you thought of is not a strength but rather a necessity in order to be able to compete. Moreover, another crucial perspective to take is that of the customer. How does he experience concretely the strengths you have just mentioned?

### 2. WEAKNESSES

As opposed to the section above, here the objective is to identify the business' internal weaknesses. It is important to be able to look at the project from a position of impartiality and recognize what the organization might be lacking in regards to the competition it faces in the market.

- *“What could you improve?”*
- *What should you avoid?*
- *What are people in your market likely to see as weaknesses?*
- *What factors lose you sales?”*

Once again, the right approach to take here is to put yourself in the shoes of your customers and understand how exactly they will perceive weaknesses and flaws in your organization.

### 3. OPPORTUNITIES

Opportunities are external elements to your organization that can have a positive impact if they are seized and used to your advantage. Typical questions that strategic managers might want to ask themselves are some of the following:

- *“What good opportunities can you spot?”*
- *What interesting trends are you aware of?*

*Useful opportunities can come from such things as:*

- *Changes in technology and markets on both a broad and narrow scale.*
- *Changes in government policy related to your field.*
- *Changes in social patterns, population profiles, lifestyle changes, and so on.*
- *Local events.”*

### 4. THREATS

- *“What obstacles do you face?”*
- *What are yours competitors doing?*
- *Are quality standards or specifications for your job, products or services changing?*
- *Is changing technology threatening your position?*
- *Do you have bad debt or cash-flow problems?*
- *Could any of your weaknesses seriously threaten your business?”*

Having developed the SWOT analysis for the business, strategic managers should be armed with a clearer picture of how their business is inserted into its competitive environment. The existing literature has confirmed that this theoretical framework would be essential in a business plan for a company such as our own. We believe that it would be appropriate to use it as a conclusion for our strategic analysis of our market and environment.

## VII. MARKETING STRATEGY

When doing marketing for a food and beverage venue, managers need to market both the tangible aspects and the intangible aspects of the meal experience, which may prove to be challenging. Different customers will have different experiences, expectations and perceptions of the overall elements that make the restaurant what it is.

It is hard to keep the product/service consistent across different customer encounters. The perishability of the products that are sold and the seats that are available in the venue make the marketing investment and strategy even more important factors for a food and beverage business (Davis & Lockwood, et al. (2008)).

### 1. TARGET MARKET

*“Accurate target-market selection is crucial to productive marketing efforts. Products and even companies sometimes fail because marketers do not identify appropriate customer groups at whom to aim their efforts. If a company selects a wrong target market, all other marketing decisions will be a waste of time”* (Pride, Ferrel, et.al. (2008), p. 59).

It is a general mistake to consider that everyone fits into the target market. Having a too big of a target market can prove to be too expensive. By narrowing down their scope, companies get an accurate and reliable view of who their customers are. Finding a target market can be translated into identifying a specific group of customers to whom a company will be directing its marketing efforts in order to sell them their product/service.

Once the target market is defined, investments in marketing will prove to yield a much higher return because they focus on a group of customers where they can effectively extract value: customers who have a higher probability of buying, retention and coming back for more.

Typically, a target market can be defined by answering some of the following questions (“Target Market” (n.d), para. 5):

- *“Are your target customers male or female?”*
- *How old are they?*
- *Where do they live? Is geography a limiting factor for any reason?*
- *What do they do for a living?*
- *How much money do they make? This is most significant if you're selling relatively expensive or luxury items.*
- *What other aspects of their lives matter? If you're launching a roof-tiling service, your target customers probably own their homes.”*

## 2. MARKET SEGMENTATION

After having identified the target market and developed useful knowledge about it, the company can now focus on segmentation. By tightening its scope, a firm can break its total market into different categories of customers: this process is called market segmentation. Once the company has a clear view of the inner workings of its customer base it can proceed to adapt its marketing strategy to it, otherwise any type of marketing activity becomes a waste of time and resources.

Wedel & Kamakura (2000), define six essential criteria to ensure the profitability of the market segmentation – *identifiability*, *substantiality*, *accessibility*, *stability*, *responsiveness* and *actionability*.

*Identifiability* concerns the capacity to identify different groups of customers and categorize them according to well-defined segmentation criteria. *Substantiality* concerns the size of those segments and if they represent a big enough portion of the market in order to be profitable. *Accessibility* addresses the extent to which those customers are reachable through promotional initiatives while *responsiveness* concerns the way they respond to those marketing efforts and how those responses vary across the different segments. The concept of *stability* describes whether a customer segment will remain relevant for a long period so the marketing strategy can effectively reap benefits for the managers.

Finally, the *actionability* of a segment depends on whether a segment is aligned with the company's strategies, goals but also its level of attractiveness compared to the firm's core competences.

## 3. POSITIONING

The next step will be to define a positioning for the brand. A brand is usually defined as a promise. More concretely, a it is built by delivering on promises. The promise consists of meeting or exceeding a customer's expectations. A brand can take many forms and has the important task of making the product/service distinguishable from the competition. Positioning the brand means influencing the way the customer perceives it with regards to its competitors:

*"The task of the marketer is to mold consumer perceptions so as to occupy the desired position for his brand. Perceptions or brand positions can be changed even if the product is the same; this is known as repositioning of a brand"* (Sengupta (2005), p. 19).

It is something complex to build and once it is done it can be very hard to reposition the brand.

## VIII. MARKETING PLAN

Being a bar/restaurant venue, we are selling both a product and a service to our customers. Our products are the food and beverages we sell and our service, the customer experience as a whole. The Marketing Mix 7P's is a marketing tool that aims at analyzing a service through seven different dimensions. The first four are exactly the same as in the traditional marketing mix (for products) although they have different implications in the case of services.

In this section we will look in detail to each of the seven dimensions of the service marketing mix while trying to provide detail on how they articulate concretely in the food and beverage business.

### 1. PRODUCT

*“The successful company will find out what customers need or want and then develop the right product – with the right level of quality to meet those needs now and in the future”* (The Chartered Institute of Marketing, (2009), p. 4).

As opposed to a tangible product, production and consumption are done simultaneously for services. Consequently, the offering is always going to be customized to some extent to each encounter depending on the context and the customer himself. As much as customization sounds as a positive aspect in service delivery, too much of it can be detrimental to the overall quality of the customer's experience. For services, the customer encounter is of the highest importance and it has to be designed to some extent so those that are in charge of delivering it have clear guidelines to follow and certain boundaries in their interactions with the clientele. That way, the product/service has potential to possess a competitive advantage in the eyes of customers.

#### A. UNIQUE SELLING PROPOSITION

*“Unique selling propositions are those features and characteristics that accentuate the uniqueness and excellence of your products on the market in order to be distinguished and preferred by the customers and to raise competitive advantages”* (Shwetje & Vaseghi (2007), p. 59-60).

When developing a marketing strategy for a product/service, it is important to determine what its unique selling proposition is. Concretely, a unique selling proposition is one or several factors that make a product/service different or better from the existing competition in the market. Without having a clear understanding of what are the key distinctive elements that add value to what it's trying to sell, a company will have a hard time selling and finding success in its marketing efforts (Shwetje & Vaseghi, 2007).

To understand what the unique features about their offer are, a company needs to have a clear image of what is being sold on the market already. By looking at the competition's marketing efforts (advertisement, promotion, and social media) from a customer point of view, a company can analyze its rivals' unique selling propositions and understand how to position and distinguish their offer among them. Moreover, it is crucial to take the customer's

stance during this process, since they are the end users of the product/service being sold and they are the ones deciding where to spend their money. Understanding the customer and his motivations are essential: *why would customers buy from my company instead of going to the competition?*

Schwetje & Vaseghi (2007), provide some examples of cases where a product/service may have a unique selling proposition:

- *“The quality is discernibly higher than that of the competitors.*
- *The quality standard represented by the brand is maintained by constant product improvements and is never given up.*
- *The price is more favorable than that of the competitors while the quality is the same.*
- *The Design is more modern or satisfies the expectations of your customers much better than your competitors’ do.*
- *The brand or the image of your product/service is more valuable.*
- *The development and production times are faster and confirmed delivery dates are kept.”*

#### **B. THE MENU**

As a company that will generate most of its revenues from food and beverage sales, it makes sense to understand in this section the importance of the menu in a business such as ARCA.

The food and beverage business is a service with the particularity of having a production process in the middle. Every aspect of the venue can contribute to the unique selling proposition of the business: the menu, quality of service, design and environment, among others. However, as Davis & Lockwood, et al. (2008) point out, in a bar/restaurant, food and beverage are the main sources of revenue. That means that the menu is the most important selling tool available. It allows customers to know what is available to order, at what price and other information. The menu needs to be a meeting point between three different policies: the marketing policy, the catering policy and the financial policy.

The content of a food menu will vary depending on a lot of factors: the country, the region, and context of the occasion or the market segment it is targeting. A menu is organized in sections depending on all of these factors that ultimately have an influence on the customer’s wishes.

The way the menu is planned and communicates the information to the customer needs to be conceptually in line with the restaurant experience as a whole: the language, the material, the layout, and the colors. Customer expectations are very largely influenced by the menu, which means the offering has to exceed or at least meet those expectations in order to become successful, profitable and build a reputation in the market. Nowadays, more than

being worried about how the menu describes the dishes that are available, a customer places a higher value on the design appeal (Davis & Lockwood et al. (2008), p. 156).

Presentation is essential. Menus need to be precise, clean and easy to read. With a quick scan, the customer needs to be able to easily calculate an estimation of the total amount he is going to spend. Any additional charges need to be indicated so the final price is no surprise once the check comes to the table. On average, a customer spends about two minutes looking at the menu. By innovating in the way they present their offering to the customers it is possible to add to the uniqueness of the venue. The size and form of the menu has no conventional way that it should obey to and any kind of creativity might be well received by the customers. Examples are menus chalked into blackboards or even printed onto handkerchiefs.

The criteria for a beverage menu are essentially the same as for a food menu. The sales process is a little bit different in the sense that customers will not feel embarrassed if they have nothing to drink (Davis & Lockwood et al. (2008), p. 157). This means that the staff needs to have the ability to convince the customers and make them feel comfortable to purchase a drink. The beverage list should include the units in which it sells its items (bottle, glass etc.). Poor selling and overpricing will come hand in hand with low revenues from the beverage section of the menu.

The extent of the wine menu will depend on the type of venue in mind and the customers it will target. A middle type of market restaurant does not require a full wine menu or a very high skilled wine waiter. Typically all the waiting staff handles both food and beverage and there are no specifically trained waiters for one of the categories. The price range on this type of limited menus is not as extensive as for instance a hotel or upscale restaurant. Wine is served by the glass or by bottle.

A bar menu is different than the ones that are brought to the table. It is typically set behind the bar or on the side as a large display and often be a legal requirement in a lot of countries. Printed menus can also be set on the tables and on the bar counter itself. A cocktail bar menu contains cocktails, mixed drinks, sherries and ports, liqueurs and brandies, wine, minerals and cordials (Davis & Lockwood et al. (2008), p. 157). The layout of the menu has no specific order that it should follow; the emphasis should be placed on merchandising specific items over others.

## 2. PRICE

*“A product is only what customers are prepared to pay for it”* (The Chartered Institute of Marketing, (2009), p. 4).

For services, it is a lot harder to determine the pricing than for a product since it is much more complicated to trace directly all of the costs to what the customer is paying for. In a tangible product it's possible to keep track of all the raw materials that were used in its fabrication and determine an adequate price based on that information. For instance in a food and beverage venue such as ours the price will have to take into account the cost of the staff that is providing the service, the attractiveness of the location, the ambience, among other

factors. The reasoning behind the determination of the final price that is charged to the customers is based on the necessary markup that is needed in order to attain an acceptable profit margin that allows the business to be sustainable.

How to set the prices on the menu? The price of an item on the menu should satisfy both parties: the restaurant owners should be able to make a profit from its sale and the customer must feel that he gets value for his money and that he is satisfied by the end of the experience. Customers are increasingly well traveled, have more sophisticated dining habits and have accurate expectations about the amount they should be paying for a given quality of food (Davis & Lockwood et al. (2008), p. 156).

There are several ways to set prices for the items on your menu. Each one has its pros and cons and choosing one over the other depends on several factors such as the overall size of the operations, the level of competition in the market, the size of the customer base and financial restrictions that the management team must work with. We will look into two of these approaches: competition pricing and rate of return pricing (Davis & Lockwood et al. (2008), p. 156).

Competition pricing consists of replicating the prices that are being set by the competition. It is a simple approach that ensures that your price obeys a certain benchmark of what is being done on the market. As a downside, adopting such an aggressive pricing strategy can result in a price war that may prove to be harmful for the business in the near future.

By following the rate of return approach, price setters establish a break-even analysis based on the predicted cost and sales. By taking into account the initial investment and the required rate of return over a certain period of time, this approach is a modeling of costs, sales prices and volume. By juggling all of these factors this method provides an estimation of the menu prices that should be set to satisfy the pre-determined rate of return.

There are other sources of value that managers should take into account when designing their menu pricing. A very important aspect of menu pricing lies in the way the items are organized on the page. To keep the pricing structure balanced and acceptable in the modern market the suggestion is that starters and desserts are priced at a similar level and that main dishes are organized in an upward scale, such that the least expensive is just above the most expensive starter or dessert.

Customers perceive ingredients as being main drivers of price and the value of a given dish. Menu pricing can be a complex challenge because it should not only be based on cost and return requirements but on customer expectations of quality, laws of supply and demand, market trends and fashion. For instance, reputation is a source of value of the overall dining experience in a venue and drives the price up while having no direct influence on cost.

### 3. PLACE

*“The place where customers buy a product, and the means of distributing your product to that place, must be appropriate and convenient for the customer”* (The Chartered Institute of Marketing, (2009), p. 5).

The location where the service is to be delivered is very important since it will have a direct influence on the type of customers that you want to attract, the price you want to charge. The location and the surrounding business environment are equally of the utmost importance. The Place is one of the most important tangible elements in service marketing since it has so much influence in customer’s perceived value of the service that is being offered.<sup>1</sup>

#### 4. PROMOTION

*“Promotion does not just mean communicating to your customers. It is just as important to ensure your internal stakeholders are aware of the value and attributes of your products. This means communicating effectively to your staff/fellow employees so they can be knowledgeable and share expertise with their customers”* (The Chartered Institute of Marketing, (2009), p. 6).

A service offering being easily replicated by competition, it is important to be able to differentiate the offering and have a higher recognition in the consumer’s mind. Promotion can be any type of advertising, social media management or communication with the general public in order to attract customers to choose your service over the competition. The more an industry is competitive and the more the service that is being offered is homogeneous across the different players in the market, the more the investment in promotion will have to be higher.

##### A. ADVERTISING AND SALES PROMOTION

Advertising is the process through which a company makes contact and informs its customers in order to influence their behavior. It is separated from the act of sale, before they are participating in the offered service or buying the product. This means that in order for it to be effective, it has to have a lasting presence in the customers’ memory.

Part of elaborating an organized marketing plan includes the development of a sound advertising policy. If advertising is done in a disorganized manner, the process of building brand recognition will be a waste of time and resources and may even be harmful for the company’s image. Shwetje & Vaseghi (2007) define that the main objectives of the advertising policy have to be the creation of product/service awareness, development of a brand loyalty, persuading customers to buy and informing them about its existence in the market.

Developing an advertising plan must include *“the main advertising message and budget, the selection of advertising media (television, journals, daily papers and so forth) as*

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<sup>1</sup> The importance of location for a food and beverage business already been addressed in detail in the Restaurant Concept section.

*well as possible cooperation with advertising, sales promotion and public relation agencies”* (Shwetje & Vaseghi (2007), p. 79). There are several ways to reach the customer’s attention. By obtaining the customer’s email and consent, the company can reach him with a newsletter, advertising about the latest offerings and promotions that it offers. The advantage of this method is that it targets very specific customers who show an interest in being up to date with the company’s activity and it is very cost effective as well. Other ways to advertise include press advertising: newspapers, magazines, guides, trade advertising (local tours, travel agents, and hostels), electronic guides and magazines (Davis & Lockwood et al. (2008), p. 355). Nowadays, being active on social media is a requirement and no longer something that can be ignored.

A sales promotion is a form of temporary incentive aimed at customers so they buy a specific product or service. A typical sales promotion in a food and beverage business is for instance the introduction of a happy hour where certain drinks are served at a discount during a certain time frame. Small and mid-size companies can restrict their sales promotion techniques to public relation campaigns and do not require such a careful planning (Shwetje & Vaseghi (2007), p. 79).

#### B. PUBLIC RELATIONS

Public Relations are a communication and information process done by a company towards its external environment and cover three fields of activity: information, persuasion and integration (Bernays, E. 1952). The process begins with identifying who are the customers the company wishes to communicate with. The complexity of this process will depend on the size of the organization and its success when there is a favorable environment for the other marketing methods to function properly. For instance, in a small business it can be the manager/owner’s responsibility, in a medium sized operation, it can be handled by one specific individual while large corporations will have a specific department for it or outsource to an external company.

#### 5. PEOPLE

*“Anyone who comes into contact with your customers will make an impression, and that can have a profound effect – positive or negative – on customer satisfaction”* (The Chartered Institute of Marketing, (2009), p. 6).

A crucial element in customer service is the people that are delivering it. They embody the service as they are the organization’s direct interaction with the customer. For instance, a venue such as ARCA will build as much of reputation for the food and beverages they sell, the ambience they create but also for the quality of the service they provide. Consequently, customer service training for staff has become a top priority for many organizations today.

It is essential that the staff have a thorough knowledge of each product on the menu. A lot of customers are inquisitive about the ingredients used and the cooking process and will expect the staff to be able to answer their questions. Having knowledge about the menu is

important since it is the venue's primary selling tool and creates opportunity to guide customers to the more profitable dishes.

### **Staffing Considerations**

The staff is an essential part of the restaurant. They embody the venue itself, in the way that they communicate and serve clients. The number of staff and the way that they work is a reflection of the price that is being charged by the restaurant. Restaurant managers will typically worry about recruitment, motivation, development, productivity, deployment, retention and handling disciplinary problems.

### **Recruitment Criteria & Methods**

When recruiting employees for the business there are a few good practices to take into account (Davis & Lockwood et al. 2008, p. 320):

- Review recruitment practices on a regular basis both those that have been successful and those less so. It provides useful data on how current practices could be improved.
- Ensure that all candidates follow the same accurate process that evaluates their current and future skills.
- Have a well thought job description together with a well-defined personal attributes specification.

### **Staff Turnover**

The food and beverage industry employs a lot of part time seasonal and casual employees at lower grade functions and this may contribute for a high turnover in the business. This becomes a considerable source of costs. To counter this reality, the challenge lies in hiring the right caliber of staff that can be kept in the organization for the long run, share the company's values and transmit them to other employees (Davis & Lockwood et al. 2008, p. 321).

### **Staff Training**

The training process in a food and beverage business should aim at providing new employees with everything they need to know about the organization. Training sessions typically include health and safety training for jobs that require it: heavy lifting precautions, machinery usage, evacuation guideline, fire escape and evacuation drills to cite a few examples (Davis & Lockwood et al. 2008, p. 325). When an element is hired it is standard procedure to supply them with a handbook with useful information, a uniform if necessary and introduce them to the rest of the staff. Senior members of staff can be assigned with some supervising and training responsibilities to ensure the newcomers' transition into the team is made smoothly.

Bars and nightclubs require well trained bar staff behind the counter as often the volume of business is extremely high and one barperson might have to serve one order per 1-3 minutes.

## 6. PROCESS

*“The process of giving a service, and the behavior of those who deliver are crucial to customer satisfaction”* (The Chartered Institute of Marketing, (2009), p. 6).

Process concerns the standardization of the service delivery. For instance an organization can develop a service blueprint that details the whole customer experience from beginning to the end of the service timeline (Hollins & Shinkins, (2006), p.62). That way, organizations try to ensure that the same service standard is systematically being repeated and that quality is ensured. Elements such as a service script provide employees with preconceived sentences they have to use when dealing with customers.

### **Personal Selling and Upselling**

Personal selling is the process of interacting face to face with the customer to convince him to buy a certain product or service. Particularly in service industries, such as food and beverage, there is an extended contact period between the members of staff and the customers. In a restaurant, the customer pays as much for the food and drinks that he orders but for the quality of service as well. The interaction with the staff is part of the “total product” that the customer is paying for. As such, the attitude and selling techniques that the staff is supposed to have during the service encounter are an important part to be integrated into the business’ marketing policy.

Davis & Lockwood et al. (2008) use as an example the instance where a customer is waiting for a table after having made contact with the host/hostess of the restaurant, there is a sales opportunity that consists of offering him a drink while he decides what he will order from the menu once his table is ready. Another good example is for a waiter to enumerate the restaurant’s specialties or promote high margin elements of the menu before taking orders from customers. These sale techniques are usually communicated during staff training as well as other important considerations in customer service.

## 7. PHYSICAL EVIDENCE

*“Uncertainty can be reduced by helping potential customers to ‘see’ what they are buying”* (The Chartered Institute of Marketing, (2009), p. 7).

This includes any investment into the tangible aspect of the service such as waiting areas or elements of décor. Services are intangible which means that organizations will go the distance in order to make the customer experience truly unique. For instance a restaurant may invest into more comfortable chairs, more expensive cutlery and dishes and other design elements that differentiate their venue from their competitors. As such, the tangibles that surround the customer during the service experience are influencing the global level of appreciation he will have once it’s over.

## IX. OPERATIONS PLANNING

### 1. PURCHASING AND STORAGE

The operations in a food and beverage business follow a very simple model: input, process, and output. The inputs are the ingredients used, the process is the preparation (cooking, mixing, storing) and the output is the final product that is served to the customer for a profit. A lot of factors will have an influence on the way that operations are carried out: the menu, available space, venue layout, service style and location.

Designing the operational process of a restaurant is done in a counterintuitive manner: from output to input. The final objective being the output, it needs to be formulated before everything else via the catering, marketing and financial policies. Operations must be designed and be tailored to the menu style, service style, and financial objective (Davis & Lockwood et al. 2008).

#### The Purchasing Function

Purchasing concerns *“the search, selection, purchase, receipt, storage and final use of a commodity in accordance with the catering policy of the establishment”* (Davis & Lockwood et al. (2008), p.180). This function is usually undertaken by a member of the financial department but requires a tight collaboration with the other departments to determine exactly the quality of the commodities that need to be sourced: typically it is the senior chef’s responsibility to place the order to the suppliers concerning the food department while the restaurant manager handles the beverage and liquor orders.

The Purchasing Function	
Policies set by Management	Determines market segment aimed at, target price to be paid, the quality required and the price to be charged to customers. Sets Standard Operating Procedures (SOPs) to regulate purchasing function.
Menu	Determines the choice of items available to customers.
Volume Forecasting	Determines the quantity to be purchased.
Requisition	Indicates the particular requirements of each sales outlet.
Purchasing	Selects suppliers, contracts, minimum and maximum quantities and quantity discounts available. Ensures adequate temperature controlled storage is available. Specifications for individual items and to ensure continuity of supply.

Receiving	Inspects for quantity and quality reports to control any discrepancies, checks conformity with required temperature statutes. Check delivery vehicle temperatures as laid down in SOPs.
Storing	Correct storage for each item, ensures that all temperature sensitive items are stored quickly and correctly and ensures freezers and refrigerators are not overloaded.
Production	Preparation of items purchased.
Selling	Provision of satisfactory products at the correct selling price/cost and quality.
Control	The measurement of performance of all outlets involved, adherence to company policy and SOPs and provide feedback to management.

Source: (Davis & Lockwood et al. (2008), p.180).

#### A. *THE PURCHASING PROCEDURE*

The purchasing procedure is seen as a cycle. A stock must maintain a certain optimal level, which means its replenishment, and management is a continuous job. This cycle includes eight separate steps (Davis & Lockwood et al. (2008), p.182):

- Each section of the organization will have established stock levels and a procedure for stock replacement.
- The selection of the source of supply is usually agreed in advance by the department manager or by the head office so that contracts can be agreed, for example the price to be paid, delivery performance with particular reference to the time, date and place of delivery. Supplier selection is a delicate process that requires full details on the firm, the range of items they sell, recent prices they have quoted, details of trading terms, payment procedures, size of the transport fleet, other customers they deal with. To test quality, it is normal to request samples of products and to visit the premises, verify everything on site before signing any contract or agreement.
- The ordering process is electronic, telephone or written order.
- The acceptance
- Checking the temperature of the goods delivered checking delivery notes/invoices.
- Checking the condition of packaging or containers and reject what is not in good condition
- Periodically checking the temperature of the delivery vehicle and recording this in writing
- Transfer to the ordering department or to stores or cellar.

### B. THE PURCHASING OF FOODS

Purchasing foods is a process that entails the calculation of an item's true cost: how the cost varies with regards to the quantity that is bought, what the production costs for a certain ingredient are and if it is more profitable to buy the item already processed by the manufacturer. All of these considerations should be taken into account in order to decide which method of purchasing is more appropriate (Davis & Lockwood et al. (2008), p.185):

- *“Purchasing by contract or tender: Large scale operations (specific and quantity contract)*
- *Purchasing by cash and carry: Interesting for medium and small establishments whose orders are often not large enough to be able to get regular deliveries from wholesalers and food manufacturers. There are often good prices available in retail supermarkets/superstores.*
- *Purchasing by paid reserve: Grown fruit, vegetables, hand reared or specially bred meat or the entire haul of local fishermen.*
- *Total supply: Method offered by a few major suppliers who are able to offer a full supply service of all commodities to caterers. This has the advantage of only having to negotiate with one supplier. The main disadvantage is prices that are not as competitive as on the outside.*
- *Purchase specifications for food: A purchase specification is a concise description of the quality, size and weight required for a particular item. Each specification would be particular to an establishment and would have been determined by members of the management team.”*

### C. THE PURCHASING OF BEVERAGES

The purchasing of beverages follows the same concept as the purchasing of foods: the purpose is to find the best quality items the most competitive price available in the market. Beverages contribute with higher profits than food: they use cheap ingredients and require fewer staff to process into the finished state.

## 2. RECEIVING OF FOOD AND BEVERAGE

A receiving department usually handles this process. All goods that are received by the suppliers need to be verified as they have a monetary value and a quality standard that they must comply with. The level of control will vary depending on factors such as the monetary value of the goods or the time before the expiration date (Davis & Lockwood et al. (2008), p.192).

### A. STORING AND ISSUING OF FOOD

The storing function needs to make sure that the kitchen and the bar always have an adequate supply of food and drinks to satisfy the immediate needs of the establishment at all times. The receiving department categorizes food as being perishable or non-perishable. Perishable items need to be stored in refrigerators or cold rooms, depending on the item.

Non-perishable items should be checked for any damage and placed in a food store in an organized fashion.

Managing the available stock requires juggling several factors simultaneously: the capacity and layout of the storing room as well as the rate of stock consumption. Once the frequency of replenishment has been calculated, stocktaking lists are usually printed in a standard format and in some way related to the layout of the storeroom. (Davis & Lockwood et al. (2008), p.194).

#### *B. STORING AND ISSUING OF BEVERAGES*

For beverages, the process is very similar. The main concern is not perishability, but temperature. Different types of beverages must be stored at different temperatures. For instance, spirits and red wine, 13 to 16 degrees, white and sparkling wine, 10 degrees, bottled beers, 13 degrees. Not only is it important to have cold rooms to stock all of the beverages but also a sufficient amount of free space to keep all the kegs and crates which are frequently returned to suppliers (Davis & Lockwood et al. (2008), p.196).

### 3. STAFF SCHEDULING

The main challenge in staff scheduling in a food and beverage business is to be able to match the organizations' workforce to the levels of demand. The volume of business that a venue must deal with needs to be predicted and so the staff rotation may be adjusted accordingly. The staffing required will vary depending on the season, the days of the week and the time of the day. If the business forecasts a high level of activity for a given day and requires additional staff to maintain its quality of service then a warning needs to be given in advance (Davis & Lockwood et al. 2008).

The consequences of not being able to predict demand are unnecessary wage expenses, poor customer service and low staff morale. It affects the business very badly. An information system can prove to be very useful. By collecting data on a daily basis, it provides managers with an accurate portrait of the demand patterns. It is valuable information when it comes to forecasting and scheduling staff needs. However, when analyzing such trends, managers should take into account external conditions that might have influenced results such as weather, holidays and other events that might be happening nearby.

## X. CONCLUSION

This literature review had the objective of addressing the necessary theoretical tools required to develop a business plan for our food and beverage business idea, ARCA. At the conceptual stage, it still wasn't clear to us what exactly were the elements that we would have to take into account to make our project as realistic as possible. As such, our research consisted of focusing on literature that would provide us with the required elements to make a business plan that captivates the reader and that can be used to win potential investors in the future. However, due to our lack of expertise in the food and beverage industry, we incorporated in this review a lot of specific knowledge about how a restaurant/bar should be managed.

For the business plan theme of our review, the literature is extremely consensual in the sense that the research conducted did not present us with diverging views on any of the theoretical elements. For instance, articles about how to develop an executive summary, a PESTLE, SWOT or a VRIO analysis are addressed similarly across the different authors that have included them in their works. Thus, the business plan theory literature we reviewed comes from several sources, the ones we deemed as having an adequate level of detail for the content we wanted to include in this section. We had already encountered most of these tools during our academic studies, so it was relatively easy to sort through them with a critical eye to select those that were more appropriate.

When it came to industry specific knowledge (managing a restaurant/bar) we relied exclusively on one reference: *Food and Beverage Management* (2008) by Davis & Lockwood. It is a book that is used internationally by some of the best hotel schools in the world. We limited our review on the subject to that source after noticing that, through the research we had done through several academic search engines, the available literature that those channels lead us to was too often country-specific or focused on new trends rather than actually addressing in detail the essential management practices. In their work, Davis & Lockwood provide a 360-degree view of food and beverage management. The elements from the book we chose to address were the ones that we identified as being of crucial importance to be addressed in our practical part considering the size constraints we have in that section but also the magnitude we had set for ARCA in terms of size.



## PRACTICAL PART

### I. PROBLEMATIC RESEARCH AND QUESTIONS

ARCA is a product of the imagination of four ambitious Lisbon locals in their early twenties. After feeling our hometown had a need for a new concept, after seeing so many people on the streets repeating the same routines, we have had the idea for ARCA, where we combine Artistic work with Social interaction. A food and beverage venue that will gather all Lisbon's perks, while being that first driver young Portuguese Artists are in need today, in order to step up and gain recognition.

Our thesis consists of developing a Business Plan for our business idea. Basing ourselves on the literature we have read and developed on our theoretical part, in this practical section of our body of work we will contextualize our venue in its environment, analyze the best marketing strategies to undertake, before making a thorough financial analysis in order to understand the viability of our project.

What is ARCA? What's the concept behind the idea? What are the factors impacting the macro-environment and industry for the next few years? Where will ARCA fit in the food and beverage industry? What is our competitive advantage? What are the required steps in order to make this project a reality? Is it feasible?

The practical part of this thesis will answer these questions, with the objective of winning potential investors that would help the project to go forward.



## II. METHODOLOGY

In January of the present year (2015), after one year struggling with several ideas for our master thesis, we finally came up with ARCA. Before leaving for our internships in Mozambique and Indianapolis we had some days in Lisbon in order to start deciding on deadlines and on how we would deal with the fact that we would be living in different countries with different time zones until submitting the final product.

One of the first things we needed to be sure of before starting our research and theoretical part was to have someone in Lisbon that could help us with data collection for the practical part. We would need someone to go out on the streets to make our on-site surveys, someone that would take pictures of competitors, among other things. For that, Michael Malina came on board with the idea. Michael took some photos for us, interviewed an architect, Richard Clarke (appendix 3.2), who provided us with information about all the construction costs for ARCA. He also conducted our personal survey. Jorge Marques has had the dream of starting a food and beverage business in Lisbon for a very long time. When hearing our idea he also jumped on board and gave us some ideas for our concept. He will be of crucial help for the development of the business in the future as a restaurant/bar supervisor.

The literature review allowed us to understand the questions we needed to answer. For our practical part, we tried to follow the same structure we did for our theoretical part.

By explaining our concept, our readers could understand what was on our but there was still a void when it came to actually visualizing what our venue would look like physically. To avoid that, we got help from Jose Forjaz Arquitectos (an architectural design company) and developed a 3D model for ARCA (appendix 1).

Once the reader has already understood the concept and has an actual image of the place, the business plan focuses on the market. We analyze the macro-environment (PESTLE), the food and beverage industry in Lisbon (5 Forces) together with its customers' behaviors, before deciding on the positioning and marketing strategies we would undertake. The objective was to create context and build crucial assumptions would help make our financial projections for ARCA first five years of business.

For this, we knew we needed a lot of information. In order to capture it effectively, we collected data through a mix of online research, several interviews with key stakeholders and industry players and surveys.

Our online research is included a lot of the current Portuguese press among other references. Other specific websites were consulted when we required information about current trends in the food and beverage industry for our PESTLE analysis, for instance.

For information about several specific topics, we have conducted six interviews. Most of these interviews were open and avoided a rigid pre-determined question format. This way, we allowed interviewees to bring new ideas that we might not have thought of when writing down the questions we had in mind for them. Before interviewing these stakeholders, we sent them cover letters explaining ARCA's concept and how we thought they could contribute to

the execution and enrichment of our business plan. The main topics of information we were able to extract from these interviews are the following.

- **Cost of construction:** In order to know how much our venue would cost to build and how it should be built, we needed some accurate information about sizes and prices but also layout design. For this reason we contacted Mr. Richard Clarke (appendix 3.2). Given the proximity with the interviewee, Michael Malina conducted this interview.
- **Interior decor:** For our décor style and costs, we needed to have someone from that area of expertise to interview, since it would be such an important aspect of our venue. We had various ideas but we needed to understand if some of them were viable or not. Frederico Oliveira (appendix 3.3) helped us answering the questions we had.
- **Marketing strategies:** For our marketing strategies we would need to understand better the relation between a food and beverage venue with press (as advertising platforms) and public relations. For that, we conducted interviews with Felipa Garnel (appendix 3.4), the head of a well-known magazine in Lisbon. She helped us understand the present situation in the market. To understand what kind of deals our type of venue could have with a celebrity to boost visibility but also give us advice on social media management, we interviewed a public figure from Portuguese TV, Jessica Athayde (appendix 3.5).
- **Artist:** Given that ARCA is a venue that aims at helping young artists and showcase their work, it was important to talk to one. Therefore we conducted an interview with Bernardo Coelho (aka BINAU, appendix 3.7). The interview allowed us to confirm our thoughts about their situation but also gave us an insight on the kind of responsiveness artists would have to ARCA.
- **Market, demand trends and patterns of consumption:** For the analysis of consumption patterns, attendance patterns, the way the market behaves depending on the time of the year, the prices we should have, the materials we would need to buy, the number of employees required and their respective salaries, Ricardo Fernandes (appendix 3.1) guided us with accurate information based on his own restaurant's prices and costs. The information from this interview proved to be crucial to make our financial projections. We had several talks with Ricardo during the last few months.
- **Feasibility of our project:** Will it be easy to raise funds from investors? What is the best way to do it, given our circumstances? To understand better the means of financing this project, we interviewed Pedro Baltazar (appendix 3.6), a private investor that owns a bio-energetic drink business.

Our online survey was mainly advertised through our social media accounts and by asking people to answer in order to obtain over 120 respondents in total. The results in this online survey allowed us to understand better our customer base. Where does he meet his friends? In what kind of situation does he meet them? How much does he spend?

After having made the first financial projections, we felt we were relying on too many assumptions. We wanted to confirm on-site if the assumptions we had could be verified empirically by interviewing people in the streets of downtown Lisbon. Our personal survey required us to go on the field and interrogate fifty random respondents to collect our data.

From the results obtained on both our surveys, we have derived useful assumptions and created a model that represents our customer base as accurately as possible.



### III. EXECUTIVE SUMMARY

ARCA is a product of the imagination of four ambitious Lisbon locals. A lack of employment opportunities in the country and curiosity to see the world has pushed us to work and study abroad for the past few years. However, our entrepreneurial spirit and everlasting love for Lisbon has motivated us to come back and give back to the city. The Portuguese capital has been slowly realizing its potential, evolving into a cosmopolitan destination for people from all over. If, in the past, the Portuguese we were known for exploring the world, in the present we're making a name for welcoming it. As such, we imagined ARCA, a food and beverage venue that provides a fully sensorial experience: acting as a window into Lisbon's artistic scene, its past and its present, its flavors and sounds.

#### **Value Proposition**

- A cultural and recreational venue that combines simultaneously diverse types of art with delicious food and drinks. Provide a unique view of the city, what it was and it will become: combining historic elements of Lisbon's past with a contemporary look into the future of its evolving artistic scene.
- A platform for aspiring and renowned young artists from Lisbon with few opportunities to exhibit their work.
- A part of the city's routine by breaking its routine: a weekly format where a different artist or a collective of artists bring their vision to the public through image, sound, flavor and atmosphere.
- Destroying the resistance people have to the tedious and pretentious aspect of museums and art galleries.
- To give the Lisbon crowds a new and exciting place with a young reference to gather and meet with people of similar tastes and curiosities.

#### **Management Team**

- Jose Maria Forjaz. International Business (UCL Belgium). Asset Management, Financial Control, Accounting and Operations.
- Miguel Barreira-Silva: International Business (UCL Belgium). Marketing, Public Relations, Social, Arts & Culture.
- Jorge Marques: Hotel Management (Les Roches International School of Hotel Management). Food and Beverage Management, Restaurant and Bar Supervisor, Human Resources.
- Michael Malina: Architecture (Nova Lisbon). Facilities Engineer, Architectural and Layout Design.

ARCA wants to become a reference in Lisbon. Our innovative concept will satisfy an incredible amount of people, from different ages and social classes. With our Art/Social interaction characteristic we will combine the best of both worlds. The sunny bar with perfect view, delicious Portuguese restaurant together with the imagination and ideas young artists can bring to our minds, makes ARCA the place to go at every moment.

In order to be able to build this project we are requiring funds that sum up to 500,000€. Generating positive cash flow from its birth, ARCA will provide its investor with not only a return of its investment after the first four years, but most importantly visibility and recognition of someone who invests in the arts, Lisbon's development as iconic European city and contributing for a better society.

#### IV. STRATEGIC GOALS

- Our Vision: Become one of Lisbon's most notorious recreational, artistic and gastronomic references.
- Our Mission: Break your routine.

## V. RESTAURANT CONCEPT

ARCA is a bar/restaurant with an original concept: every week the venue is curated by a different artist or collective of artists bringing their vision to the location through image and sound. In order to make each week an even more unique experience, the menu will articulate its food and beverage offering to fit the general mood and atmosphere of that particular week. This can be achieved by the inclusion of exclusive dishes or by introducing promotions and special deals, for instance. ARCA is as much of a food and beverage business as it is an open, cultural and recreational space. People will come for more than just the food and drinks. The atmosphere inside will be one of the main reasons we will be attracting our customers and differentiating ourselves from our competitors.

By being somewhat of a hybrid between an art gallery and a restaurant/bar, we want our concept to destroy the pretentiousness and tediousness that is often associated with art galleries and museums. We want to make the cultural experience a social experience.

What does the artistic side of ARCA consist of? We have been confronted more than once with the fact that young people in Portugal have few opportunities to showcase their worth, especially when it comes to artistic creation. However, from the knowledge that we have of Lisbon's culture, people have a true interest in many forms of art. We just think that there isn't a business model that uses it as an entertaining social experience (besides concerts, theater and cinema).

The type of artists that we want to bring to our venue are up and coming, creative Portuguese artists where we see great potential. ARCA's interior would become their canvas for a week. For instance, a graphic artist might have a musical selection or an idea for a type of music that fits his work. Another possibility is that we find two artists who have something in common but who express themselves through different creative mediums. In order to make this concept more concrete, a good example of an artist that could take charge of curating ARCA during one of our weeks is BINAU (appendix 4.2.2 & appendix 3.7).

### NAME: WHY ARCA?

ARCA is the Portuguese word for "Ark". Our aim is that customers associate our venue with several connotations and types of imagery. The word *Ark* (transportation boat), acts as a direct reference to Portugal's maritime history and notorious explorers who discovered other continents. ARCA should be a place that "transports you to a New World". A way to escape, explore the unknown. Being located near the Tagus where these exploration ships would dock is also a reference to Portuguese History. The name also plays with the biblical tale of Noah's Ark. Such as in Noah's tale we are trying to save and protect an endangered species: young Portuguese artists with little opportunity to show their work. Finally, the word can also be a reference to an ark of treasure, a wooden box containing precious materials, rarity and valuable objects: in our case the several elements that contribute to ARCA's atmosphere.

### ARCHITECTURE, LAYOUT AND INTERIOR DESIGN

We have several ideas for the interior design and layout and how to make sure that they are a perfect translation of our concept. In collaboration with a team of architects (Jose Forjaz Arquitectos), we developed conceptual designs for what ARCA would look like after its construction (appendix 1).

First of all, the word ARCA has a wood connotation associated to it, something that has been crafted out of wood. For that reason, we want that to be visible not only in the physical elements of décor but also in the exterior architecture of our building. ARCA must be a visually compelling venue. From the outside, we want it to resemble an ark turned upside down, as if people were walking inside it when they come through the main entrance. The structure we imagined consists of two floors: the upper one, a restaurant area and the bottom one, a bar and outside terrace. The bar will have a high ceiling covered by a wooden structure as if customers were inside a boat. There is access for a terrace outside with a view over the Tagus, where an artificial turf allows people to sit on the ground or on cushions around several low tables. Customers inside are also able to see the view thanks to a glass façade that lets in Lisbon's beautiful natural light. At the upper floor, the restaurant area is a suspended platform hanging from the ceiling and can also benefit from the panoramic view.

The interior design elements consist of the artists' work that is being showcased during that week and other elements of décor. The venue preserves Portugal's identity without forgetting the cultural influences of its ex-colonies in India, Africa, Asia and South America and the décor will reference those countries. For instance, we want to incorporate bamboo-made structures or tribal masks that provide a certain exotic detail to ARCA's interior design. Further detail on how the interior décor elements will be selected and obtained will be provided later in the business plan.

The outside area will have low tables and beanbags to create a more casual and relaxing atmosphere. For the outside décor, we will include some exotic elements such as palm trees and bamboo structures in order to create the impression that going to the outside terrace is like getting out of the ark to explore a different place, a New World.

## VI. MANAGEMENT TEAM

The executive summary above provided a short presentation of the management team and their key qualifications. This section will focus into bringing more personal detail about each member and their responsibilities. Their resumes

Currently living and working in Mozambique, Jose inherited his entrepreneurial spirit from his father. Before, he has lived in Lisbon, Belgium and Taiwan. Jose will be responsible for handling the financial control of the business. In college he specialized in Asset Management and worked for Portuguese bank Millenium BCP. He will collect and analyze sales data and be responsible for the financial projections to determine where ARCA is standing with regards to its pre-defined measures of success. Moreover, it will be his responsibility to examine supplier prices and work in cooperation with the cost control manager to make sure that an optimal price/quality relation is achieved on our negotiations.

Miguel has always dedicated himself and studied music despite being a future graduate in business. He has lived in San Francisco, Lisbon, Belgium, and Shanghai. Miguel will be responsible for handling the company's Public Relations strategy: managing ARCA's social media campaigns and accounts, making sure the business is being properly advertised (posters, flyers, and press releases), striking partnerships with other businesses to increase ARCA's exposure and reputation, finding potential sponsors for brand activation events, among others. He will also be responsible for doing artist hunting: finding potential talents, making contact, negotiate and work in collaboration with them to decide the type of work to be exposed in the venue.

Jorginho will be ARCA's food and beverage manager where he will leverage his experience in the industry (notably having served at the fifth best restaurant in the world and being a supervisor at a five star hotel restaurant in Miami). He will work in close collaboration with the staff and control service quality. His tasks will be staff recruitment, training, stock and purchasing control (in this task he will work closely with a storehouse manager). He will have to make sure that the level of service is impeccable and that the quality of our menu items is being produced at a certain standard. If customers have any complaints he is the one who should intervene to solve the problem.

Michael has always loved to build and translate his ideas and imagination into a material form. Currently studying in New York City, he has lived in Oakland, Lisbon and Belgium. Michael being an engineer/architect, he helped conceptualizing and designing ARCA's structure and will be overseeing the venue's construction. He will be handling the logistics of the venue's weekly format. This means he will work in collaboration with the artists to understand exactly how the layout design will be done and how to articulate the venue with the pieces they want to expose. This includes handling the transition of moving the previous artist's work out of the venue and the new ones in. He will also manage the maintenance man to make sure nothing is broken or in need of repair.

### **Legal Form**

The legal form to adopt will depend on the amount and the nature of funding we receive for our business. All four members of the management team will have an equal stake in ARCA.

## VII. STRATEGIC ANALYSIS

### 1. PESTLE: MACRO-ENVIRONMENT

#### A. POLITICAL FACTORS

For the past few years, Portugal's government has been investing in stimulating the creation of new business ventures. Nowadays, there are several institutions that provide support and mentoring to startups. Examples of these initiatives are the IES (Social Entrepreneurship Institute), Startup Lisboa, The Lisbon Challenge and Startup Pirates @ Lisboa (Brito, A. 2014). For instance, the Startup Lisboa program is an incubator that provides entrepreneurs and their projects with mentoring, strategic partners, specialized services, access to investment, networking activities and workspaces. The government is also eager to open more possibilities for young Portuguese to go forward with their ideas. This line of action is a direct consequence of the economic conjuncture caused by the Eurozone crisis: a lot of young people left the country to pursue other opportunities due to the lack of them inside Portuguese borders (Moreira, S. 2014).

Another political threat to the macro-environment is the instability of the situation with Greece that may result in a contagion of other countries of the Eurozone. Countries like Portugal are in a fragile position as are Spain, Ireland and Italy (Eavis, P. 2015). From a political standpoint, there is risk and the decisions that are made might result in a very complicated economic environment to start a new business, especially in the food and beverage industry, which is very sensible to consumer spending cuts and the levels of disposable income of the population. If political measures of austerity are to be implemented, we might be facing a threat.

#### B. ECONOMIC FACTORS

The economic climate in Portugal right now is of recovery after having been severely damaged by the Eurozone crisis and the measures of austerity. Recently, Portugal has exited its international bailout after three years of austerity<sup>2</sup>: *“The current account has moved from a deficit of 12% of GDP into a surplus. The government says the budget deficit this year will fall below 3% of GDP for the first time in 15 years. The economy has been growing for four quarters in a row; it should expand by 1.7% this year. Portugal is now widely held up as proof that “austerity works””*<sup>3</sup>.

One of Lisbon's strong markets being tourism, its growth is a major boost to the country's recovery and the blooming of new businesses. It is estimated that four million tourists stayed in Lisbon during the first semester of 2014, which represents a growth of 15.3% compared to last year. In 2014, tourism's contribution for the total GDP was of 5.8%. The number of Airbnb (an online platform where users rent their apartments to others)

<sup>2</sup> “Portugal's bailout is over, but not the austerity” (17/05/14). in Euronews.

<sup>3</sup> “Portugal's government: Austerity without the anger” (06/06/15). in The Economist.

properties in 2014 grew 85% compared to the year before. One of the major impacts of these numbers is a substantial growth in the hotel and food and beverage industries, which are part of the city's business eco-system that thrives with tourism (Henriques, J., Manso, M., et.al. 2014).

### C. SOCIAL FACTORS

From a socio-cultural perspective, there are a growing number of artistic and cultural events in Lisbon. The city has been developing itself as a cosmopolitan destination (like Berlin and Barcelona<sup>34</sup>) and foreigners are noticing: Lisbon's Strategic Plan for Tourism (2011-2014) has identified *Culture, Design & Architecture* and *Events* as dimensions where the industry needs to innovate and anticipate trends<sup>4</sup>. Outdoor events such as *MEO Outjazz*, *Lisb-On* and *Piknik Elektronik* are some of the new concepts that have been appearing for the past few years. *EDP New Artists*<sup>5</sup> is a challenge where young artists compete for a prize and get the opportunity to showcase their work. Street art is now a big trend in Lisbon, with artists such as *Vhils* (Alexandre Farto,,appendix 4.2.1) receiving this year one of the highest national honors<sup>6</sup>. Another social and cultural trend in Lisbon are the after-office drinks (appendix 3.4) where places like *Park* and *Martini Terrazza* (appendix 4.1.4) can get very crowded if the weather is inviting. Generally speaking, Portuguese people are very outgoing and going out for dinner or for a drink is a big part of their culture, especially in a city like Lisbon (appendix 3.5).

### D. TECHNOLOGICAL FACTORS

From a technological point of view, it is essential to point out the importance of online reviews, ratings and the impact that they have on the food and beverage industry (Mitchell, A. Khazanchi, D., 2010). Smartphones allow consumers to check online ratings and word of mouth reviews on the spot before making their buying decisions. Tourists in particular will rely on Trip Advisor, Yelp.com and Google Reviews to learn more about a service. The menu ordering process has also been evolving due to technological innovation. Companies such as Ziosk develop solutions that are shifting restaurant menus from the traditional paper format to electronic tablet devices on the tables. Customers can select their orders as soon as they take their seat or ask for the check without having to wait for a waiter to spot them. Although this might increase efficiency and maybe even reduce costs from a medium term perspective, it certainly takes away some of the human touch in food and beverage service.

### E. LEGAL FACTORS

From a legal standpoint we may face some problems with the noise regulations. There are different sound level restrictions in different parts of the city. This might represent a necessary investment in isolation and making the venue soundproof. Another important

<sup>4</sup> Deloitte. "*Associacao Turismo de Lisboa – Plano Estrategico 2011-2014*". (2010). Deloitte study for the Tourism Association of Lisbon.

<sup>5</sup> <http://www.fundacaoedp.pt/cultura/premio-novos-artistas-fundacao-edp/o-premio/20>

<sup>6</sup> <http://www.presidencia.pt/?ide=10&idi=93499>

aspect to take note is the legal drinking age in the country, which has been subject of debate this year. Since 2013, the current law distinguishes the legal ages for beer and wine (16 years-old) from spirits (18 years-old). The new law under scrutiny is that all alcoholic beverages become forbidden for minors (less than 18 years-old) (Fox, N. 2014).

#### *F. ENVIRONMENTAL FACTORS*

Environmentally speaking, Lisbon is a very eco-friendly city. Even if it's a major European capital, the pollution levels are considerably low. Recently, legislation has passed to ban the circulation of old vehicles (that are intense in CO<sub>2</sub> emissions) from the city center<sup>7</sup>. Its coastal location contributes to the low levels of pollution as much as it gives the city an enjoyable climate that is very favorable for tourism and the development of tourist-targeted businesses. The nice climate has an effect on the culture of eating out and going out for a drink, and, geographically wise, the city is situated just thirty minutes away from the beach. A recent eco-friendly trend that appeared in Lisbon has been the development of the car-sharing concept. Apps such as CityDrive and MobCarSharing, allow you to see on a map a number of cars that are spread all over the city. Having entered your credit card information, you can unlock the car and use it at your own expense. The price varies with mileage and travel time. Besides convenience, these apps also contribute to a lower number of cars circulating in the city.

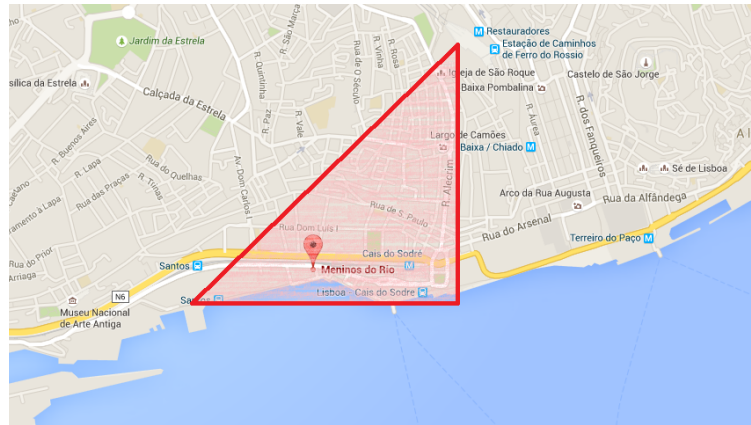
## 2. ONLINE SURVEY

As a part of our market analysis we have conducted an online survey (appendix 2.1). Over 120 people answered, giving us an insight into the profile of our customer base. A majority of respondents are university students (59%) – which may be explained by the fact that the survey was promoted through our personal social media accounts. All respondents live in Portugal with the exception of seven of them who live abroad.

From the data we have collected there are some important findings. When meeting their friends in a social context, respondents have three different locations where they gather: Bairro Alto, Cais Sodré and Santos. The map below highlights the area in downtown Lisbon that encompasses those three neighborhoods. The pinpoint shows the location where we want our venue to exist, validating the fact that it is in the very center of Lisbon's outgoing and socially active scene. The area in red is where people go for a drink, where they go out for dinner or casually meet with friends. Those are three moments where ARCA is competing to capture customers.

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<sup>7</sup> "Lisbon to ban old cars from the city center to improve air quality" (20/09/2014). in Xinhuanet.



Furthermore, we focused our attention on the frequency that our respondents meet their friends during the week and the estimated amount of money that they spend in those circumstances. 69% of our respondents answered that they meet more than three times a week in that type of context while a third of that group confessed that they met more than five. For the amount of money spent on those occasions, 80% of total respondents spend between 0 to 10 euros during the afternoon as opposed to 43% who spend between 10 and 20 € (with 23% spending between 20 and 40€). These figures were useful in the elaboration of assumptions concerning our demand forecasting for our financial projections in the later section of this business plan.

Another important point about this online survey is that the description of meeting friends fits a bar environment rather than a restaurant environment. Therefore, this data will be used to define our bar prices and not our restaurant prices.

### 3. PERSONAL SURVEY

To complement our online survey, we went on the field to the streets of downtown Lisbon to conduct face-to-face surveys with consumers (appendix 2.2). Our personal survey counted a total of 50 random respondents with an average age of 31 years old, 64% are employed while the remaining were students. The sample includes both tourists and locals.

The purpose of this survey was to have a deeper view into the consumption patterns of our customers in order to have more accurate assumptions for our financial projections and selling estimations. For instance, in the restaurant meal department, almost all (92%) of our sample answered that it spends more at dinner than at lunch and 56% admitted that the reason why is that they have less time at lunch and skip starters and desserts.

For our selling estimations of the bar section, we were interested in the levels of consumption, the type of drinks ordered and how they vary depending on the different periods of the day. The later at night, the higher the number of drinks is ordered, with an average of 3.08 during the 10PM-2AM timeframe.

The way these numbers were inputted into our detailed calculations will be explained in the financial section.

### 4. PORTER'S FIVE FORCES

#### *A. NEW ENTRANTS*

The threat of new entrants in our competitive environment is high and there are several new players that enter the market every year (appendix 3.4). The barriers to entry in the food and beverage industry are not high. Of course the amount of the initial investment will depend on the business' magnitude and concept. From a legal and regulatory perspective, the licensing for the business and for the selling of alcoholic beverages is not complicated to obtain. Specifically, if you consider the size of ARCA and its location (appendix 4.1.1) (Lisbon's riverside from Santa Apolonia to Belem) the threat of new entrants of similar proportions and in that area is lower because of the capital costs that are associated. The number of suppliers for the industry is high, which means it isn't a barrier for new entrants either.

#### *B. THREAT OF SUBSTITUTES*

The threat of substitutes is high since there will always be art galleries, restaurants and bars that will act as alternatives to our service, with cheaper prices and different offers. Moreover, customers have virtually no switching barriers from one service to another.

#### *C. SUPPLIER POWER*

Supplier power in our competitive environment is low because suppliers compete with several alternatives on the market, which makes switching costs low for players such as ARCA. They supply food ingredients and beverages; they don't have an exclusive knowledge or patent that could increase their bargaining power. This means that they don't have a lot of flexibility in the way they negotiate with their buyers in the industry. Our suppliers are listed on the appendix section (**appendix 6**).

#### *D. BUYER POWER*

Buyer power is a considerable threat on the other hand, mainly because there are many available substitutes on the market and our customers' switching costs are basically zero. The number of potential buyers is high and they buy on a frequent basis (appendix 3.5). Customers are well informed about the available options through word-of-mouth review websites as mentioned before. In a nutshell, customers are price-sensitive but ARCA can counter the issue by making sure that they perceive value in its unique selling proposition and differentiation strategy.

#### *E. COMPETITIVE RIVALRY*

To conclude, the level of competitive rivalry is moderately high. There are several substitution alternatives since the food and beverage industry is very broad. That is why we think we should look into our closest competitors in detail. In terms of size, location and product, these are the businesses that would pose the highest threat for ARCA:

**LX Factory:** It is a wide space that gathers a collective of companies, restaurants and bars and hosts regular cultural events (appendix 4.1.3). It is not one business but several that are together in the same spot. The place has been around for several years now and has been really successful and trendy for the past four or five years. ARCA has an advantage in its

location as only 3% of our online survey respondents included that area as their first choice and 8% as their second.

**Bairro Alto & Cais do Sodré:** These are probably the two areas where most people go to have drinks, dinner or go out. These are two neighborhoods where you find a different bar every ten meters and where most people go to meet before going somewhere else (as shown on our online). However, the atmosphere here is pretty unique as people buy drinks at the bars and take them with them to the streets outside. The reason is that these places get so overcrowded (due to their low capacity) that people end up sitting on the sidewalks or just standing in the middle of the road (most streets are pedestrian). These bars are very cheap because the competition in the area is fierce.

**Rooftop bars (*Park, Martini Terrazza*):** Following in on the recent trend of rooftop bars, several have been popping up around Lisbon for the past two years, taking advantage of the city's hilly, scenic views (appendix 4.1.4.3). This type of bars is very popular during after-office hours and is typically expensive compared to the price range we have in mind for ARCA. These places depend a lot on the weather since they are outdoors which means rain and cold days are harmful for business.

***Meninos do Rio:*** This would probably be ARCA's closest competitor. It has the same location and size, inside/outside areas and hosts events. Where ARCA differentiates itself is in its pricing and cultural dimension. The pricing segmentation strategy we have for our menu makes our offering more affordable and will attract a different customer target than *Meninos do Rio's* (appendix 4.1.2). ARCA differentiates itself in its weekly format as well.

To conclude, there are several players that compete in the industry. However, the ones we have enumerated here (our closest competitors) are all diverse in the type of service that they offer, size of operations, strategies, positioning, location and pricing. At the location where we want ARCA to open we believe there is room for growth, which means there is room for us but a considerable threat of new entrants to take into account as well. None of these companies has a considerable brand loyalty that would make it difficult for us to compete in the market, steal their market share and build our own.

## 5. GENERIC STRATEGY

ARCA's strategy is that of differentiation (cf. literature review). The value of the service that it offers is in the combination of an art gallery with a restaurant/bar that has a different atmosphere week after week. The artwork exposed will belong to a different artist and will be related to a general theme that will influence the type of music, the menu and the promotions. Compared to our competition that is where we stand out from being "just" a food and beverage venue. Our strategy focuses on being unique and for that reason we want to make sure that our offerings are tailored to the different segments of our market.

## 6. VRIO ANALYSIS

The capability we will be submitting to a VRIO analysis is our atmosphere. The atmosphere in a restaurant bar is something hard to define as it is born from a combination of

several elements. ARCA's atmosphere will be its main source of differentiation and uniqueness. The elements that make the atmosphere are: the conjugation of art gallery with restaurant/bar, the interior décor, the type of music played, the building and the weekly format that establishes the general theme. As pointed out by the resource-based view (cf. Theoretical Part), since it is an intangible resource, it has a higher potential to become a source of a sustained competitive advantage.

The capability may be considered *valuable* because it increases service differentiation from our competition. As we've shown above, our closest competition is diversified and does not have a similar offering to ours.

The capability is *rare* since no other competitor will be able to perform it in the same way as we do in a near future. We believe that our capacity to find talent and the contacts we have are not easily obtainable and essential to execute ARCA's capability the same way that we will.

The capability is *costly to imitate*. The investment required to make a venue of ARCA's magnitude is considerable. Having a venue of that size is costly. Moreover, having taste and vision to bring in the right artists who can really bring in interesting ideas that customers appreciate is not something that may be easily bought.

Is the firm *organized to capture value*? We feel that this stage of the analysis should be more appropriate once ARCA has opened and the business has been launched. The reason is that it depends on management systems, processes, organizational structure and culture that we will only be truly capable of evaluating once we have hired and organized our staff.

To conclude, our VRIO analysis has shown us that ARCA's capability of renewing its atmosphere every week has the potential to be a true source of competitive advantage. Whether that advantage will be sustained or not will depend on the management team's capacity to develop adequate and efficient management practices to capture a long-term value from it.

## 7. SWOT ANALYSIS

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Original concept – potential source of competitive advantage</li> <li>• Tasteful Architectural/Interior design</li> <li>• Great location and accessibility</li> <li>• Beneficial partnerships – TV, Press, celebrities, brands, universities and other businesses</li> </ul>	<ul style="list-style-type: none"> <li>• High fixed costs and initial investment</li> <li>• High maintenance costs</li> <li>• Concept may be imitated at a low cost</li> <li>• Lack of experience of the management team</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• End of Portuguese bailout program</li> <li>• Lisbon's outgoing culture, increasing number of cultural events</li> <li>• Tourism growth (increasingly cheap flights, Airbnb)</li> <li>• Demand shifts from overcrowded locations (Bairro Alto, Cais do Sodre)</li> <li>• Low supplier power</li> </ul>	<ul style="list-style-type: none"> <li>• High competitive rivalry, buyer power, threat of new entrants, threat of substitutes in the market.</li> <li>• Scarce sources of funding and high interest rates on bank loans.</li> <li>• EU political instability and threat of austerity.</li> <li>• Increase in the legal drinking age.</li> </ul>

## VII. MARKETING STRATEGY

### 1. TARGET MARKET

Both male and female customers compose our target market equally. Their ages range mostly from 18 to 45. Customers will be Portuguese people from Lisbon and from outside the city (mostly during weekends) and tourists (mostly during the high season: May - September). Customers are diverse: no specific line of work or level of income (cf. Market Segmentation).

Our customer is interested/appreciates arts and gives importance to the physical elements in a restaurant/bar. He enjoys going out with friends for a drink and lunch/dinner. He pays attention to the type of music played, the atmosphere and the type of people that go to the venue he chooses.

### 2. MARKET SEGMENTATION

Our market segmentation concerns mainly the separation that we have between our restaurant on the top floor and the bar. We want to have a high quality restaurant on our top floor and a relatively cheap and affordable bar on the bottom. While the bar needs to remain attractive to a younger target that is still in college and has a lower income, our restaurant menu will include high margin dishes and beverages for people who have a more expensive taste and a higher willingness to spend (appendix 5.1). Of course, the bar menu will include expensive beverages as well. However, we want the income from these to allow us to be particularly aggressive on our beer prices, some of our starters and make attractive weekly/daily promotions on some of our cocktails. This way, we can include a younger crowd that is more price-sensitive but at the same time a lot more outgoing and spends with a much higher frequency.



## VIII. MARKETING PLAN

The marketing plan section of this business plan will consist mainly of analyzing our service through the perspective of the 7P's of service marketing (cf. literature review). We feel that due to the nature and dimension of our business, this model should cover the essential aspects of our marketing efforts.

### 1. PRODUCT

ARCA's unique selling proposition lies on the fact that it offers a different type of atmosphere and experience every week by having talented artists bring their vision to the venue. Customers will come knowing that every week they will be experiencing something different, be it through the type of music they hear, the art being exposed, the elements of décor or the food and beverage being offered. It is hard to define what an atmosphere is, as it is something intangible that is born out of the combination of several different factors. However it is here that we think that ARCA has a true competitive advantage with regards to its competition. Consequently, it is an essential feature of the total "product" we sell to our customers and the one that we regard as being our unique selling proposition.

If our source of differentiation and competitive advantage is the atmosphere, our main source of revenue is the menu (appendix 5.1). The menu is the selling tool we will be using to extract monetary value from the atmosphere the artists have created. Our fixed food menu offering consists of six starters, eight main dishes and five desserts, which are to be served at the restaurant on the top floor. The food options we have on our menu (appendix 5.1.1) are a lot of typical dishes of the Portuguese gastronomy, apart from two Italian cuisine main dishes (risotto and linguine nero), which should have success and demand since Italian gastronomy has a Mediterranean identity that is shared and appreciated by the Portuguese. The beverage options (appendix 5.1.2) include a very wide range of choice: several types of beer, red wine, white wine, rose, green wine, gin, vodka whiskey among others (152 different beverages). Since we want to avoid creating a routine, our menu will have to follow ARCA's philosophy as well. As such, we want to have exclusive dishes and special beverage promotions that change every week in line with the concept that is being brought to the customers by the artists in charge.

### 2. PLACE

ARCA will be located in the Port of Lisbon, by the river Tagus. We think it is the ideal location for the business for several reasons.

First of all, being located by the river allows us to have a great view of Lisbon's most iconic symbols: the *25 de Abril* Bridge, the *Cristo Rei* and the river itself (appendix 4.1.1). Since the construction licensing this location is expensive, people that come to the area are usually expecting to pay a higher price for service.

The second reason is, as we've shown through our online survey, that it is very well located with what customers have defined as being the zones where they enjoy going out with friends. This is good for two reasons. Since they are already used to going to that area, they

will have less resistance in trying something new there. Furthermore, Lisbon's riverside area has received for the past few years a lot of municipal investment and has been completely remodeled by the city<sup>8</sup> (*Ribeira das Naus*). The other reason is that there are other similar businesses around the area, which our company may profit from. For instance, there are several nightclubs (which aren't really competition for us) around the area and being close to them allows the business to benefit from the people that want to meet up for a drink before going there. Being both a restaurant and a bar means that we can also attract customers who went to have dinner at a competitor's restaurant nearby and then want to go for a drink at ARCA. The main idea here is that ARCA, due to the nature of its business model, actually benefits from having other competitors close by rather than being completely isolated. However, the intensity of competition is not that high and there is a clear room for growth and new entrants.

The third reason is that the location has great accessibility in terms of parking which can very often be a problem in Lisbon in areas such as *Bairro Alto* and *Cais do Sodre*. The Port of Lisbon has big parking lot spaces with free parking which is definitely a great advantage for the location we have chosen.

### 3. PRICE

Our source of revenue is our menu so we will be referring to the prices that we have decided for the items sold there. We want to set our pricing based on several elements. Since we are a restaurant/bar, we will have two menus: one for our restaurant and one for our bar. The restaurant menu will have prices for every item we sell (both food and beverage) while the bar menu will have our starters and every beverage available.

The first method we used for pricing is based on our customer surveys, which have given us an idea of how much money our customers are willing to spend in different occasions. This has allowed us to create different sales mixes with adequate prices that fit the reality of our customer base's willingness to spend.

The second one is competition pricing. By visiting our closest competitors and gathering information on their prices we got an idea of how high they set them and how we want to position ourselves with regards to them (appendix 4.1.2.2 and 4.1.3.2). Competition pricing can be a dangerous method because it can start a price war, however, we do not want to imitate our competition's pricing, but simply use their menus as a benchmark from which we can derive our own. This method will never be exclusive to quantitative features but also qualitative such as the profile of their average customer, their location, and the quality of the ingredients they use, among others. The following table compares our discount beverage prices to those set by Meninos do Rio:

Competition Pricing	ARCA	Meninos do Rio
Imperial 0,25	€ 1.00	€ 2.00
Imperial 0,5	€ 2.00	€ 3.50

<sup>8</sup> <http://timeout.sapo.pt/artigo.aspx?id=6698>

Coca-Cola	€ 1.50	€ 2.00
Caipiroshka	€ 4.00	€ 5.50
Gin Tonic	€ 4.00	€ 5.00
<b>Mark-up</b>	<b>44%</b>	

The third method we have used is of course a rate of return approach where we have set some very concrete measures of financial success that we want to achieve for the first five years of our business. By adjusting the level of prices we have a direct impact on our breakeven time. This method is very important for us since our forecasted levels of revenue will be essential to obtain sources of financing to get the business up and running. The financial section of this business plan will provide a higher level of detail of the projections we have made for the next five years and how our pricing influences the business' rate of return.

At the Port of Lisbon, the pricing that is set by the competition is relatively high which is one of the main reasons why people belonging to our target market usually go to bars rather in *Bairro Alto* and *Cais do Sodre* areas before going out to other nightclubs. With our low pricing, great atmosphere and location we believe that we can become a high value-for-money substitute for those areas and create a competitive advantage that we can build upon for the years to come. The financial section of this business plan includes further information on our menu pricing.

#### 4. PROMOTION

Since we want our venue to be curated by different artists' every week, promotion will be an essential part of our business. Customers need to have the adequate level of information about every week, just enough to stimulate their curiosity.

An important part of promotion for us is that there is communication: this means that there is a two-way dialogue between the company and its customers. ARCA will be open to suggestions and active on social media to have the highest possible responsiveness to any questions that customers might have. We want the company to be active on as many relevant social media platforms as possible to ensure maximum visibility and communication with consumers. This includes Facebook, Instagram, Tumblr and Twitter. All of these accounts will have to be fully synchronized in the way they make promotions of events, special weekly deals and other relevant information. Besides social media, we will also set up an official ARCA website that allows people to read information about the artists' profiles (contact information in case they are interested in buying some of their artwork) and check out their portfolios, consult a calendar where they can learn about what is going to happen for the next few months, sign up for a weekly newsletter email that provides the most relevant information for the week concerning menu, artist work, music and more. Each week will include a playlist of the music that was played in case customers are curious and want to relive the atmosphere that ARCA created for the occasion. Another idea we have for our website is to have a platform where artists can submit their portfolios and ideas that they

might have for an ARCA week so that we can evaluate the proposals and scan them for potential events. Customers can submit their suggestions and complaints.

Another important part of promotion for a food and beverage business, and any other product or service these days is to manage and keep track of the online reviews that are being made and their content. Review websites such as Yelp.com and Google Reviews are becoming more and more of a determining factor when customers are pondering their options on which service to choose.

Advertising will be made through posters and flyers for special events that require a higher marketing investment. To tap into the tourist demand we want to strike partnerships with youth hostels, a business that has been flourishing in Lisbon with the increase in the levels of tourism and cheap flights (cf. PESTEL Analysis). By having a partnership with a hostel, we can have the host at the front desk recommend ARCA to people that are arriving in the city. A set of flyers and business cards with the address and important information will be given to tourists as well as a short description. These cards and flyers will include a bar code that we scan that gives a special promotion at the bar or the restaurant so we can evaluate the return we are having on this marketing initiative and whether it is worth the investment. Another tourism-intense business that has grown incredibly for the past year is *tuk-tuk* tours. These are small transport mediums that are usually driven around by a tourist guide. Our idea is that we can also make a deal with these companies to have their tourist guides drive past ARCA (it is situated on a tourist-friendly area) and tell them that it is a good place to go out for a drink or for dinner.

An important source of revenue for us, and one we want to evaluate, is the hosting of brand activation events. Once the venue gains notoriety, we can make deals with brands that want to use ARCA for the promotion of their products. There are several examples of this in Lisbon such as *MEO Outjazz*, *Martini Terrazza* and the RedBull Boiler Room events. These brands have very high marketing budgets and exposure and it will definitely be beneficial for ARCA to make deals with them. Our strategy for this purpose is to host a highly advertised event once every month (Full Moon Party) that will be highly intense in sponsors with the intent of boosting revenues.

From a public relations perspective we are counting on the support of Portuguese TV star Jessica Athayde who manages her Facebook page approximately 250k followers on a daily basis (appendix 4.2.3). By having someone with her level of social influence and exposure advertising and collaborating with ARCA we will most definitely be making a good investment there. Furthermore we want to make sure that ARCA has a presence in magazines, newspapers and online articles in the typical sections where they talk about the hottest places in Lisbon. We will make sure that ARCA is being mentioned in relevant press actors such as Timeout Magazine Lisbon and Fugas. For that reason we have contacted Felipa Garnel who works at Lux Magazine to obtain some of her expertise on the matter. The purpose of having made these contacts is to make sure that once ARCA is up and running we will have intense exposure on the press, TV and social media.

## 5. PEOPLE

In this section we will cover the important staffing considerations that we need to take into account. Here we will be focusing exclusively on the people that are visible to the service who are the restaurant manager and some members of staff.

Having a quality staff team starts at recruitment. If it is done correctly, it is a very big step towards having the best quality service for the best price. A regular problem to keep in mind during recruitment in the food and beverage industry is that people with low skills usually occupy lower positions and there is typically a high level of turnover (cf Literature review - Staffing Considerations). When it comes to hiring staff under contract, Jorge Marques will undertake the responsibility. He will be the restaurant manager and has a proven track record in that position so it makes sense that he handles the process. Having a very extensive experience in the practical aspects of how a food and beverage business works at the highest level there is, he is the perfect choice to handle the process and evaluate talent. Service needs to be impeccable and of great quality. The waiters and bartenders are the direct human contact that our venue has with the customer. They are the human form of ARCA, the embodiment of our values.

The other side of recruitment concerns the prospection of artists who want to collaborate with ARCA. That task will be handled by all elements during regular weekly meetings. Since all members have a stake in the business and an idea of the concept, it is important that the venue embodies our collective vision. This part of the recruitment involves research, contacting local and national art schools about potential talent, evaluating the artists' portfolios, making contact and discussing the terms of the partnership and how it will work. The service we are providing depends greatly on the type of artists we bring. In order to ensure that we can consistently find potential talent and provide them with opportunities to showcase their work, we want to make a deal with the creative arts schools and universities in Lisbon such as *Escola de Belas Artes* and IADE so we can come and make a presentation about our project on a frequent basis and give students contact information where they can send in their ideas.

The people that are visible to customers need to have a common culture and style in their appearance and way to communicate. A relaxed and laid back appearance and a very polite way of communicating are essential in our view. Customers need to be able to visualize that as soon as they enter the venue. For that reason, the recruitment process is of the utmost importance. That is, finding the people that can just naturally embody ARCA's concept through their appearance, their professionalism and their way of communicating with our customers. The level of formality is very casual and there is no need for a full uniform for our waiters and bartenders, but simply a black t-shirt with ARCA's logo on the back and a nametag on the front.

The recruitment process will mostly involve capturing talent and young people that we perceive as being ideal for our venue. After that, we need to lead them through a training process. Jorge Marques will also handle this due to his experience in food and beverage service. He will have to train the staff in how we want them to communicate with customers,

how the service will be carried out, and what kind of narrative they have to follow when explaining ARCA's concept as well as its food and beverage menu. Ideally, after a few years of developing the business and the staff, this training process can be delegated to one of the most experienced employees who will be promoted to that role of sub-manager. Since he will probably not be able to be physically present at the venue at all times, a member of staff will be appointed with his responsibilities if neither him nor any other member of the management team is in the premises.

## 6. PROCESS

Our process of service delivery is relatively simple and we want to avoid standardizing it. We don't want our staff to have a repetitive approach with clients. We want service to be personalized and adapted to each individual customer, his profile and context. For instance, the approach will be different if the host is welcoming a group of twenty year-olds or a married couple. If a lot of companies have to develop a service blueprint that is extremely detailed, we don't believe that ARCA falls into that category.

## 7. PHYSICAL EVIDENCE

In order to alleviate the costs of interior design and to enhance the fact that ARCA's philosophy is to break the routine, we have made a thought about a partnership that will allow us to change our elements of interior design frequently. We would make a deal with the Portuguese interior design shop, Republica das Flores, owned by expert interior designer, Frederico Oliveira (appendix 3.3). The deal is that he can use ARCA's venue to display some of his pieces (provided that we agree that they fit the concept's style) and ARCA will clearly communicate that the décor items come from his shop and that they are to be sold in an auction to be organized by him. Our company will benefit from this deal by having its interior design made by an expert in the matter, have it renewed frequently (which is in line with ARCA's concept), and increase revenues by taking a commission from the items showcased at the venue that are later sold at the auction.

## IX. ARCA'S ECONOMICS

This section will focus exclusively on explaining the financial projections for ARCA's first five years of business. It will consist of a forecasting exercise by looking at different possible scenarios and outcomes. Most of the information we used on this section is based on our interviews with restaurant manager Ricardo Fernandes (appendix 3.1).

### 1. INVESTMENT COSTS

#### A. INFRASTRUCTURE

How much will it cost to build ARCA from scratch?

A restaurant/bar type of venue requires “at least 1.8 m<sup>2</sup> per person and 1m<sup>2</sup> for standing customers”. Therefore, since we want our restaurant's capacity to be 100 people and our bar, 200 people (table and standing), the service area's dimensions will be of 380m<sup>2</sup>. “The kitchen area usually represents approximately 20% of the service area, so in this case 380\*0.2= 76m<sup>2</sup>. 10% for a storage area which means an additional 38m<sup>2</sup>, and since it is a bar as well, add up 15% for a refrigerated area: 380\*0.15= 57m<sup>2</sup>”. Taking into account our artists will need an area to expose their work; we added 20% additional space to the service area. Thus, ARCA's total dimensions are 606m<sup>2</sup>. Given that the maximum construction cost incurred (including electrical cables, gas and water pipes) is 1,200 €/m<sup>2</sup>, the total construction cost is 752,400€ (appendix 3.2).

Area	Unitary Relation	Total number of m <sup>2</sup>	Construction price
Restaurant Service Area	1.8m <sup>2</sup> /customer	180	€ 216,000
Bar Service Area	1m <sup>2</sup> /customer	200	€ 240,000
Kitchen	20% /Service Area	76	€ 91,200
Storage room	10%/Service Area	38	€ 45,600
Refrigerated Storage room	15%/Service Area	57	€ 68,400
Artist space	20% Service Area	76	€ 91,200
Total		627	€ 752,400

#### B. EQUIPMENT, MATERIALS & DECOR

Now that we have our building, let's look into ARCA's interior.

1. Equipment and Materials: everything that we need to buy for ARCA to be operational. We conducted a thorough price research to ensure precision (appendix 5.2.2). First, our kitchen and stewarding areas (appendix 5.2.2.1). will require ovens, fryers, microwaves, hangers, pots and pans, mixing bowls etc. Our restaurant, bar and terrace will require tables, chairs, shelves, cutlery, glasses etc. (appendix 5.2.2.2). The total cost for these items will be 194,335.96€.

Area	Price
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Kitchen and steward area	105,648.34 €
Restaurant Bar and Terrace	88.687,62€
<b>Total</b>	<b>194,335.96 €</b>

Our décor elements are split into two categories.

1. Main decoration: We will need to paint our walls, buy table sheets, napkins, bamboo and other elements that translate our concept. This will cost approximately 30.000€ (appendix 3.3).
2. Variable decoration: As mentioned above, we have a deal with Frederico's shop *Republica das Flores* where he will decorate, auction the items and re-decorate our venue every six months. ARCA gets a percentage of the auction sales. From this deal, we are estimating bi-annual revenues of 5.000€.

### C. OTHER INVESTMENT COSTS

Other necessary investments to get ARCA up and running include brand registration, an EPOS system (Electronic Point of Sale), receipt printers, computers and a printer for the back-office team.

Last but not least, we will invest in a high quality sound system since music is an essential element in ARCA's atmosphere.

Other Investment Costs	Cost Incured
Patent	€ 264
EPOS	€ 1,760
Printers for receipts	€ 356
Office Material (Computers, printer)	€ 10,500
Sound System	€ 34,500
<b>Total</b>	<b>€ 47,380</b>

In a nutshell, there is an investment cost of 954,780€ to make the venue operational. After adding a 5% security margin for eventual mistakes in our estimations and unpredicted costs, we require an initial investment of 1,002,519€.

Investment Costs	Cost	Average Years of depreciation	Depreciation Incurred
Construction Works	€ 752,400	40	€ 18,810
Kitchen and Materials	€ 125,000	15	€ 8,333
Decoration	€ 30,000	5	€ 6,000
Other Investment Costs	€ 47,380	9	€ 5,282
<b>Total</b>	<b>€ 954,780</b>		<b>€ 38,425</b>
Security margin (5%)	€ 47,739		€ 1,921.25

Total with security margin	€ 1,002,519		€ 40,346.25
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## 2. MENU

Let's focus on menu pricing. The process required estimating two things. First, how much, depending on several different circumstances, will customers spend on average? Second, how much will each customer cost us? After having elaborated a menu that fits our concept with Ricardo, he provided us with a list of ingredients and the respective quantity needed to prepare each dish. By allocating each the ingredient costs to each dish, we obtained a total cost for each dish on our menu:

Name of Plate	Ingredients	Quantity (weight/Unit)	Waste (%)	Gross Weight (gr/mL/Unit)	Cost of ingredient (Kg/L)	Allocated cost of Ingredient	Cost of Plate
Starter 1- Ameijoas à Bulhão Pato	Clams	400.0 gr/ml	0%	400.0	16.50 €	6.60 €	€ 6.75
	Olive Oil	10.0 gr/ml	0%	10.0	3.31 €	0.03 €	
	Garlic	10.0 gr/ml	0%	10.0	2.30 €	0.02 €	
	Lemon	60.0 gr/ml	0%	60.0	0.60 €	0.04 €	
	Coriander	20.0 gr/ml	0%	20.0	3.00 €	0.06 €	

The following section of our menu details our beverages. Following the same logic as above, we calculated the cost of serving, for instance, one Margarita. By organizing our 152 beverages into 16 separate categories (Water, Juices, Sodas, Whisky, Vodka, Champagne etc.), we were able to compute an average cost for each of those categories. We then translated customer preferences into weights so our average cost is a more accurate depiction of the actual cost. The example below illustrates our beer category “*Without a doubt the most asked beer is the 25 cl tap beer followed by the 50cl one. Bottled beer is not ordered as frequently*” (appendix 3.1).

	Product	Cost	Ranking of Choice	Weight	Weighted Cost per Category	Average Cost per Category
Beer	Imperial 0,25	€ 0.40	1	40.0%	€ 0.16	€ 0.61
	Imperial 0,5	€ 0.80	2	30.0%	€ 0.24	
	Heineken	€ 0.80	3	15.0%	€ 0.12	
	Sagres	€ 0.59	3	15.0%	€ 0.09	

Our menu pricing was set based on Ricardo Fernandes' expertise, by analyzing competition and our pricing segmentation strategy (cf. Marketing Plan)

## 3. SELLING ESTIMATIONS

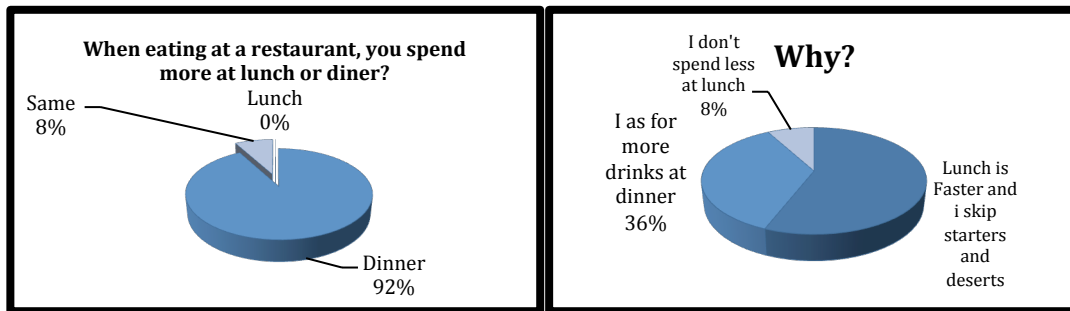
For this part we will need to understand our customers' typical patterns of consumption but also estimate their number in order to derive our sales revenue. Patterns of consumption are different in a bar and in a restaurant, so we will look at them separately.

### A. PROBABILITY OF CONSUMPTION

**Restaurant**

**Probability of consumption:** Making the same kind of assumptions we made to put our beverages into categories, we took the same approach to our dishes and for our beverage sub-groups. Based on the success of these dishes in Bica do Sapato, one of restaurants Ricardo manages, we derived the probability of consumption for each item in order to have a weighted average cost for starters, main dish and dessert. For our drinks, we reduced our 16 categories into broader ones: Water, Beer, Sodas and Juices, Wine, Hard Liquor frequently ordered (Vodka, Whisky, Gin) and Hard Liquor less frequently ordered (Cognac, Champagne). These are general assumptions about consumption, and therefore are the same for lunch and dinner.

**Probability of order:** In a restaurant, a client doesn't spend the same amount at lunch than he does at dinner. *“Frequently, customers at lunchtime are having business meetings or have something scheduled in the afternoon, and will have faster meals. They order less or no alcohol beverages at all and drink less compared to dinner where they usually stay longer. At lunch, lots of clients skip starters and dessert because they're in a hurry”* (appendix 3.1). Our personal survey confirms this statement:



Considering that every customer orders a main dish, we reduced by 30% the probability of ordering a starter at lunch, and by 40% for dessert. At lunch clients ask for less alcoholic drinks than at dinner. Therefore, when weighing our probabilities, we assigned a higher probability of order for alcoholic drinks at dinner than at lunch: we estimate that at dinner a customer orders two drinks and at lunch, only one.

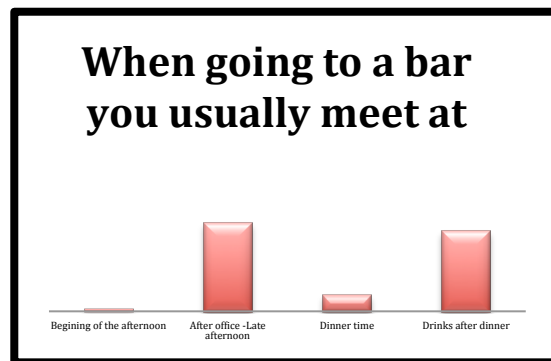
Our aim with these weighted averages was to estimate of how much, on average, a customer will pay for a meal at lunch and at dinner (appendix 5.3.1). Our objective was to have results that were in line with our personal survey.

Restaurant	Weighted average price paid by one client	Weighted Average cost for one client	Profit
Lunch Meal	18.00 €	5.73 €	12.27 €
Diner Meal	26.19 €	8.20 €	17.99 €

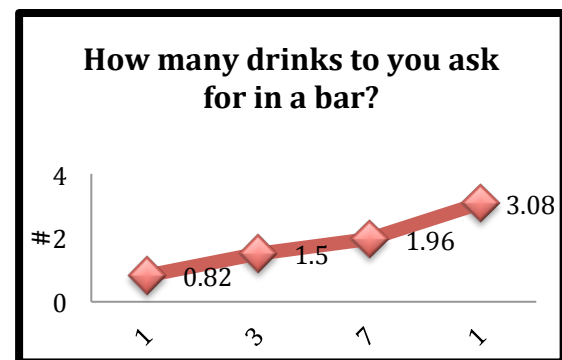
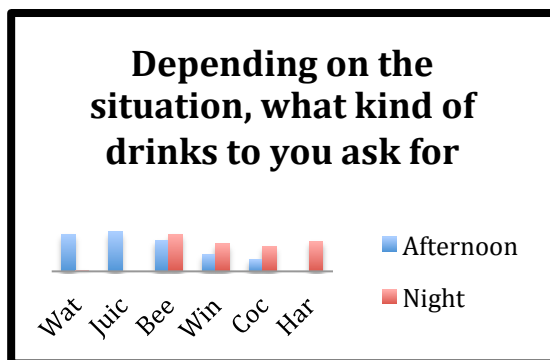
**Bar**

The opening hours of our bar will be from 11am to 2am. We divided it into four equal time periods (11am-3pm; 3pm-7pm; 7pm-10pm; 10pm-2am) where customers will follow

different patterns of consumption. Our personal survey was helpful to understand how the affluence will vary with regards to the time of the day:



Given these results, we decided not to include the first time period into our estimations as the bar will most likely be empty during that time of the day. However, the type of drinks ordered also varies depending on the time period and our survey confirmed just that. The later at night, the more people drink in quantity and the more they order strong alcoholic beverages.

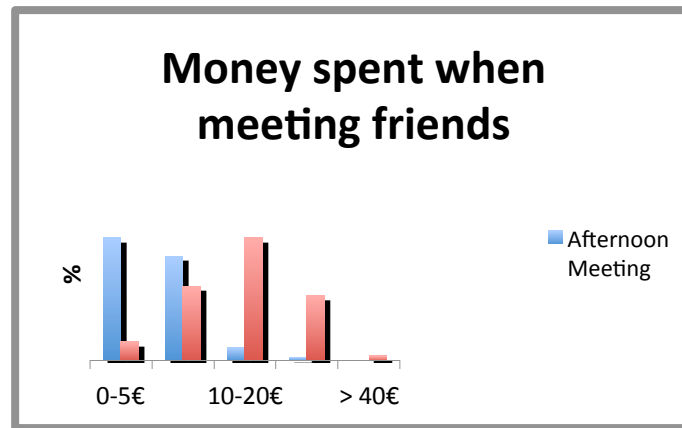


These answers allowed us to derive the following assumptions that were essential to model our customers' patterns of consumption:

Assumptions	Afternoon Probability of consumption	Night Probability of consumption	Number of items asked 3pm-7pm	Number of items asked 7pm-10pm	Number of items asked 10pm-2am
Water	5.0%	5.0%			
Non Alcoholic Beverages	27.5%	17.5%			
Beer	25.0%	25.0%	1.5	2	3
Wine	20.0%	22.5%			
Other alcoholic beverages (Frequently asked)	20.0%	25.0%			
Other alcoholic beverages (Non-Frequently asked)	2.5%	5.0%			

These assumptions led us to the price paid by one client and his cost depending on the time period (**appendix 5.3.2**). These prices are in line with the willingness to pay shown in our online survey.

Profit per client Bar	Weighted Average Income per client	Weighted average cost per client	Weighted average profit per client
3pm-7pm	5.64 €	€ 1.61	4.03 €
7pm-10pm	8.53 €	€ 2.41	6.12 €
10pm-2am	12.80 €	€ 3.61	9.19 €



### C. AFFLUENCE ESTIMATIONS

How many customers can we expect depending on the time of the day? *“The demand in the F&B market is very cyclic. In the summer, people are out and you have usually very good weeks. January and February are the worst months, because it is cold and clients go out less. Then there are normal months where business isn’t great but it isn’t bad either”* (appendix 3.1).

We distinguish three types of weeks: a normal/average week, a good week and a bad week. Depending on the success of the venue and the time of the year there are more or less good weeks. To calculate ARCA’s affluence, we estimated the number of customers in a bad, average and good week, separating our bar and restaurant.

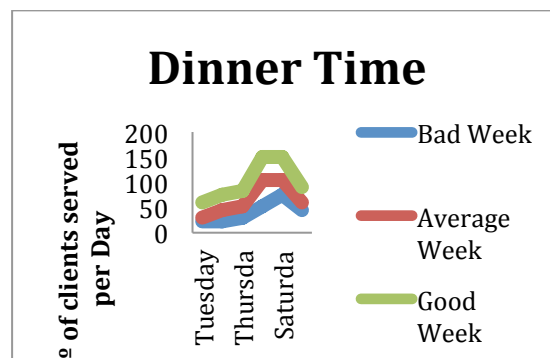
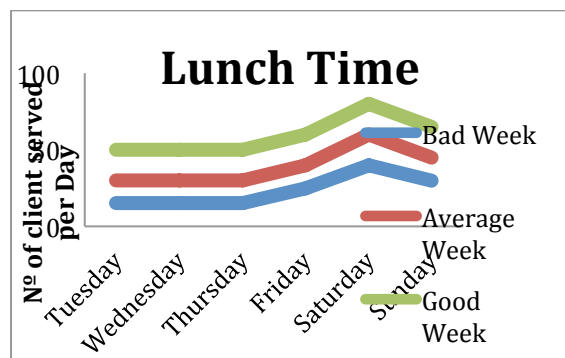
We differentiate the bad, average and good weeks by dividing service time into several periods and estimating an average percentage of completion for each one of them.

#### Restaurant

*“Generally you have a wider gap to serve clients for dinner. At lunch you normally serve between 12pm and 3pm. At dinner you serve from 7pm to 11pm. You basically make one shift at lunch, and for dinner sometimes you have to make two full shifts”.*

*“There is also a big difference in demand between the days of the week, and the pattern of this demand varies between lunch and dinner. At dinner, Mondays and Tuesdays are the worst days, then it keeps getting better and Saturday is almost always the best business day. At lunch, weekdays are similar, and Saturday is considerably better. For lunch, on an average week, you usually have half house and on a good week you have full house on Saturday, for example. Sunday is a day where you usually have a good house at lunch, but at night everyone is at home, and so you should not expect business to be booming”* (appendix

3.1). Taking this into account and knowing we have a capacity for 100 clients, we made the estimations accordingly.



Our main objective was to have logical numbers for each situation. We will serve around 65 clients per day in a bad week, 105 in an average week and 165 in a good week. After confirming the logic of these numbers with Ricardo, we are now able to estimate how many customers we will serve in each type of week and how much we will make from them (appendix 5.4.1).

#### Bar

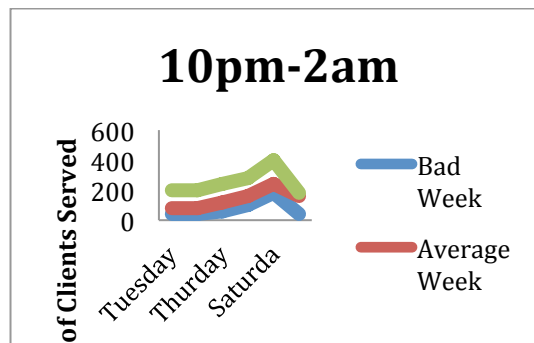
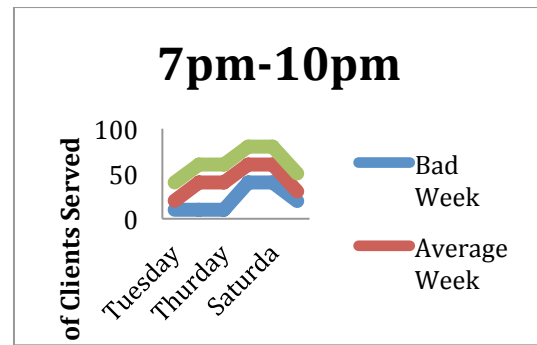
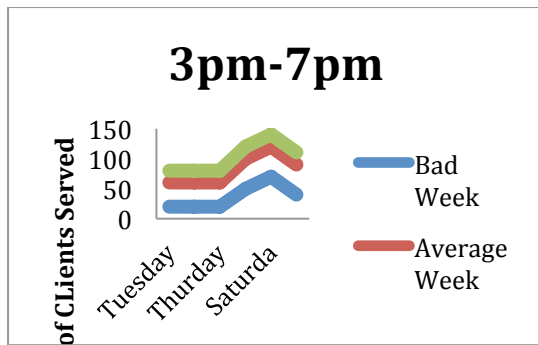
Our bar estimations follow similar assumptions. *“During the afternoon, on weekdays, there is no big difference between Tuesday and Thursday. At night there is a much bigger difference between Tuesday and Thursday for instance”* (appendix 3.1). Following the same logic we did for the restaurant, during the afternoon we introduced an increase in percentage of affluence starting on Friday, and at night a rather stable growth from Tuesday to Saturday.

From a capacity perspective, during the day we have 100 seats, but after dinner accounting for stand up customers we increased our capacity to 200 people.

Let's look at our weekly trends of demand:

1. On a Saturday night we will serve 400 clients, from 10pm to 2 am.
2. On a good week Sunday afternoon, we will serve around 180 clients, a good house. With our cultural positioning, Sundays are a day to walk around and visit some places that offer something more than food or beverage and we are positive that we will be able to attract customers.
3. On a bad week Tuesday night, ARCA will be very empty and we will not serve more than 40 people.
4. Sunday night (10pm-2am) can be very bad if we are in a bad week for example and it is generally much worse than a Saturday night.

The following graphs illustrate affluence on the three different time periods (also refer to appendix 5.4.2):





Good Week	Good Week	Good Week	Good Week	Good Week	Good Week
Good Week	Good Week	Good Week	Good Week	Good Week	Good Week
			Good Week	Good Week	
October	November	December	January	February	March
Good Week	Good Week	Bad Week	Bad Week	Average Week	Average Week
Good Week	Average Week	Average Week	Bad Week	Average Week	Bad Week
Good Week	Average Week	Good Week	Bad Week	Bad Week	Average Week
Good Week	Average Week	Good Week	Bad Week	Bad Week	Average Week
			Bad Week		Average Week

The yearly demand trend is as follows (appendix 3.1):

- January and February are the worst months of the year. It is winter (bad weather) and after the December spending spree (Christmas and New Year's Eve). Customers don't go out as often.
- March is when there are some better weeks depending on how lucky we are with the weather.
- Starting from April, the good weeks become more regular, with Easter being two very strong weeks.
- From June to the beginning of September, you have the best months of the year. Summer is where tourism reaches its peak and the weather is favorable. It is the period where we expect highest revenues.
- Entering autumn in October, it gets worse (except for Halloween week). November and the beginning of December are not good periods for business with the exception of Christmas and New Year's Eve that are very good weeks.

These trends were directly inputted into our selling estimations:

April	May	June	July	August	September
Average Week	Average Week	Good Week	Good Week	Good Week	Good Week
Average Week	Average Week	Good Week	Good Week	Good Week	Good Week
Good Week	Average Week	Good Week	Good Week	Good Week	Average Week
Good Week	Average Week	Good Week	Good Week	Good Week	Average Week
			Good Week	Good Week	
October	November	December	January	February	March
Average Week	Average Week	Bad Week	Bad Week	Average Week	Average Week
Average Week	Average Week	Average Week	Bad Week	Average Week	Bad Week
Average Week	Bad Week	Good Week	Bad Week	Bad Week	Bad Week
Good Week	Bad Week	Good Week	Bad Week	Bad Week	Average Week
			Bad Week		Average Week

From our second year onwards, following the trend above, we will count 21 good weeks, 19 average weeks and 12 bad ones. This is the most realistic approach we could have of the market according to our interviews with Ricardo.

The forecasted results we have for the first year are as follows: on sales, ARCA will make 2,098,090€ with an associated cost of 615,818€. This represents a sales profit of

1,482,272€ for the first year. From the second year onwards, the sales profit will drop 1,309,245€. Compared to our benchmark scenarios, these results put us between the average and the absolute success estimations (appendix 5.4.4).

### 3. ANNUAL FIXED COSTS AND REVENUES, STOCK VALUE, CASH FLOW STATEMENT, PNL, BALANCE SHEET

#### A. ANNUAL FIXED COSTS

##### Marketing Costs

Following a traditional marketing strategy we will have flyers distributed to hostels and other businesses at a cost of 100€/month. Investment will be made on social media and on our website. For those we will allocate a budget of 6,000€ per year to boost our exposure (Facebook ads, Google Adwords, etc). On top of that we will spend 600€ per month on a known celebrity to support our Public Relations strategy.

The rest of our marketing strategy will be focused on events and finding sponsors who might want to use ARCA to host brand activation events. Deals with magazines where we accept hosting a private party in exchange for the exposure in return, interviews for trendsetting magazines and other business partnerships. All of these are not explained on the fixed costs forecast given the fact that generally, these deals are a win-win and they vary a lot depending on who shares the biggest part of the cost cake.

##### Operational Costs

Food and beverage venues usually have to pay annual licenses to provide service. From the license to serve alcohol to the Port of Lisbon license, ARCA will spend around 9,500€ in these. We will have to pay additional licensing for the music we play publicly. We will have a list of 3,000 songs (renovated each year and knowing artists will bring their music) and for that we will spend around 1500€ per year.

Our monthly party would have additional costs: security, special licenses to play music until after 3am, extra bartenders and runners. Altogether, we have estimated its cost around 5000€ per party.

A place like ARCA has a lot of employees and their safety is paramount. That is why the company will have an insurance cost of 23,000€. In order to face all possible legal burdens and bureaucracies, ARCA will hire a lawyer at 900€ per month.

Last but not least, all tax accountability, and all the dealing with the IRS will be very difficult to be deal with internally. Outsourcing in these cases is the best solution for 1500€ a month.

Operational costs sum up to 122,824€ a year.

Operational Costs	Yearly Cost
Music	€ 1,500.00
Monthly Party Security and licenses	€ 60,000.00

Insurance Costs	€ 23,000.00
Accounting outsourcing	€ 18,000.00
Lawyer	€ 10,800.00
Port of Lisbon Licensing	€ 8,500.00
Food And beverage Management	€ 1,024.00
<b>Total</b>	<b>€ 122,824.00</b>

## Wages

Wages are a crucial part of our fixed costs. A food and beverage venue deals with more than the typical 8 business hours; therefore, it requires employees to be divided into shifts.

From our interview with Ricardo, we have estimated that ARCA will need 54 staff members (Including CEO's) which represents a total cost of 698,003.46€ per year.

In order for the restaurant to serve its clients to the best possible standard, it will require a Headwaiter that manages and deals with the *chef de rang*. The *chef de rang* are usually assigned to a small number of tables. To help them they have runners, who are more inexperienced and report to them. Each has one runner by his side, like an assistant. The headwaiter gets 1,500€ of salary, while the runner makes 720€.

Same logic for the bar but the *chef de rang* can be assigned to a lot more tables. The orders at a bar are much simpler to handle than in a restaurant and the tables are easier to clear. They also have their runners to help them, as in a restaurant. Five bartenders, divided into different shifts, will handle the bar. As bar service is generally easier and requires less experience, their wages are lower than in the restaurant service department (the headwaiter makes 1,200€ and the 680€).

The kitchen is a major part of our operations. An executive chef runs the kitchen with the help of his executive sous-chef. They deal with the *commis*'s, those who chop the ingredients, who peel the carrots and potatoes etc. The line cook prepares the starters and has some autonomy while the *chef de partie* is the one who handles the stove cooking. The chef has the highest salary among the employees, 2300€. The *commis* earns 680€ and works one shift per day (10am to 7pm).

To wash dishes, glasses, cutlery, clean the kitchen and assist the personnel we have the stewarding department. The stewarding chef defines timetables and tasks for each steward. They don't earn much given the experience required for their jobs (505€/month).

The four partners will manage back office tasks. Jorge Marques will handle Human Resource Management. Jose supervises a specialized stock control manager and a cost control manager. This is a crucial area given the high fixed costs.

The venue needs to be cleaned and maintained. *"Sometimes people don't realize of how many things get broken and need repairing in this business. Lux get a new toilet and three new doorknobs every week"* (appendix 3.1). Michael Malina will be the maintenance

manager with the help of a maintenance man. Moreover, a cleaning manager is in charge of four cleaning men/ladies. The staff we've just mentioned earn salaries that go from 500€ (cleaning man/lady) to 1,350€ (cost control manager).

For more information regarding salaries, shift distribution and the number of employees per department refer to the appendix section (appendix 5.5). As you can see below, the total wages will be high.

Wages	Monthly Salary	Yearly Salary
Restaurant departement	6,320.00 €	109,494.00 €
Service Bar & Terrace Department	10,428.80 €	180,678.96 €
Kitchen Department	12,000.00 €	207,900.00 €
Stewarding Department	2,235.00 €	38,721.38 €
Back office Management	5,305.00 €	91,909.13 €
CEO's	4,000.00 €	69,300.00 €
<b>Total</b>	<b>36,288.80 €</b>	<b>698,003.46 €</b>

Summing up all the fixed costs and adding a 5% security margin for mistakes or unexpected costs, the total annual fixed cost ARCA will incur is of 875,098.83€.

Fixed Costs	Yearly Cost
Marketing Costs	12,600 €
Operational Costs	122,824 €
Wages	698,003.46 €
<b>Total</b>	<b>833,427.46 €</b>
Security Margin (5%)	€ 41,671
<b>Total</b>	<b>875,098.83 €</b>

### Other revenues

Besides its menu, ARCA will need other sources of revenue. As explained above (cf. Marketing Plan), we will have a 10,000€ yearly revenue from our auctions and artist pieces sold.

Given our marketing strategy and the hosting of events (our Full Moon Party, company and magazine events), we will find sponsors such as Sunlover, (a new bioenergetic brand), Heineken, and Red Bull among other companies for brand activation campaigns. We predict a 3,000€ sponsorship deal for each party. From our second year onwards, with stronger reputation, companies are going to come to us for events, and on those we hope to get better deals and partnerships.

Other revenues	#	€/#	Year 1 revenue	Year 2-5 revenue
Auction and artist pieces sold	2	€ 5,000.00	€ 10,000.00	€ 10,000.00

Monthly Night Sponsoring	4	€ 3,000.00	€ 12,000.00	€ 12,000.00
Company Events	5	€ 10,000.00	-	€ 50,000.00
Partnership	1	€ 20,000.00	-	€ 20,000.00
<b>Total</b>			<b>€ 22,000.00</b>	<b>€ 92,000.00</b>

## B. STOCK VALUE

In order to get some first insights on our stock values, we calculated the quantity of each ingredient we would need for each year and for each scenario. We divided them into four categories: Fresh products (coming in everyday), dairy products, fruits and vegetables that can be stored for five days in a refrigerated room, and finally, all groceries have to be bought on a monthly basis. For more information about the stock and safety stock value, report to appendix 5.6.

Knowing this, we will need to keep a certain quantity in stock. This helps when calculating the PNL: we know that there is always a certain amount of money that is spent in advance.

Our suppliers will be paid on the spot, so supplier debt will be non-existent. This assumption is far from reality, because usually in food and beverage business suppliers are paid after 90 days. We assumed this in order to facilitate our calculation process.

## C. CASH FLOW STATEMENT, PNL, BALANCE SHEET

For more information regarding Cash Flow Statement, PNL and Balance Sheet refer to appendix 5.7.

### Cash Flow Statement

Every company needs to have liquidity to survive. Therefore, before calculating our PNL and our balance sheet that include also non-monetary costs and revenues, let's determine how much investment will be required.

Cash flow Statement	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sales</b>	2,135,275 €	1,886,400 €	1,886,400 €	1,886,400 €	1,886,400 €
- Direct Cost on Sales	617,120 €	545,074 €	545,074 €	545,074 €	545,074 €
<b>Margin</b>	<b>1,518,155 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>
- Fixed Costs	893,290 €	893,290 €	893,290 €	893,290 €	893,290 €
+ Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
<b>Operational Margin</b>	<b>646,865 €</b>	<b>540,035 €</b>	<b>540,035 €</b>	<b>540,035 €</b>	<b>540,035 €</b>

<i>Investment</i>	1,075,322 €				
– <i>Taxes on sales</i>	427,055 €	377,280 €	377,280 €	377,280 €	377,280 €
<b>Need for financing</b>	<b>-855,512 €</b>	<b>162,755 €</b>	<b>162,755 €</b>	<b>162,755 €</b>	<b>162,755 €</b>
<b>Cumul</b>	<b>-855,512 €</b>	<b>-692,757 €</b>	<b>-530,001 €</b>	<b>-367,246 €</b>	<b>-204,491 €</b>
+ <i>Capital</i>	500,000 €				
+ <i>Banking loan</i>	400,000 €				
+ <i>Subsidies</i>	100,000 €	0 €	0 €	0 €	0 €
– <i>Debt payment</i>	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €
– <i>Interest</i>	18,000 €	17,100 €	16,200 €	15,300 €	14,400 €
<b>Free-cash-flow</b>	<b>106,488 €</b>	<b>125,655 €</b>	<b>126,555 €</b>	<b>127,455 €</b>	<b>128,355 €</b>
<b>Cumul</b>	<b>106,488 €</b>	<b>232,143 €</b>	<b>358,699 €</b>	<b>486,154 €</b>	<b>614,509 €</b>

After incurring all costs we will have a first year operational margin of 646,865€. From the second year onward, the operational margin made by ARCA would be of 540,035€.

On the first year we will have to payback our investment costs a total of 1,075,322€. We would also have to pay our IVA. In Portugal, you don't pay tax over benefits in the food and beverage business. It is not a fixed percentage, given that you pay the tax over each product's sell price. A product whose price is 75€, a client will pay  $75 \times 23\% = 92,25\text{€}$ . The difference is paid to the state:  $17,25\text{€}$  ( $92,23\text{€} - 75\text{€}$ ). That amount is less than 23% of the final price. All our prices take IVA into account. Therefore, we used 20% as a tax base. This means we will pay 427,055€ of tax on sales for our first year, and 377,280€ from our second year onwards.

In a nutshell on the first year we would need 865,767€ in financing to have a positive free-cash-flow.

### Investment

After talking to Pedro Baltazar (appendix 3.6), a Portuguese investor, we decided to raise funds through three different channels. We estimated we would need to raise one million euros to have positive cash flow by the beginning of our second year.

The first channel would be capital. Finding an investor that believes in our idea and concept and provides ARCA with a capital investment of 500,000€. The second source of financing would be a banking loan of 400,000€ at a 4.5% interest rate where our investor acts as a guarantor for the loan. Finally, for the remaining 100,000€ we turn our attention towards alternative ways to raise funds such as government subsidies, contests, crowd funding platforms and other available opportunities.

Comparing to our benchmark scenarios, we stand between the average and the good scenarios. It is important to notice that on the average scenario we would need maybe more than 1 million, therefore we decided to add 200,000€ in subsidies for this scenario in order to make it sustainable. On the worst-case scenario, the business would be unsustainable.

#### D. PNL

Scenario 1	Year 1	Year 2	Year 3	Year 4	Year 5
00-709 Sales revenue	2,098,090 €	1,853,156 €	1,853,156 €	1,853,156 €	1,853,156 €
600-608 – Supply and goods	615,818 €	543,910 €	543,910 €	543,910 €	543,910 €
710-719 + Stock variation					
710-609 – Stock variation					
710-720 + Immobilised production	0 €	0 €	0 €	0 €	0 €
<b>Sales Margin</b>	<b>1,482,272 €</b>	<b>1,309,245 €</b>	<b>1,309,245 €</b>	<b>1,309,245 €</b>	<b>1,309,245 €</b>
740-749 + Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
610-619 – Services produced	13,230 €	13,230 €	13,230 €	13,230 €	13,230 €
620-629 – Wages	732,904 €	732,904 €	732,904 €	732,904 €	732,904 €
710-630 – Depreciation	48,018 €	48,018 €	48,018 €	48,018 €	48,018 €
631-634 – Value reductions	0 €	0 €	0 €	0 €	0 €
635-637 – Provisions					
640-649 – Other charges	128,965 €	128,965 €	128,965 €	128,965 €	128,965 €
<b>Operational result</b>	<b>581,155 €</b>	<b>478,129 €</b>	<b>478,129 €</b>	<b>478,129 €</b>	<b>478,129 €</b>
750-759 Financial revenues	0 €	0 €	0 €	0 €	0 €
650-659 – Financial Charges	38,000 €	37,100 €	36,200 €	35,300 €	34,400 €
<b>Financial result</b>	<b>-38,000 €</b>	<b>-37,100 €</b>	<b>-36,200 €</b>	<b>-35,300 €</b>	<b>-34,400 €</b>
<b>PNL</b>	<b>543,155 €</b>	<b>441,029 €</b>	<b>441,929 €</b>	<b>442,829 €</b>	<b>443,729 €</b>
670-679 – IVA	419,618 €	370,631 €	370,631 €	370,631 €	370,631 €
Taxes from previous years					
Taxes to pay	419,618 €	370,631 €	370,631 €	370,631 €	370,631 €
<b>Reportable Profit/Loss</b>	<b>123,537 €</b>	<b>70,397 €</b>	<b>71,297 €</b>	<b>72,197 €</b>	<b>73,097 €</b>

The main difference between the PNL and the cash flow statement is that on the PNL we will have to incur other non-monetary costs such as the depreciation our assets suffer. Our big investment generates large sums of depreciation: 48,018€ per year. Given this and analyzing all our charges and revenues, we would generate a profit of 123,537€ on the first year, and from the second year onwards around 70,000€.

On the average scenario, given the amount received on the first year, there is benefit. But then the business starts to report losses around 40,000€ per year. By raising additional funds by the end of the first year it would be possible to increase revenues and propel ARCA to a better financial outcome. After the first year, with the money gathered, there is still a possibility of compensating the first year losses. The possible investments from the second

year onward are not shown in these predictions. On the other hand the worst-case scenario is a case where the business would be impossible to last.

#### *E. BALANCE SHEET*

In order to make our Balance Sheet tables, we realized the Realistic, Very Good and average scenarios. Given the negative number of free Cash Flow in the negative scenario, the business would not be sustainable. Therefore, we decided not to include it.

For the average scenario we made the possibility of making 300,000€ of subsidies instead of 100,000€. This way the first year we would have liquidity in order to keep the business.

For our Realistic scenario, we can deduct a growth in our Assets and liabilities, sustainable and stable, which is good news for investors.

<b>ASSETS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
I. Administration Fees	€ 277	€ 249	€ 222	€ 194	€ 166
II. Tangible Assets					
III. Intangible Assets	€ 1,029,341	€ 983,637	€ 937,933	€ 892,230	€ 846,526
IV. Financial Assets					
V. Receivables for plus than one year					
VI. Stock and running commands					
VII. Receivables within one year					
VIII. Investment treasuries	€ 156,488	€ 232,143	€ 358,699	€ 486,154	€ 614,509
IX. Available values	€ 50,000	€ 100,000	€ 100,000	€ 100,000	€ 100,000
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,236,106</b>	<b>€ 1,316,030</b>	<b>€ 1,396,854</b>	<b>€ 1,478,578</b>	<b>€ 1,561,202</b>

<b>LIABILITIES</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
I. Capital	€ 500,000	€ 500,000	€ 500,000	€ 500,000	€ 500,000
II. Issuance Premiums					
III. Revaluation gains					
IV. Reserves	€ 42,314	€ 398,393	€ 498,316	€ 599,140	€ 700,865
V. Reportable Profit/Loss	€ 233,792	€ 77,637	€ 78,537	€ 79,437	€ 80,337
VI. Subsidies	€ 100,000				
VII. Provisions					
VIII. Payable after one year	€ 360,000	€ 340,000	€ 320,000	€ 300,000	€ 280,000
IX. Payable to one year					
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,236,106</b>	<b>€ 1,316,030</b>	<b>€ 1,396,853</b>	<b>€ 1,478,578</b>	<b>€ 1,561,202</b>



## DISCUSSION

This section aims at making a critical evaluation of the work provided in the practical part of our thesis, the flaws and points of improvement while keeping in mind the relation between the practical and the theoretical parts.

We began by explaining the restaurant/bar concept: In this section we wanted to make our readers picture ARCA the way we imagined it. Our 3D model was helpful to allow the reader to actually see the venue.

The legal form is our first limitation. We didn't conduct sufficient research in order to know exactly which administrative steps we would need in order to have authorization to register ARCA. An idea for improvement in this department would have been to interview a legal expert. We also were unable to collect sufficient information on the required authorizations to build ARCA in that specific location even after meeting in person at the Port of Lisbon offices.

After that, we began our analysis. Let's look through each section of our practical part and determine the limitations we encountered.

### PESTLE

Having lived in Lisbon for 18 years and returning several times while doing our studies abroad, we felt we understood the major topics of the macro-environmental analysis. The research was relatively easy. Our interview with BINAU (appendix 3.7) helped us understand the young Portuguese artist's situation and provided perspective from a socio-cultural point of view.

In this analysis our major limitation was that it is maybe a little bit too much based on Internet resources and not scientific articles but we wanted it to be a reflection of the present state of our macro-environment. For that, newspaper articles from reliable sources proved to be sufficient. We also may have been short on some legal factors that might impact the industry.

### SURVEYS

While our idea was still raw, we knew we would need to know about customer's preferences for locations, how many times they met with their friends and how much they would spend depending on the time of the day. Our results were pretty much what we were expecting. We shared our online survey through our social media accounts, and this means most of the respondents belonged to our social environment which introduces a slight bias into the study.

When doing our personal survey, we had progressed on some of the financial work, gathered some information but we wanted to confirm some of our estimations. We asked people questions that allowed us to empirically validate our assumptions, such as: *“Do you spend more at dinner or at lunch? Why?”*.

Our surveys have some limitations. For some of the questions we asked, we allowed multiples answers. This created problems in explaining percentages, and so we just explained the general graph curve instead. Questions such as *“In what context do you meet during the week?”* or *“Depending on the situation, what kind of drinks do you ask for?”* weren't analyzed mathematically as they probably should have been.”

### **Five Forces of Porter**

Our literature review went through what should be the worries for this part. We needed to gather some information about what were the main threats on our industry. We made a list of competitors based on local knowledge but also from the places Felipa Garnel (appendix 3.4) pointed out to be our main competitors. Then we analyzed them by taking some photos (Michael Malina) of these locations, their menus and by visiting their websites. For the threat of suppliers we interviewed Ricardo (appendix 3.1) to understand better if they had any bargaining power or not.

For this analysis our main limitation was that we weren't physically onsite to make our analysis. We weren't able to interview people from door to door at each of these places in order to know exactly what they liked and disliked about them. We relied on our interviews to understand this point and maybe it is not enough. Our second problem here is that we are talking about a huge industry. The F&B industry is very broad, and it was often hard to identify who should be identified as a direct competitor and who should be considered as a substitute. We tried to go for different styles of places that welcomed our kind of customers. We didn't consider art galleries because in our opinion those places aim at a completely different and overall narrower target than ours. This might be seen as a limitation since our business has an artistic dimension.

### **SWOT**

For our SWOT analysis we have picked from our previous analysis the points we felt were important to put on the table. We wanted it to be concise and didn't enter into further explanation about it as it sums up the elements we talked about before.

### **MARKETING STRATEGY**

Going for a different client segmentation for the bar and restaurant might not be a good idea. Maybe by targeting a higher income level on the restaurant upstairs and having cheap deals downstairs is too ambitious. Narrowing down the target market by acting on our menu pricing could be a clue for improvement. The music must fit both sub-venues, the environment also. The segmentation we decided to use here might be seen as risky, but if successful it can become a pioneer and trendsetting concept. By adjusting prices the way we did, our objective was to have ARCA be an inclusive venue, affordable to everyone who has a bohemian lifestyle and appreciates art. The venue attracts several types of customers: from young college students spending their month's allowance, to young graduates having an after-office drink to a young married couple with their child. We want families with children to stop by on a Sunday afternoon and check out the artist's wall, we want people to go there for a drink and listen to relaxing music, we want a fun and crowded place on a Friday night, and we want business lunches during weekdays. It sounds very ambitious but our knowledge

of the city's transformation during the past few years and the interviews we made lead us to believe that it is feasible. Not only that, but that became an integral part of our concept. Noah's Ark was a place for every species, everyone was included. By putting aside the stereotypes and the separations that exist nowadays on our society, there is definitely potential for an idea such as ARCA to be successful. If done wrong however, it can easily become a failure.

## **MARKETING PLAN**

The structure of this section followed the seven dimensions of the marketing mix. We felt that this analysis was sufficient to address the entire specifics of our marketing plan.

- **Product:** We have selected a number of Portuguese main dishes, starters and desserts. Together with Ricardo we have drafted the menu in order to be able to have a high quality food restaurant and also a sufficient variety of beverages. Our true project might include some "tapas" to be sold at the bar, some weekly dishes. For our financial estimations we thought it would be better to limit our menu to what we had to ensure accurate information on costing.
- **Place:** Our location was thought from the beginning. It is located on the epicenter of where people usually meet in Lisbon, but it is in an area where there still isn't an active environment with thriving businesses and nightlife such as Bairro Alto or Cais do Sodré. You have Meninos do Rio that is a rather pricy bar and the nightclub Urban Beach that gets crowded around 2AM. One of our goals was to make the area grow and capture customers who are looking for a place to have dinner or a drink before going to the nightclubs that are open until late. Another problem we didn't mention was the fact that a riverside venue may have problems such as flooding when heavy rains strike. In the winter, given our proximity to the river and the openness of our building, we could face serious affluence problems.
- **Price:** In this sub section, a price war with our direct competitors may not be the best idea. We know we want to aim at having a full house, but the decision to lower prices on certain products comparing to our neighbors and close competitors Meninos do Rio can inflict some damage. The competition between F&B venues can get rough sometimes. We are not sure of what might be the full extent of the downsides to this strategy. As a newcomer, fighting on prices with an established venue is not easy, and therefore can become harmful to ARCA.
- **Promotion:** For this topic we relied on our interviews with Felipa Garnel (appendix 3.4) and TV celebrity actress Jessica Athayde (appendix 3.5). We wanted to understand better the way this kind of venue deals with magazines and the press, but also the way celebrities make agreements with F&B venues around Lisbon and the strength of social media as a marketing platform. Unfortunately, Jessica wasn't able to give us specific information about deals she makes with some businesses in Lisbon due to confidentiality agreements. Felipa Garnel also told us that in order to have a magazine host a party at our venue we would have to make concessions on our side,

however, she couldn't give us specific prices. We also thought about other marketing strategies (Tuk tuks, flyers at the hostels, special discount cards) but weren't able to pursue financial projections on those due to lack of information.

- For our physical evidence point we relied on the interview with interior decorator Frederico Oliveira (appendix 3.3). The building doesn't physically exist yet and any numbers we might discuss at this point don't add that much value because in reality, they might result in a completely different agreement. Our objective was to understand if for a decorator, a deal like the one we proposed made sense, but also know his opinion about it. This interview was probably the fastest one, as Frederico didn't have much time for us, and we didn't manage to extract much information from him.

While doing our analysis we had to progressively plan our financial projections. With the elements discussed on our theoretical part and after having talked with a CPME colleague from the LSM we built the Excel structure. For this part we needed to make a lot of estimations, and some might be inaccurate.

- Construction Costs: For knowledge about construction prices with interviewed the architect Richard Clarke. Michael went to interview him, made the recording and we did the transcript. Here, based on what he told us, we were able to draft a construction price for ARCA. Nevertheless, 700k doesn't seem much for a place like ours, but we decided to follow a mathematical logical in this case, based on the information Richard gave us.
- Materials: ARCA needs kitchen materials, chairs, tables, napkins etc... Ricardo gave us a list of what he thought would be the materials we would need, and then we went on to search prices. We did the research and sometimes had to convert dollars in euros, given that on American websites it is easier to get information. For the decoration cost our 30.000€ assumption is based on a broad figure that Frederico gave us and this number might result being inaccurate.
- Menu: For our menu we had to decide on what dishes to sell and how we would calculate their prices. Here we chose dishes from Bica do Sapato, in order to have the sufficient cost information about them. Our real venue will have its special own dishes. We used these in order to make accurate estimations.
- Profit per client: On this point it is very sensitive to know exactly how much a customer will pay depending on the situation he is: lunch, dinner, after-office. How much drinks will he ask for, will he ask for starters or not? For some of these estimations, the surveys we made helped us confirm the numbers we had in mind while Ricardo's help and expertise made sure that there was logic in the numbers we used. For these estimations we didn't make a differentiation between clients. We made a differentiation between venues and explained the different patterns of consumption.

- Selling estimations: These are probably our less accurate estimations. Based on a percentage of completion, we tried to take into account every rule about demand patterns, the difference between a good, average and bad week etc. There might be some mistakes in the estimations, but we are positive that the graphs prove that the general trend is there and that the final numbers are logical. Ricardo, again, confirmed them in our interviews.
- Full Moon Party: All estimations about the full moon party were probably too simplistic. We didn't have accurate information on our surplus cost for the party: security, bartenders among others. The additional revenues and costs could have been studied more in detail.
- Our scenarios: We had several different ideas for our scenarios. We thought about making good and bad scenarios for each type of week, then we thought about trying to predict two or three different *realistic scenarios*. We ended up keeping one realistic prediction gathering everything we thought would happen to our business: a strong entrance on the market and then stabilizing at a rather good level. Then we made the other three scenarios that allowed us to understand our realistic approach and to be able to determine the risk associated to the project.
- Annual Fixed Costs: For this part we had the information gathered with Felipa and Jessica for our marketing costs, Ricardo gave us information about lawyer fees, insurance and the Port of Lisbon licensing. Then came a difficult part, the wages. For this part, Ricardo told us the different kind of people we would need to hire and their respective salaries. To understand the time schedules and the number of people we would need depending on the volume of demand was very difficult but we believe we did it accurately.
- Stock Value: This was probably one of our major problems. Stock analysis and predictions are very important for a business such as ours. We built an excel sheet where we detail how much of each ingredient we would need for each dish. We calculated the stock value for each scenario, but we don't use those numbers when calculating the PNL and Cash Flow Statement. We tried to include stocks in our annual estimation but couldn't. Purchasing methods and storage were an integral part of our theoretical analysis. We didn't develop it for ARCA, but we believe we explored sufficient literature on how to do it practically.
- Cash Flow Statement, PNL: How much were we going to need to raise in order to kick start the business? After calculating our positive cash flow and our reported benefit for our realistic scenario, we knew that we needed around 900k. We predicted an initial investment of 1,000,000€. During our phone interview with investor Pedro Baltazar, he helped us understand that it wouldn't be easy to get this amount investment, but he gave us some guidelines on how to proceed. Moreover, as told above, the average scenario is very risky, and this means that this business cannot be sustainable being average. It needs to perform above average standards.

Compared to our theoretical part, we came up with approximately the same structure except for the financial estimations, where we didn't review any literature. We followed a financial structure based on ours', our advice from a CPME colleague and Ricardo's knowledge and expertise. Although we believe our numbers are pretty accurate, we might be forgetting a lot of things. For that reason, we included security margins on areas such as our annual fixed costs or investment costs.

Our interviews were pretty much targeted and opened. We wanted to create let them lead us to new advice and ideas depending on where the conversation would lead. We wanted to have conversations and not a rigid question/answer approach with our interviewees. Together with our online research and our surveys, they helped us getting what we believe is accurate information and data collection from key stakeholders. Our physical distance to Lisbon prevented us from getting more structured interviews, such as legal information on the possibility of building in that location and all the administrative issues we would need to deal with. For instance we didn't allocate a cost for a construction license, and we imagine that to build in that area it should be a considerable amount.

After having analyzed our business and pointed out its limitations, we feel we can conclude this practical part by saying that even though this idea might be great and has a lot of potential it will be very difficult to execute at the magnitude that it is presented here.

The fact that all four partners are under 24 years old will certainly not help when finding an investor for such a large sum as ours. We will probably require the support of a fifth and more experienced member or else we will have to wait some years and be more experienced before launching.

Another possibility is to scale down and grow. Although we think that the true impact would be achieved by going big. We could start by putting this concept into a smaller, rented venue, and if the business is in fact successful and has a proven track record, we will have more legitimacy to approach investors. We would be more experienced, armed with a better knowledge of the flaws of our concept and we would have time to adapt and understand the challenges of the industry.

Our goal in life is to be productive to society and to deliver create something original that people can appreciate. We went abroad to study because job opportunities are scarce in Portugal, but also because we wanted to experience what the world has to offer, different habits and ways of living. The first idea for ARCA appeared after spending some time on a very natural bamboo-style bar in Laos, with great music and an artist doing graffiti on a wall made for that purpose. We adapted that idea to an environment we know. Sometimes other cultures have other ways of thinking and that is the main reason we went abroad. However, no matter where our professional lives might take us, we still have an unbreakable bond with our country, Portugal.

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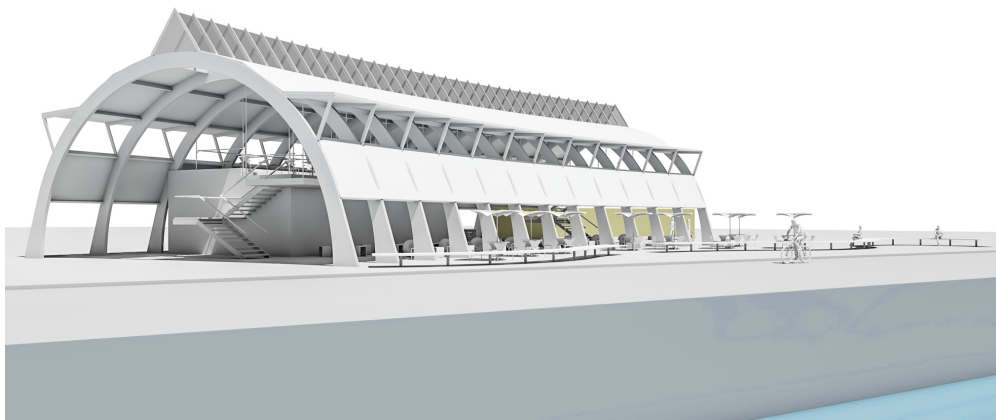
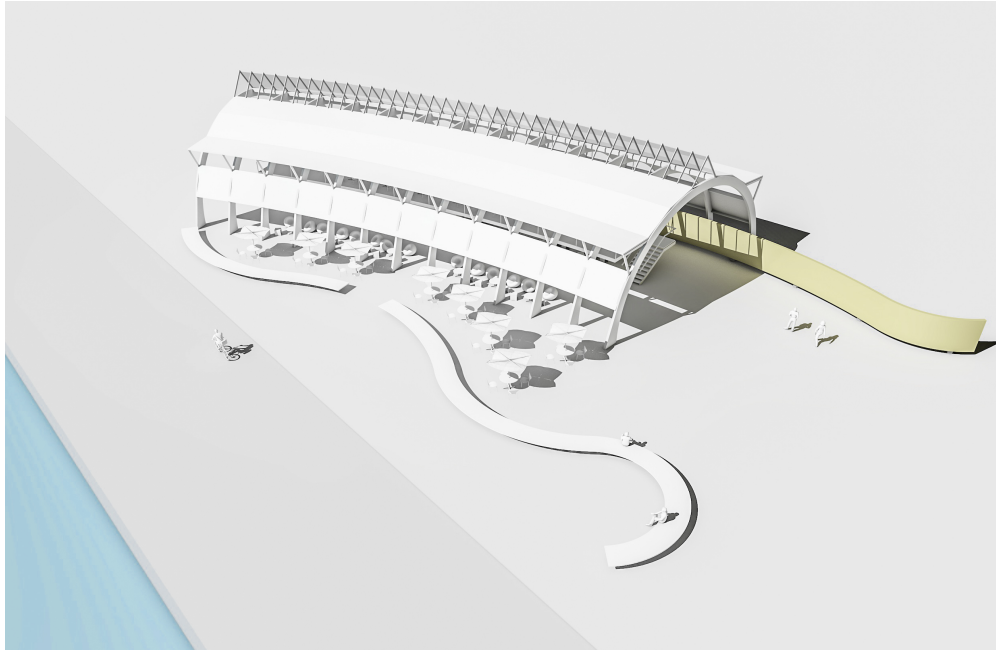
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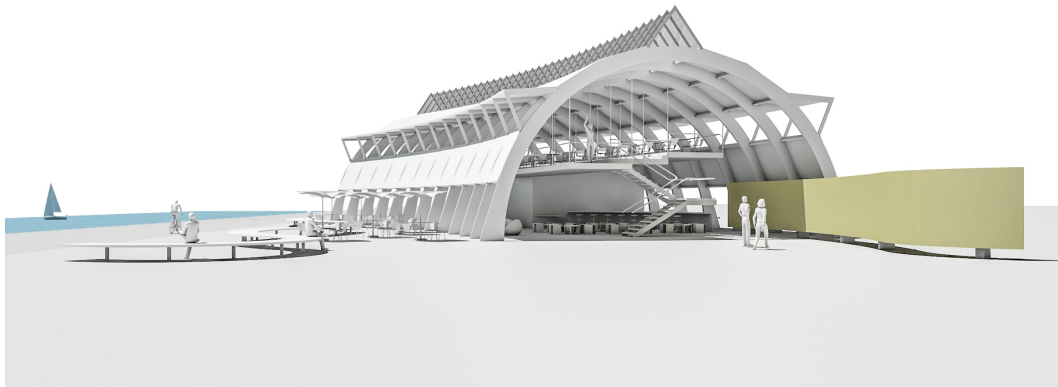
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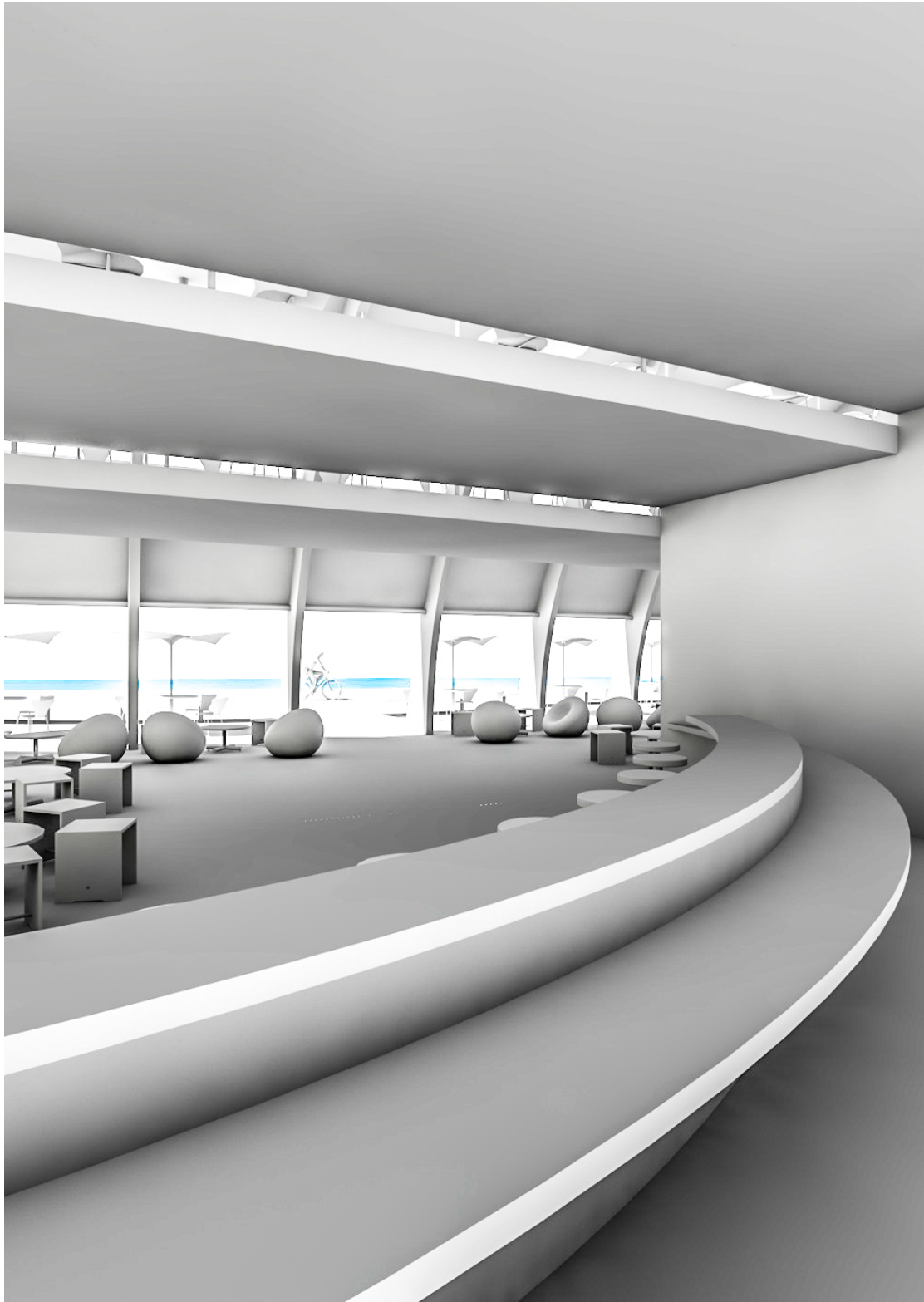
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# APPENDIX

## APPENDIX 1 – ARCA'S DESIGN







## APPENDIX 2 –SURVEY’S

### 2.1 – ONLINE SURVEY

#### 2.1.1 – ONLINE SURVEY QUESTIONNAIRE

##### **Question 1:**

- a) How old are you?
- b) You are?
  - a. Male
  - b. Female
- c) Your occupation
  - a. University Student
  - b. High School Student
  - c. Worker
  - d. Unemployed
  - e. Retired
- d) Your area of residence is?

##### **Question 2:** Classify: The following leisure areas in Lisbon by preference order

- a) Bairro Alto
- b) Cais do Sodré
- c) Santos
- d) Avenida da Liberdade
- e) Alfama
- f) Docas de Alcantara

##### **Question 3:**

- How many times per week do you meet your friends?
  - a) 1
  - b) 2
  - c) 3
  - d) 4
  - e) 5 or more
- On what occasion do you meet with them?
  - a) Night Bar
  - b) Party
  - c) After office situation
  - d) Cultural activity (Museum, cinema)
  - e) I don't have time

##### **Question 4:**

- When picking a place to meet your friends **during the afternoon**, how important are each of these criteria (Order by 1 to 5)?
  - a) Proximity

- b) Price
- c) Conviviality
- d) Space
- e) Music
- f) Environment
- g) Routine
- How much do you spend on that situation?
  - a) 0-5€
  - b) 5-10€
  - c) 10-20€
  - d) More than 20€
- When picking a place to meet your friends **during the night**, how important are each of these criteria (Order by 1 to 5)?
  - a) Proximity
  - b) Price
  - c) Conviviality
  - d) Space
  - e) Music
  - f) Environment
  - g) Routine
- How much do you spend on that situation
  - a) 0-5€
  - b) 5-10€
  - c) 10-20€
  - d) More than 20€

**Question 6:** When meeting your friend to have a drink, what kind of music do you enjoy the most by order or preference?

- a) Electronic Music
- b) Rock
- c) Jazz
- d) Commercial Music
- e) Music of the World

**Question 7:** Sort: What kind of art expositions/shows are you the most eager to enjoy?

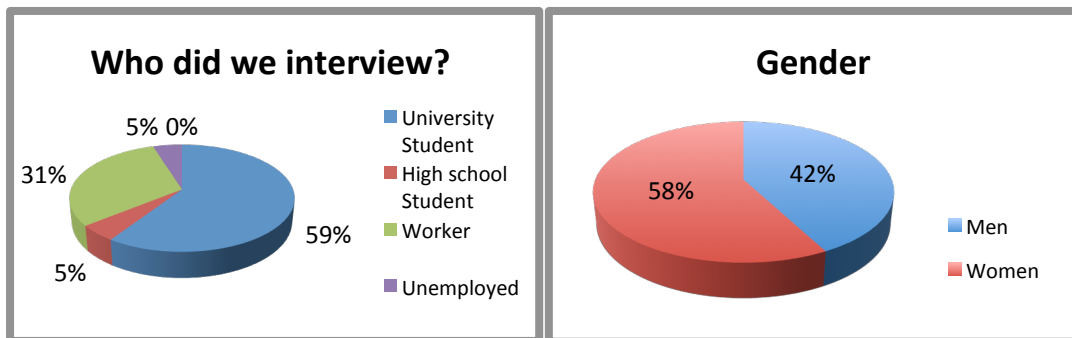
- a) Graffiti
- b) Cinema
- c) Sculpture
- d) Painting
- e) Photography
- f) Music of the World

**Question 8:** Sort: when not eating at home, what kind of food do you like the most?

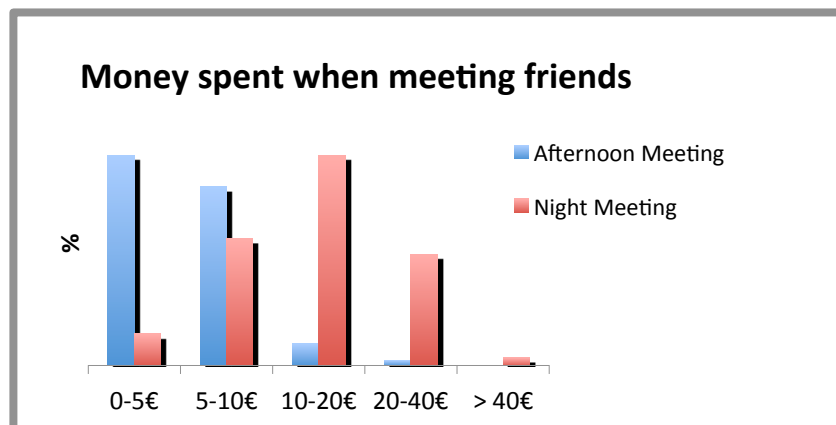
- a) Petiscos
- b) High Cuisine
- c) Exotic food
- d) Fast food
- e) Green/Organic

2.1.1 – ONLINE SURVEY ANSWERS

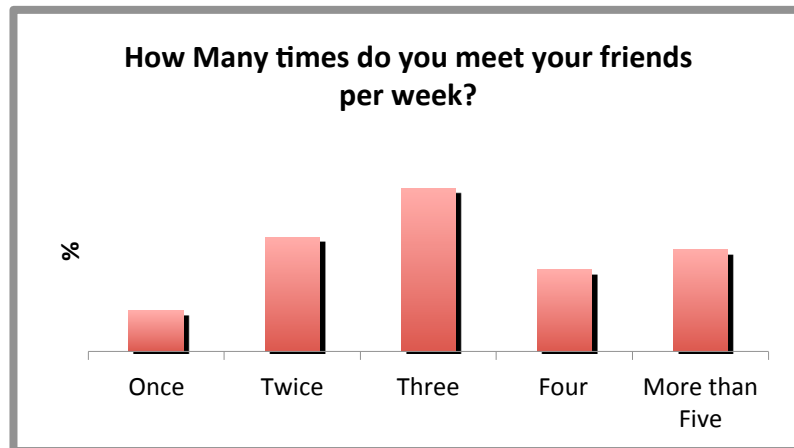
Who did we interview			
Occupation	University Student	73	59%
	High school Student	6	5%
	Worker	38	31%
	Unemployed	6	5%
	Retired	0	0%
Gender	Men	52	42%
	Women	71	58%



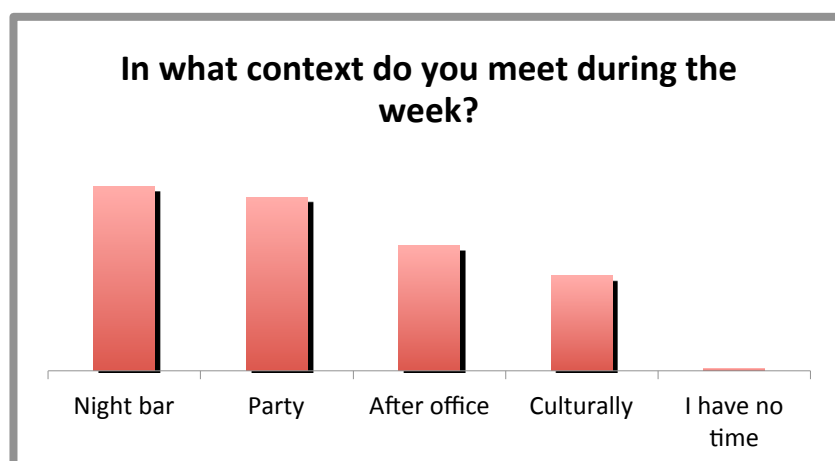
Money Spent when meeting friends			
Afternoon Meeting	0-5€	53	43%
	5-10€	45	37%
	10-20€	20	4%
	20-40€	5	1%
	> 40€	0	0%
Night Meeting	0-5€	8	7%
	5-10€	32	26%
	10-20€	53	43%
	20-40€	28	23%
	> 40€	2	2%



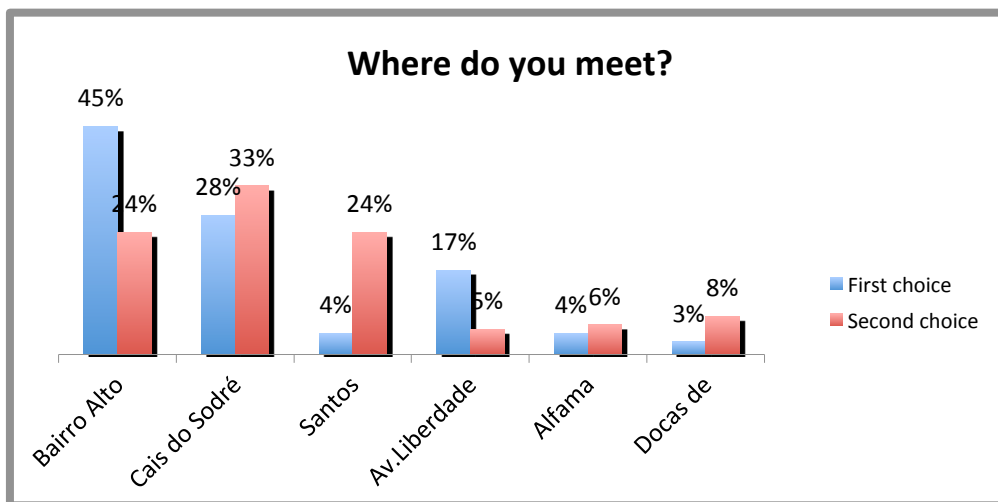
How many times do you meet your friends per week?		
Once	10	8%
Twice	28	23%
Three	40	33%
Four	20	16%
More than Five	25	20%



In what context do you meet during the week?		
Night bar	68	55%
Party	64	52%
After office	46	37%
Culturally	35	28%
I have no time	1	1%



Where do you meet?			
First choice	Bairro Alto	54	45%
	Cais do Sodré	33	28%
	Santos	5	4%
	Av.Liberdade	20	17%
	Alfama	5	4%
	Docas de Alcantara	3	3%
Second choice	Bairro Alto	29	24%
	Cais do Sodré	40	33%
	Santos	29	24%
	Av.Liberdade	6	5%
	Alfama	7	6%
	Docas de Alcantara	9	8%



## 2.2 – ON SITE SURVEY

### 2.2.1 – ON-SITE SURVEY QUESTIONNAIRE

#### **Question 1:**

- a) You are?
  - a. Male
  - b. Female
- b) How old are you?
- c) Your occupation?
  - a. Student
  - b. Worker
  - c. Other
- d) Are you a tourist?
  - a. Yes
  - b. No

#### **Question 2: What do you like the most in Lisbon?**

- a) It's Cheap
- b) Its Weather
- c) Its History/Culture
- d) Its Nightlife
- e) Other

#### **Question 3: Where are you staying/Living?**

- a) Baixa-Chiado
- b) Marquês de Pombal
- c) Alfama
- d) Other

#### **Question 4:**

- a) When eating at a restaurant you spend more
  - a. At lunch
  - b. At dinner
  - c. Same
- b) Why?
  - a. Lunch is faster and I skip starters and deserts
  - b. I drink more at dinner
  - c. I do not spend more money at dinner than at lunch

#### **Question 5:**

- a) When going to a bar, you usually meet at?
  - a. Beginning of afternoon
  - b. After office (Late afternoon)
  - c. Dinner Time
  - d. After Dinner

- b) If you go at the afternoon, what kind of drinks you as the most?
- a. Water
  - b. Juices/Sodas
  - c. Beer
  - d. Wine
  - e. Cocktails
  - f. Hard Liquor
- c) If you go at night, what kind of drinks you as the most?
- a. Water
  - b. Juices/Sodas
  - c. Beer
  - d. Wine
  - e. Cocktails
  - f. Hard Liquor

**Question 6:** Depending on the situation, how long do you stay in a bar?

- a) Afternoon
- a. 30min
  - b. 1h
  - c. 1h30
  - d. 2h
- b) Night
- a. 30min
  - b. 1h
  - c. 1h30
  - d. 2h

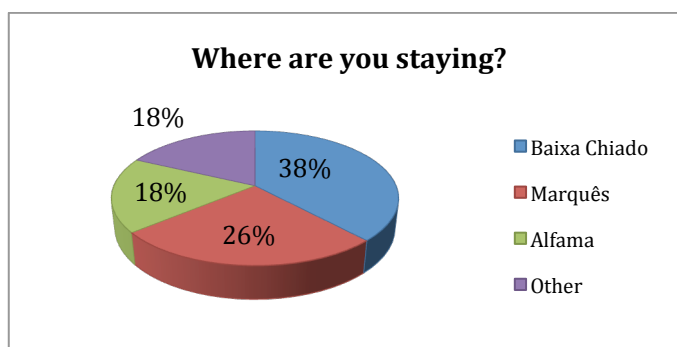
**Question 7:** How many drinks do you as for in a bar, depending on the situation?

- a) 11am-3pm
- b) 3pm-7pm
- c) 7pm-10pm
- d) 10pm-2am

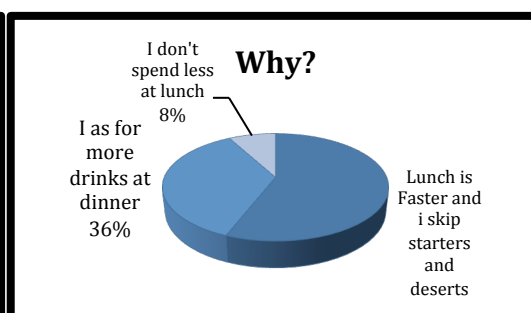
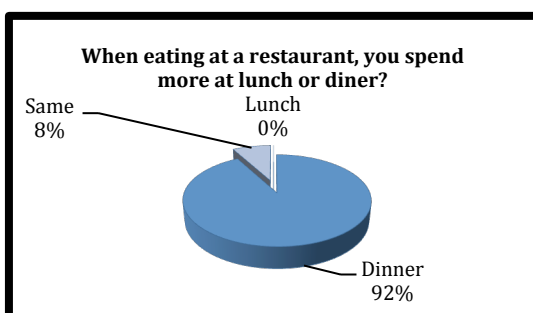
2.2.2 – ON-SITE SURVEY ANSWERS

Who did we interview			
Occupation	Student	32	64%
	Worker	18	36%
Gender	Men	25	50%
	Women	25	50%

Where are you staying?		
Baixa Chiado	19	38%
Marquês	13	26%
Alfama	9	18%
Other	9	18%



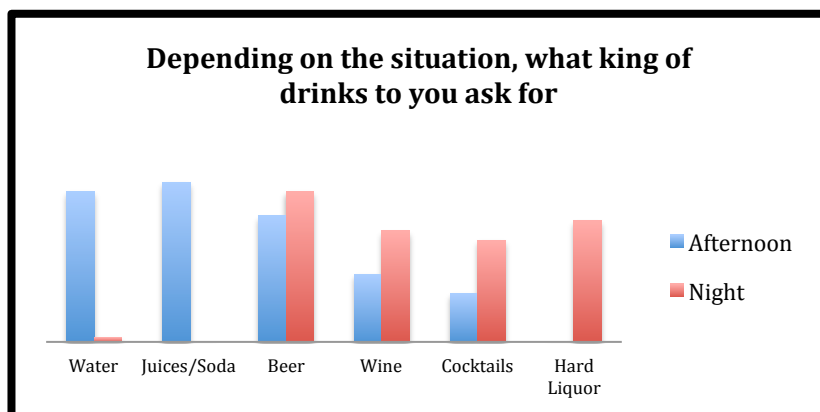
When eating at a restaurant, you spend more at lunch or diner?		
Lunch	0	0%
Diner	46	92%
Same	4	8%
Why?		
Lunch is Faster and i skip starters and deserts	28	56%
I as for more drinks at dinner	18	36%
I don't spend less at lunch	4	8%



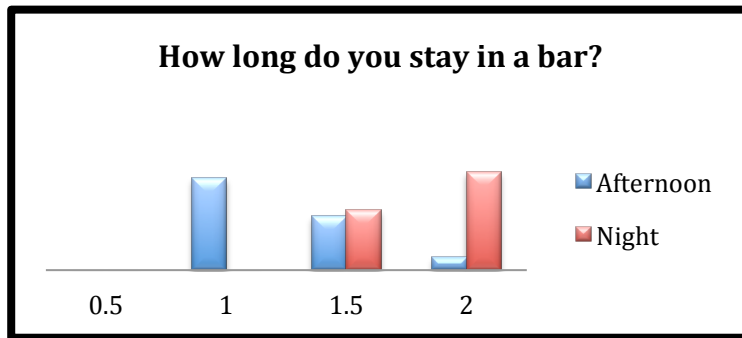
When going to a bar you usually meet at		
Beginning of the afternoon	1	2%
After office -Late afternoon	33	66%
Dinner time	6	12%
Drinks after dinner	30	60%



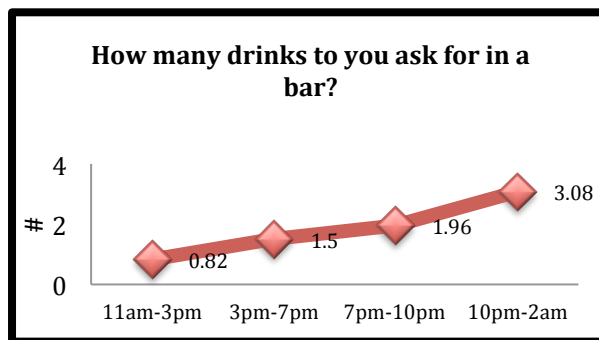
What kind of drinks do you like the most			
Afternoon	Water	31	62%
	Juices/Soda	33	66%
	Beer	26	52%
	Wine	14	28%
	Cocktails	10	20%
	Hard Liquor	0	0%
Night	Water	1	2%
	Juices/Soda	0	0%
	Beer	31	62%
	Wine	23	46%
	Cocktails	21	42%
	Hard Liquor	25	50%



What kind of drinks do you like the most?			
Afternoon	30min	0	0%
	1h	29	58%
	1h30	17	34%
	2h	4	8%
Night	30min	0	0%
	1h	0	0%
	1h30	19	38%
	2h	31	62%



How many drinks do you ask for in a bar?	
11am-3pm	0.82
3pm-7pm	1.5
7pm-10pm	1.96
10pm-2am	3.08



## APPENDIX 3 – INTERVIEWS

In order to get the information we needed to make our business plan, we have conducted several interviews we people from different industries. Before the meeting we sent them an explanation of ARCA's concept and business goals. Every interview started with a quick chat about the business. We knew what kind of information we wanted to obtain and so, instead of having a pre-defined questionnaire, we decided to go for an open interview to let the conversation lead us to some elements that we hadn't thought of.

### 3.1 - RICARDO FERNANDES

**Occupation:** Restaurant Manager at Bica do Sapato and Pap'açorda. Lives and works in Lisbon.

**Email address:** [ricardo.brandao.fernandes@gmail.com](mailto:ricardo.brandao.fernandes@gmail.com)

**Mobile n°:** +351 914469014

**Our goals:** *This was our main interview. With Ricardo we discussed all the assumptions we made for the elaboration of our business plan and their validity. He gave us a lot of information regarding costs and advised us on trends and best ways to forecast our first five years. This interview was held over the course of several months as we progressed on our estimations.*

**Q: Ricardo, can you tell me about your career? Where did you start? Can you also tell me exactly you position inside the holding?**

**Ricardo Fernandes:** After finishing high school at the Lycée Français Charles Lepierre, in Lisbon, I went to Marbella to study at the Les Roches International Hotel Management School. Every year you have a semester at the university where you learn how to serve, how to cook and take classes. The second semester consists of doing an internship abroad. On my first year I went to Barcelona, on my second year, Mexico, and on my third year I decided to stay at Les Roches in Marbella. After I was done with my classes I worked for one year at Waldorf Astoria in New York.

After five years out of Lisbon it was time to come back and start working for my father's business. I already had the necessary experience, and it was time to continue my career at home.

I began as a host at Bica do Sapato and as a night manager at Pap'açorda. For the past year I am progressively earning more and more responsibility in order to take responsibilities off my father. I still don't deal with the Lux disco, but it is part of the same holding.

**Q: For our project we are thinking about having the same dimensions as Bica do Sapato in terms of sq feet. Divided in 2 floors. What is your advice in terms of business plan structure?**

**RF:** Well, first of all let me start by saying that I really like your idea. It is without a doubt a project that differentiates itself from the what's out there right now in Lisbon.

For your business plan I think you should start by acquiring all the implementation costs, such as the construction costs, licensing costs, the EPOS (electronic point of sale), the sound system, decor etc.

For you to be able to know your profits and main operating costs there are two main things you need to do. First and foremost: the menu. It is essential to have a detailed menu, with the details of all ingredients by plate and beverage, then the cost of the plate, so that you can fix your selling price and your margins on products. This is an important step because it will allow you to know the costs incurred in your venue. From what you have told me you are thinking mainly about Portuguese food, including some small dishes to be sold as "tapas". We can think of a list of dishes and I will give you the ingredient and quantity of ingredient list for each dish on the menu.

Then, for your drinks list, in order to simplify the process, you should divide it into a first sub group. For example put all beers together, all whisky's together. That way you will have to make a weighted average and not a simple average to determine the cost of each category. An eighteen year-old whisky is more expensive than a regular Ballantine's. The cheaper drinks are more frequently ordered than the expensive ones. Without a doubt the most asked beer is the 25 cl tap beer followed by the 50cl one. Bottled beer is not ordered as frequently. Based on this you have to make reasonable weighted average prices.

When you already have the Menu costs, we will be able to define your prices, according to your price strategy.

Then, when you already have the prices and menu costs, you will have to know how much a client will be willing to pay and make a client spending pattern for your bar and restaurant. Once you have this you will then have to predict how many customers you will have. Demand varies a lot depending on the moment of the year.

**Q: Can you specify how does the demand fluctuates and what are some specific details about it? Can you provide us with some advice on how to forecast demand? What is the best way to make the client segmentation?**

**RF:** Well, that is a very difficult question, because to make predictions without actually having the business is very challenging.

What you are asking me is how to make the segmentation for an F&B venue. Let me start by saying that it is very difficult to make a precise customer segmentation (International tourist, local, national tourist...), because to know which type of customer you will have and how much each of them are willing to pay is very difficult. You need big storage data about types of customers and customer willingness to pay that you don't have and that is almost impossible to make with simple surveys.

Looking at your concept, I think your restaurant should aim at higher class customers, therefore being a bit more expensive. You will need someone to buy and see your artist's work.

I suggest you make a behavioral segmentation, comparing consumptions between different times of the day, week and year. Customers behave differently depending on the situation. For example, frequently, customers at lunchtime are having business meetings or have something scheduled in the afternoon, and will have faster meals. They order less or no alcohol beverages at all and drink less compared to dinner where they usually stay longer. At lunch, lots of clients skip starters and dessert because they're in a hurry.

You have more customers on a bar after 8pm on Friday than you have on Monday. There are lots of demand fluctuations and depending on each situation the spending spree is different. Let's go step by step.

First of all: the space. I think you need to know exactly what are your restaurant and bar capacities.

After dividing your space between restaurant and bar you have to know the differences in consumptions depending on the situation. Usually, in F&B management, we deal with accounts and provisions weekly and not monthly because demand can change from week to week. Of course there are general assumptions you can make: The demand in the F&B market is very cyclic. In the summer, people are out and you have usually very good weeks. January and February are the worst months, because it is cold and clients go out less. Then there are normal months where business isn't great but it isn't bad either. More precisely the first three months of the year are not so good, then it starts recovering around April, summer is very good, then around October and November it gets worse, December is half bad and half good. I think you should start by doing a weekly forecast, because even in the same month there are specific weeks that are much better than others. For example December doesn't start well, but the Christmas and New Year's Eve weeks are usually great weeks for business.

You should estimate how a typical average week, a typical bad week and a typical good week look like. Then you can make your yearly estimations based on a calendar of good, average and bad weeks. Your strategies will impact the number of good weeks you have for example.

- Your restaurant should be divided into Lunch and Dinner because the behavior consumption is different in each case. Generally you have a wider gap to serve clients for dinner. At lunch you normally serve between 12pm and 3pm. At dinner you serve from 7pm to 11pm. You basically make one shift at lunch, and for dinner sometimes you have to make two full shifts.  
Lunch customers usually have less time, don't drink the best wines, and sometimes don't even want a starter. There are much more business meetings, which are fast and spending is lower. Dinner is different, you have larger groups for example, that like to take the full package: Starter, main dish and some drinks.
- Your bar should, in my opinion, be divided into four different stages. First you have the beginning of the day, from 11am to 3pm, where your affluence will definitely be lower and where people coming to your venue will be rather looking to have lunch than to have a drink. Then the second period, from 3pm to 7pm, where you get the "After-office" type of consumption. You get more crowded, but you don't serve a lot. People usually don't go to a bar at 6pm to get drunk, it is more to have a drink with friends after work. You will have to be open at dinnertime (7pm-10pm), which is typically a dead moment for the bar. After 10pm is where at the beginning of the week you don't have many customers, but Fridays and Saturdays, where consumption is usually higher because people are not going just passing by on their way home, but instead choose to go there and stay for a bit before their night continues or not.

Of course what I'm telling you is based on my experience and it isn't an absolute truth. Actually, no estimation in an F&B management can be bulletproof because demand is so unpredictable you have to go with assumptions. Once you've finished your menu forecasting for your restaurant you will have to know the average price paid by your client different contexts (lunch, dinner for example).

We will draft approximate assumptions on the probability of ordering a starter, dessert etc. depending on whether you are serving lunch or dinner. I can also make you a ranking of the dishes that have more success among customers so you're able to make a weighted average price paid by customer (for example, the *Ameijoas a Bulhão Pato* are the most expensive starter, but at the same time is not the most ordered starter). We can decide together on an estimation of the probability of consumption by type of food and beverage.

After having a more clear vision of how much your customer is going to pay (restaurant/lunch/good week; bar/3pm-7pm/bad week), you will need to forecast how many

customers you will have depending on the time of the year and most of all on the time of the week.

For a restaurant, there is also a big difference in demand between the days of the week, and the pattern of this demand varies between lunch and dinner. At dinner, Mondays and Tuesdays are the worst days, then it keeps getting better and Saturday is almost always the best business day. At lunch, weekdays are similar, and Saturday is considerably better. For lunch, on an average week, you usually have half house and on a good week you have full house on Saturday, for example. Sunday is a day where you usually have a good house at lunch, but at night everyone is at home, and so you should not expect business to be booming. For a bar, during the afternoon, on weekdays, there is no big difference between Tuesday and Thursday. At night there is a much bigger difference between Tuesday and Thursday for instance

It is very difficult to make an accurate prediction of how many customers you will have depending on the time of the week. It is obviously a very difficult assumption to make, because it is not an exact science, but you can provide me with your method of calculation and then I will check the percentages and if the numbers you are thinking of are reasonable or absurd.

**Q: How many employees do I need in the bar and restaurant depending on the different situation we have?**

**RF:** When you know how many customers you will have, we can derive a proportional number of employees for your needs. Your venue will be separated between a restaurant department and a bar department, kitchen department, stewarding and back office areas.

- Restaurant Service department: Here you have the employees that are going to serve your clients. At the top of this department you have the headwaiters, that manage and deal the *chef de rang*, that has some table allocated to him. He is in charge of those tables, of receiving the orders, and has by his side all the runners, that are basically his assistants.
- Bar Service Department: In this case you have approximately the same hierarchy as in restaurant service. The main difference is that the *chef de rang* can have more tables. This is because bar tables are easier to clean, orders are simpler, and therefore they can have more tables assigned to them. Runners also help them. On the bar service department you will need bartenders managed by the barman manager that is in charge of schedules and general organization of his team.
- Kitchen department: You want a nice restaurant and to be able to serve 100 people. In this case you will need a very good kitchen and that requires a lot of materials. In terms of personnel, your kitchen will be ran by your Executive Chef, with the help of the Executive Sous-chef (that takes over when the EC is absent). Before a dish is

prepared it will probably pass by lots of hands. To prepare the ingredients you will need the *commis*. Then, line cooks assemble everything to be prepared by the *chef de partie*, the guy that operates the oven and the stove. Sometimes line cooks can fill in for that position if required.

- Stewarding Department: Your kitchen needs to be clean, your plates and glasses constantly washed. You will need a head steward a team of stewards. Every piece of equipment the kitchen department requires must be ready to use. The stewards generally are the ones that stay after closing time to clean the kitchen.
- Back office: Maybe one of the most important areas of your business will be how you handle your back office tasks. You will need a human resource manager. You will need someone who contacts travel agencies, and makes deals in order to have large groups and companies come to the restaurant when the demand is low, for example. This will be your group and travel manager. To help with your stocks, assembling and receiving, controlling and making calculations, you will need your storehouse manager. Close to him you will have the cost control manager. This is a very important manager because the food and beverage management has very high costs and therefore controlling costs is essential. Your venue will need to be constantly cleaned. There can be no dust anywhere; the floor must be perfectly cleaned. For this you will need a Cleaning manager that leads cleaning ladies/gentleman's. Finally, if you want to have a night bar, there will probably be some drunken people; you will have a lot of broken things. Sometimes people don't realize of how many things get broken and need repairing in this business. Lux (one of the nightclubs owned by the holding) gets a new toilet and three new doorknobs every week. Lux has a new toilet and three new doorknobs every week. For the situation you will need a constant Maintenance Manager, helped by the maintenance man.

I can give you the average salaries for each of these positions and we can deal with the time organization.

**Q: What about other costs we will have to incur?**

**RF:** I might be forgetting some things because the quantity of fixed costs in this business is enormously high. I imagine you use YouTube and download music illegally. In this business do not forget the music is paid for, and is not very cheap.

Your firm will also need to outsource the accounting. Even if you have the human resource manager to deal with any issues related to employees, in terms of social security, in terms of every little detail, to present the accounts, know the taxes to pay, you will need to outsource your accountability. You will need to have a lawyer also. The moment you have a problem you have to have a guy that can react very fast.

Last but not least, the insurance cost is very high for a business like this, even more if you want to deal with this number of customers and employees. Everything must be covered.

**Q: What other advice do you have for us?**

**RF:** Don't forget to make sponsorship deals. In Lux we have a very good deal with Heineken, where we almost do not pay for the beer that we sell at 4€. Deals and sponsored events is the best possible way to acquire extra funds in order to help you pay the high amount of fixed costs.

### 3.2 - RICHARD CLARKE

**Occupation:** Architect (freelancer). Living and working in Lisbon.

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**Mobile n°:** +351 919433297

**Our goals:** To understand the process of construction (how long), the prices of construction and how our venue would be built.

**Q: Richard, how do you think our venue should be organized in terms of kitchen, bar, restaurant, stairs?**

**Richard Clarke:** From what you have told me you want to build a restaurant on the upper floor, and the bar area downstairs. You should have both balconies one above the other, so the food can be transported up. So basically what you will be providing is a kitchen connected by the backdoor, which means all the deliveries are distributed into the bar and up to the restaurant. You have a system where it is cooked downstairs, shoved into an elevator-type system that lifts it upstairs for the restaurant service. You should have inside stairs near the entrance door, and outside stair that lead directly to the restaurant. The roof should be inclined in order to have a greater light.

There is also the smoking/non-smoking thing. Upstairs, I would suggest a balcony that opens and lets light in but that can also be closed (glass structure) when it starts getting cold and rains.

**Q: What should the dimensions be?**

**RC:** For a restaurant you need at least  $1.8\text{m}^2$  per person and  $1\text{m}^2$  for standing customers.

From my calculation about what you want, you would need  $200\text{m}^2 + 180\text{m}^2$  of service area (40m/90m). The kitchen area usually gathers 20% of the service area, so in this case  $380 * 0.2 = 76\text{m}^2$ . 10% for a storage area: which means  $38\text{m}^2$ , and given that you have a bar add up 15% for a refrigerated area:  $380 * 0.15 = 57\text{m}^2$ . You can have 10 of those  $\text{m}^2$  stored under the bar if you want to save up some space.

**Q: What are the prices for those  $\text{m}^2$ ?**

**RC:** On the market today, construction including all services (Electrical, gas, water pipes), costs around 1200€/m<sup>2</sup>. You can get it down to 1000€ but the maximum, and usually if you want to install the floor the price is closer to 1200€.

**Q: For how long to you think the construction lasts?**

**RC:** From my experience, a dry construction of this kind: 2 months for the mounting of the steel structure, then a month for the slaps and the roof slap. Normal ladings would be standing. Diagonal reinforcement would help the wind resistance. A separation wall between the kitchen and the bar would be a steel frame, which would take a diagonal cross. It would take approximately 5 months to have your structure prepared, then another two to put the perimeters, I would say another 2 or 3 to put the electrical system and arrange the kitchen etc.

It would take approximately one year to have your place up and running.

**Q: How about depreciation? How many years do you think this building values money?**

**RC:** Usually for buildings like this one, it is around 30 to 40 years of depreciation.

**Q: What kind of worries do we need to think about that we might be forgetting about?**

**RC:** Think about the smoking/non-smoking areas. With the necessity for smoking, nonsmoking would be the best idea for the restaurant with sliding windows and a perimeter on the balcony.

Be very aware that there are several rules for your kitchen and you will be supervised lots of times. You would need the ministry of health to approve the kitchen facilities.

### 3.3 - FREDERICO OLIVEIRA

**Occupation:** Owner of Republica das Flores. Living and working in Lisbon.

**E-mail address:** frederico.oliveira.lisboa@gmail.com

**Mobile n°:** +351 916731617

**Our goals:** To understand the process of decoration (how long), the prices of decoration and the deal we'd make with Republica das Flores.

**Q: Frederico, can you first tell me a little bit about you? Where did you do your studies? How did you begin your businesses? How did Republica das Flores begin?**

**FO:** Well, I didn't make universities studies because from the moment I made 18 I was by my own. I worked on some catering services; I then began freelancing in some event planning companies, which helped me start making my network. When I was around my thirties, I already had a solid network that allowed me to start my catering business. I catered to a lot of events which allowed my company to grow, and most importantly my network grew substantially.

I always liked to decorate. I changed house almost once a year because once I made everything I wanted to do with the house I wanted to try something new. Doing this allowed me to sell my houses always at a higher price than what I had bought before, and in 2008 when my catering business started slowing down due to the crisis I decided to open a new flower shop. Not an ordinary one, a special one. My shop would have its flowers on one wall, and with the rest of the space I decided to decorate it with pieces that I would sell. From Paez shoes to the ultimate after-shave I would sell everything. Once one client asked me if I the music playing was at sale. I wasn't prepared for that question; I told him it was but that I could only deliver it the day after. And so I ran several copies of the CD, made my Cd cover and box and then sold to him with a mark up. I did the same with champagne. Basically in my store everything is for sale. When it starts having more space I go to Morocco in my van and by more cheap and beautiful pieces to put them in the empty spots.

Republica das Flores is a shop aimed at the higher social class, more precisely the stay home wives that like to go shopping. I closed my small shop last year, and opened a bigger one in order to invest in this decoration business. A lot of clients already have asked me to decorate their homes, so they give me a budget and I go wherever I need in order to make their homes in my style, which apparently people like.

**Q: Given that our space would be of about 380m<sup>2</sup>, how much do you think you would need in order to have our place decorated according to our concept?**

**FO:** Everything depends a little bit on the prices I manage to get when buying the decoration pieces, and most of all it depends on the budget you want to allocate to the decoration. From what I've read and you are telling me, I think that for the main decoration, so for all the basics you will need around 20 to 40k. Your space is big and for example some pieces can cost three to four thousand euros, maybe more.

**Q: Miguel and I thought about the idea of having a fixed decor, but we also had in mind a change that would happen every six months. We thought about having a “semi-fixed” décor that would be changed every six months. At the end of those six months we would make an auction in order to sell those pieces, and have our place redecorated again. What do you think?**

**FO:** I think it is a very good idea because it constantly gives a new environment to the space every six months. Again, I think it would be very difficult for me to give you a price on a deal like that, because there are lots of covenants, and only when seeing the actual place you can define those little details you talked about. I think that the auction idea is good for you and would be good for me as well. You can buy more expensive pieces to be able to sell them at a higher cost after six months. Some percentage could also go to an artist fund or something like that.

**Q: How would you see our space?**

**FO:** I think that from what I've read, you know how you want your space to be. I will only be putting the cherries on top and making some details more beautiful. Check out my Facebook page (<https://www.facebook.com/pages/Republica-das-Flores/696232873786361?fref=ts>) if you want to understand the style.

### 3.4 - FELIPA GARNEL

**Occupation:** Communications director of Lux Magazine and with a past career in event planning. Living and working in Lisbon.

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**Our goals:** To learn about marketing strategies and costs, events that might occur in places like ARCA, prices for posting in a magazine, price for flyers, as well as the situation of the business between magazines and venues.

**Q: First of all we would ask you to tell us briefly about your career. How did you become the head of one of the biggest celebrity magazines in Portugal?**

**Felipa Garnel:** After finishing my journalism university, I started working at Caras. Then I went to work in broadcasting, where I covered the Paris-Dakar race for five years. In 2003, I came here to Lux and have been general manager since. My life was spent behind the media outlet and with Lux I maintained it, keeping it more calm compared to TV.

**Q: What is your opinion, based on your coverage done by your magazine, of the trendiest spots to go in Lisbon?**

**F.Garnel:** Well, for the past few years we have seen several new business ideas appearing in Portugal, a lot of them in the food and beverage industry.

Now, when walking around downtown Lisbon, you get to see new food concepts, such as gourmet burgers or fast food sushi for example.

In terms of bars there are some new rooftop bars that became trendy. The after-office drink has become more and more common. I guess Lisbon's weather, together with the new places that appeared such as the Martini Terrazza, the Bairro Alto Hotel Bar, the Park Bar, helped this phenomenon. These new bars are usually placed on the top of a building with a nice view. They also are usually expensive and not very easy to park your car around (except for the park bar).

**Q: Does Lux magazine cover Art galleries in any of their articles? If yes what is your feeling about them?**

**F.Garnel:** Sure we do. There are always some reputed artists that invite some celebrities and magazines to the launch of their galleries. The thing is that people go there, see some paintings or sculptures and leave after 15 minutes when chatting and networking is done. It is much more of a socializing occasion than an art appreciation. Besides those 4 hours on the launching day, the rest of the days the galleries are mostly empty.

I feel that now with the internet, people see so much art in a digital way, that to move to a place where you “only” pass by some artistic works isn’t enough anymore. Today wherever you are or whatever you do you must feel stimulated by different things. What I mean is that people need to be socializing every minute, with their cellphones and in person. In a museum you don’t socialize and if you are with your cellphone better not go to a museum. Younger generations don’t have “patience” to go there because there is a lack of “fun”. I think it is a business in complete decline. It needs to click on reboot.

**Q: How much does it cost for someone to advertise on your magazine? Imagine a weekly A4 page every week.**

**F.Garnel:** Well, today, our benchmark for one page is 3.000€. But no one buys advertising pages on real magazines any more, with some exceptions of course. It is too expensive. We usually do agreements with spaces. For example, in order to have nice and respectful business lunches, we have an agreement with the D. Pedro Hotel (5 stars), where I can have lunch meetings there and when my tab is 3.000€ they will have a page advertising their hotel.

The written press is dying, and I predict in some years there will be a press crash. Someone needs to take photos, and usually those costs are a burden of the traditional press. Online media uses what has already been paid for and is much more cost effective. This will lead to photographers not being paid anymore because no more magazines exist. You already see sites requesting you to pay for some special kind of articles. In some years from now you will pay much more than what you pay now in the internet.

**Q: How much does a company like Media Capital pay to Tamariz (bar/nightclub) in order to have their annual party hosted over there?**

**F.Garnel:** We don’t pay anything. The venues want us there. They want us to bring celebrities. That way of communication is maybe the most powerful media advertising way nowadays.

I get hundreds of calls every day, venues that want to host a private party (100 people capacity, for example), and in that way the social media followers will learn about the place, and will start going there.

There are a lot of places in Lisbon so great that it is difficult to choose. It’s impressive the quantity of choice that appeared the last few years. When filtering my choices, I usually choose the ones with better parking because celebrities are very perky on those details, and depending on how much people I will have at this party I will need a bigger space. Generally there aren’t so many big spaces here, and when we do something we do it always on the same ones.

Definitely having a public celebrity to support your business would be important. But if ARCA opens, it would be the magazines and the media asking you to be there, and not the opposite. The buzz around the opening will be big if it’s done right. Four young Portuguese that left the country for their studies but that want to come back and build something can be a selling story. The location and the idea are great.

So in terms of a marketing strategy I would advise you to forget paper and traditional methods and invest in events and bringing public figures to your venue.

## 3.5 - JESSICA ATHAYDE

**Occupation:** Known Portuguese actress and public figure. Living and working in Lisbon.

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**Mobile n°:** +351933548200

**Facebook Page:** <https://www.facebook.com/JessicaAthaydeOficial/timeline>

**Our goals:** To have a deeper knowledge about marketing strategies as well as social media ideas and public relations strategies.

**Q: Jessica, can you tell me about your background? Where were you born? How long have you lived in Portugal? When did you start your acting career? What other activities do you pursue in Lisbon?**

**J.Athayde:** I was born and lived in England until I was 19 years old. Then, I started my acting career in Portugal in 2005, in the TV show “Morangos com Açúcar”. Nowadays I am currently acting on a “telenovela”, but I also do a lot of theater acting. Usually I like to work for some period of time and then take like six months vacations to travel the world. I also work in fashion as a stylist nowadays.

**Q: So Jessica, do you usually go out in Lisbon, during the day or at night, to meet friends? If yes, Where? If not, Why?**

**J.Athayde:** Yes, despite being a public figure I do not stay home all the time of course. During the day it’s easier to just walk besides the river with my dog that I love without being approached. If I go out at night, usually it is to have dinner, but not more than that. If I go to Bairro Alto or Cais do Sodré I will be approached every five minutes, and worse than that is the press that if you have a new friend or do something they are always there to take pictures and control you. One mistake and the next day you wake up with the country talking about you.

It is not that I mind that a lot, but I prefer to live away from the spotlight with a simpler and calmer lifestyle. My job is very tiring, always moving around, waking up at 2-3am in order to be on the set for sunrise. Sometimes it gets really crazy!

**Q: Do you feel in some way Lisbon needs something different?**

**J.Athayde:** I always tell my English friends that they will never see a natural light like in Lisbon. I love our relationship with the Ocean, the nostalgia of our great past and all the elements that contribute to our culture. It is truly a unique city to live in and people from abroad are finally recognizing that fact. Every year, the city is getting more and more flooded

with tourists and Lisbon is changing. I hope that in the process it doesn't lose its identity like some tourist hubs have.

I think one thing that makes Lisbon special is the quantity of people on the streets. If you go to Dubai or some American cities for example you will not see so many people in such a small space. People here like to walk the stores, walk by the sea, hang by the viewpoints. And given the fact that it is not a very big city and the transportation is rather cheap people meet with their friends very often. Generally in the big cities, people make more programs at home and here it is the opposite, we like to go out. I think the weather helps.

**Q: What is your relationship with art? Are you used to go to art galleries? Do you think young artists have enough opportunities to exhibit their work?**

**J.Athayde:** I always wanted to be an actress. My parents always helped me to follow my dreams. In the actor world you are constantly in contact with the artistic community. Some even actors that have little studios in their homes. I love to go to art galleries.

If known actors don't have many opportunities, I don't want to imagine the young ones. It is very rare to see new young artists. Believe that they keep their talent to themselves and start doing other paid jobs. At the end they will cease to be artists and be someone else.

**Q: What effect does your social network have? What is the degree of influence you have on it? Do you think that is a good tactic for a new venue?**

**J.Athayde:** Social network nowadays is one of the most powerful tools there is from a marketing point of view. I can't give you precise numbers because of confidentiality agreements, but I can tell you that when one of us (actors) puts one post on Instagram or Facebook, the following week, the venues have much more people. It's impressive how with the growth of Facebook, people start following your steps and get very interested in your life. There are some actors that when they say something, the next day it becomes a trend in thousands of people.

If your venue eventually gets operational give me a call and I would be glad to support such an idea.

## 3.6 - PEDRO BALTAZAR

**Occupation:** Portuguese Investor

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**Mobile n°:** +351 964 012 562

**Our goals:** We have talked to Pedro only after having our financial projections, because we wanted to get some advice on the best possible ways for financing. Mr. Baltazar also has a beverage company called *Sunlover*, and this kind of company would be ideal for a sponsorship, and we also wanted details on that.

**Q: Mr Baltazar can you tell us about your professional life? How you've become the investor you are? What is *Sunlover* and where did it come from?**

**Pedro Baltazar:** Well, my parents had perfectly normal jobs as everyone else. I grew up in a big family and was left by my own, making my own choices very early in life. I studied very hard in school in order to attend a top university, made my graduation and then launched my own business. I never imagined myself working for someone else, it's not part of my personality.

Since then I have managed to get my company to be one of the biggest intermediaries in advertising (I buy internet pages, pages on magazines and every kind of press there is, at a discount and then redistribute it at a higher price). I managed to make enough money to start making my investments.

One day a friend of mine came with an idea for a new bio energetic brand called *sunlover* that just opened. I decided to help him and financed the initial investment. After three years of deficit, I decided to put myself in charge of its business. A lot of things weren't well done: the positioning, the brand activation methods. It was a mess. Since then the company is getting bigger, and I am now studying investment opportunities for my brand. But I'm not in a hurry, I like to make things slowly but most of all not making any mistakes. An investment needs to be thought in the long term, and all details need to be accurately understood when making decisions.

**Q: What would be the best ways for ARCA to get financing?**

**PB:** Nowadays, with the increase in the entrepreneurship spirit that has been created here in Lisbon, and Portugal in general, there are lots of subsidies and opportunities. From crowd funding, to contests for the best idea, you can get one part of you financing from there.

You would need, of course, a capital investment. You have to find someone that believes in your idea and that is willing to put up the money for you project. Here there is no trick, you pitch, you pitch, and you pitch until someone says yes. But as I've told you before, when pitching you need to be able to answer every single question an investor can make. Even the little detail of the number of chairs must be accurately understood. You must believe in your idea, present it in an unconventional way that attracts the investor to say yes even before asking questions. That is the most difficult part of running for investment: every word must be flawless.

Nowadays, there are a lot of investors out there looking for opportunities to invest their money. You can go after Portuguese ones, but I would advise you to look outside. Foreign investors look at Portugal as a place to invest.

Portugal is cheap at the moment. You have thousands of Chinese coming here in order to get a golden visa and then be able to enter the Schengen space. French guys come here all the time to look for Hotel investment opportunities.

With the reduction in airplane flights tourism boomed in Lisbon. Moreover, with countries such as Tunisia, Egypt being now more dangerous because of all the tensions happening out there, all their tourists are looking for alternatives that are cheap and that have good weather. Portugal is the answer for a lot of them.

You should travel and look for every opportunity there is to show someone your idea and hope to find the one that believes in you. Of course he will not give you all the money you are asking for, but he can give you one part, and with that you will be able to make a guarantee of a banking loan. This is obviously very difficult to predict because even in the discussions are very difficult to make.

**Q: What about sponsorship? You have a company called *Sunlover*. How much do you pay to a venue in order to sponsor them?**

**PB:** First of all there are two types of sponsorship. There is event sponsorship that is what *Sunlover* does. Whenever there is a party or event, we deliver some of our product (it is always a mix between money and discounts on products) and we will have visibility on that party. We may also pay the DJ etc. There isn't a fixed price; it is always depends on the necessities of both parts.

Then you have the cases of Martini Terrazza, which is owned by Martini. They have one terrace per city and it really increases their brand visibility. You can go and pitch this idea to a big company like Heineken, Red Bull, Coca Cola, and try to pitch your concept in order for them to invent their "Martini Terrazza" but with your concept.

### 3.7 - BERNARDO COELHO, AKA BINAU

**Occupation:** Artist

**E-mail address:** bernardocoelho@gmail.com

**Our goals:** To gain knowledge about what it means to be an artist in Lisbon, Portugal.

**Q: Tell us about your path and your passion for the creative arts (school, college, first productions, acclaim and highlights).**

**Binau:** The beginning of my education had the picturesque *Extrenato Rainha Dona Amélia* as background. It was in that school where I had my first contact with Arts and Craftsmanship, a class where I had the opportunity to experiment, draw and paint with my teacher Marília.

I changed schools to the *Escola Secundária Padre Bartolomeu de Gusmão* where I stayed for fifth and sixth grade. There, my drawings were mostly caricatures of friends and teachers, mostly erotic-offensive. Everything was allowed, from triple penetrations to bloody oral sex.

I switched schools once again and enrolled at the *Escola Secundária Pedro Nunes* where around my sophomore year I started hanging out with friends who were into graffiti. They inspired me to join a movement that was spreading across the walls of Lisbon. I decided to start with the stencil technique, which proved to become an easier and direct way to communicate with the city and its inhabitants. By that time, I also started imitating the physiognomy of the characters one of my friends drew because I related a lot to his work. On my senior year of high school I think that what I was drawing was slowly shifting away from the style of the illustrations that some of friends made while remaining focused on inventing characters.

Enrolling at the FBAUP (School of Fine Arts of Porto University) was very important for the development of my creations. It was there that I made contact with people from all types of creative areas such as Illustration, Painting, Sculpture, Design, Drawing, Tattoo, Print Technique, among others. Every day I was building new references, working on new stuff, making new contacts. It was at this point where I crossed paths with Júlio Dolbeth, Designer, Illustrator, and my teacher at the Communication Design class. He pushed and motivated me a lot to the point of allowing me to show some of my drawings at the Galeria Dama Aflita, a gallery that exclusively showed illustrations, a project of his and illustrator Rui Vitorino Santos. As my studies progressed, my work as a student in Communication Design and my personal illustrations went hand in hand.

The boost in my artistic career, which only strengthened my will to dedicate myself exclusively to the Arts, was my Holy Shit expo at the Montana Shop Lisboa. This was my first solo expo.

It was during my Erasmus in Saint-Étienne that my contact with teachers began weakening, a feeling that stayed with me until my return, especially when I returned and enrolled at the FBAUL (School of Fine Arts of the University of Lisbon). During that period, I couldn't do any projects and felt castrated when it came to creating graphic material. It was at that point that I decided to drop out of college and dedicate myself completely to illustration.

**Q: What are the means you use to showcase your productions (social media, galleries, streets etc.)? When you do an expo, what are the venues where you usually show your work?**

**B:** To promote my work I use Facebook and expos when I receive a proposal or when I make the contact myself. Preferably, I like to work with venues that are not only art galleries, but serving other purposes. For instance, I've worked with bars, restaurants, stores or even a tattoo studio.

One of my most recent collaborations was with Circus in the city of Porto. Circus is an artist network that gave me the opportunity to develop several productions during a whole month. By the end of the month, they hosted an expo with the stuff I had made. It really meant a lot to me and for my work as an artist, to have that much support and opportunity made available.

I had a phase where I used to sell my stuff in the street of downtown Lisbon and at fairs. I think you gain a lot of visibility among the people that live in Lisbon and even tourists that way. In those instances I would receive constant feedback and I had the chance to involve people in my creative process through communication.

**Q: Do you think your work has enough visibility?**

**B:** No. And I think it never will. I will have to search for it constantly.

**Q: How do you perceive the habitat in which the Lisbon Artist tries to survive? What do you fantasize about when you think about what could be better, what opportunities should be created? What are your ideals?**

**B:** As I see it, an artist from Lisbon is in the same situation as every other common worker these days: he's fucked.

The reason is that, for a common Portuguese man, a work of Art is not much more than a piece of décor that matches the color palette of their living room. The mysticism and the role that Art can play in our lives is becoming more and more diluted due to the fact that we live in a country in an economic crisis. It is a strange phenomenon to observe the deterioration of aesthetics and the potential that they might have for the lives of those who embrace them.

Ideally, our work would be perceived as a trigger for dreams, ideas and sensations.

However, I also notice that nowadays there is a renaissance of Street Art, not only in Portugal, but also in the World. What used to be called a *scribble* or a *doodle* on a wall are now masterpieces that flourish across the city. I believe in the strength of Street Art for the potential that it has to bring us closer to our senses.

**Q: How do you obtain financial return for your artistic activity? What is your remuneration/commission?**

**B:** When I first started showing my work, my financial return was small. When I managed to sell something, I usually had to concede a commission of about thirty or fifty percent to the art gallery. The amount of that commission varied depending on the contribution that the art gallery had in the expo: the amount of promotion of the event or the support I received for the logistic aspects of the expo, the framing of my pieces and even materials to help me create new stuff. As I am awarded these opportunities, new ones appear. The work I develop gives me more and more credibility and the people that offer me proposals and opportunities have a stronger belief that I will be able to deliver. This allows me to have more freedom in the things I create.

**Q: Are you able to be financially independent with your work as an artist?**

**B:** Not yet. I live at my mother's, which gives me comfort and a certain freedom to work when I have the mood to do so. I don't feel pressured and I make money as I can. However, being a freelancer, it's hard to not have that fixed salary by the end of the month.

**Q: Would you be willing to showcase your work for free in return for a platform that would provide you with a considerable amount of visibility everyday (around 200 people a day)?**

**B:** Yes.

**Q: What other artists from Lisbon (and Portugal in general) would you like to suggest for a project such as ours?**

**B:**

**Samina-** Stencil

**Chei crew-** Graffiti, Illustration (Porto)

**akacorleone-** Graffiti, Illustration

**Aspen-** Graffiti

**Spek-** Graffiti

**Filippo Fiumani-** Illustration

**Salvador Lucas-** Painting, Illustration

**Tombo-** Illustration

**Fernando Lobo-** Painting, Illustration (Coimbra)

## APPENDIX 4 – LISBON: ITS PLACES AND PEOPLE

### 4.1 – PLACES

#### 4.1.1 – ARCA'S LOCATION



4.1.2 – MENINOS DO RIO

4.1.2.1 – Photos



## Appendix 4.1.2.1 – Menu

## meninosario

## APERITIVOS/ COCKTAILS . APPERITIVES

CAIPIRINHA	5,50€
CAIPIROSKA	5,50€
MORANGOSKA	5,50€
GIN TÓNICO . GIN TONIC	5,00€
MARTINI LIMÃO . MARTINI LEMON	5,00€

## ENTRADAS . STARTERS

COUVERT	1,75€
SOPA DO DIA . SOUP OF THE DAY <i>Crème de legumes sem natas, segundo a inspiração do chefe . vegetables without cream according to the inspiration of the chef</i>	3,00€
CAMARÕES NOIR . NOIR SHRIMPS <i>Camarões grelhados envolvidos em pão preto, limão e molho caesar . Roasted shrimps with black bread, lemon and caesar sauce</i>	9,90€
CARPACCIO DE NOVILHO . BEEF CARPACCIO <i>Fatias finas de carne novilho, acompanhados pro rúcula, queijo parmesão e alcaparras .Thin slices of beef, seasoned with parmesan cheese, capers and arugula</i>	9,50€
FOLHADOS QUEIJO DE CABRA . GOAT CHEESE PUFFS	7,90€
CHEESE FRIES <i>Batatas fritas cobertas por diversos queijos gratinados e bacon picado com molho ranch . French fries topped with cheese and roasted chopped bacon with ranch dressing</i>	4,50€

## SALADAS . SALADS

SALADA DE CAMARÃO . SHRIMP SALAD <i>Espetada de camarão grelhado com alicafe temperada em molho caesar . Roasted shrimp spit with Caesar sauce</i>	12,50€
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IVA incluído à taxa em vigor/ VAT included.

Neste estabelecimento existe livro de reclamações/ Complaint book available

## meninosario

SALADA GREGA . GREEK SALAD <i>Alicafe e rúcula, acompanhada por queijo feta e azeitonas . Green salad with Feta cheese, arugula and olives</i>	9,70€
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SALADA DE FRANGO . CHICKEN SALAD <i>Saborosas fatias de peito de frango grelhado com alicafe temperada em molho caesar . Slices of grilled chicken breast on lettuce seasoned with Caesar sauce</i>	9,40€
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SALADA DE QUEIJO DE CABRA . GOAT CHEESE SALAD <i>Queijo de cabra gratinado regados com delicioso tempero de mel . Gratinated goat cheese on a bed of lettuce and arugula, seasoned with honey</i>	8,50€
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SALADA PARMIGIANO . PARMESAN SALAD <i>Rúcula e queijo parmesão temperados com vinagrete . Arugula salad seasoned with olive oil and lemon</i>	5,70€
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## PEIXE . FISH

BACALHAU COM BRÓI . COD FISH MENINOS DO RIO STYLE <i>Lascas de lombo de bacalhau envolvidas em bró de milho e cebola roxa caramelizada em cama de espinafres, gratinado . Cod fish with corn bread, caramelized onion and spinach with cheese</i>	14,30€
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FILETES DE PESCADA . FRIED HAKE FILLETS <i>Com arroz de tomate . With tomato rice</i>	13,50€
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## CARNE . MEAT

STEAK IN RIO . HOUSE STEAK <i>Carne do lombo com queijo gratinado, bacon e cogumelos envolvidos em molho de mostarda e mel. Acompanhado com batata frita . Beef sirloin with cheese, bacon and mushrooms. Served with french fries</i>	19,50€
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BIFE DO LOMBO GRELHADO . ROASTED TENDERLOIN BEEF <i>Com molho de Cogumelos, Mostarda ou Pimenta. Acompanhado com batata frita . Served with any sauce you wish: mushroom, mustard or pepper sauce</i>	18,90€
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## meninosario

## BEBIDAS . DRINKS

SUMO DE LARANJA . ORANGE JUICE	3,00€
SUMO DE FRUTAS . FRUIT JUICES*	3,50€
BATIDO DE FRUTAS . FRUIT MILKSHAKE*	3,50€
<i>(sujeito à disponibilidade do momento - subject to availability at the moment)</i>	
ÁGUA ¼ LITRO . STILL WATER	1,50€
ÁGUA ½ LITRO . STILL WATER	2,00€
ÁGUA TÓNICA . TONIC WATER	2,00€
ÁGUA COM GÁS . SPARKLING WATER	2,00€
ÁGUA DE SABORES . FLAVOURED WATER	2,00€
GINGER ALE	2,00€

## REFRIGERANTES . SOFT DRINKS

COCA-COLA	2,00€
COCA-COLA ZERO	2,00€
NESTEA PÊSSEGO OU LIMÃO . NESTEA PEACH OR LEMON	2,00€
SPRITE	2,00€
FANTA	2,00€

## REFRIGERANTE DE LATA . SOFT CAN DRINKS

COCA-COLA	3,00€
COCA-COLA ZERO	3,00€
GUARANÁ	3,00€

## CERVEJA . BEER

FLUTE . SMALL	1,50€
IMPERIAL . DRAUGHT	2,00€
TÚLIPA . LARGE	3,50€
CERVEJA NACIONAL . NATIONAL BEER	3,50€
CERVEJA IMPORTADA . IMPORTED BEER	4,00€

## SANGRIA

TINTA OU BRANCA . RED OR WHITE	13,00€
CHAMPAGNE	15,00€
ESPUMANTE DE FRUTOS SILVESTRES . SPARKLING WINE WITH WILD BERRIES	16,00€

IVA incluído à taxa em vigor/ VAT included.

Neste estabelecimento existe livro de reclamações/ Complaint book available

## meninosario

## CARTA DE VINHOS . WINE LIST

## VINHO DA CASA . HOUSE WINE BOTTLED

QUINTA DA ALORNA <i>TINTO, BRANCO OU ROSÉ . RED, WHITE OR ROSÉ</i>	9,00€
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## VINHO A COPO . WINE BY THE GLASS

QUINTA DA ALORNA <i>TINTO, BRANCO OU ROSÉ . RED, WHITE OR ROSÉ</i>	4,00€
MONTE VELHO <i>TINTO OU BRANCO . RED OR WHITE</i>	4,50€

## VINHO TINTO . RED WINE

<b>DOURO</b>	
ESTEVA	13,00€
PORCA DE MURÇA	14,00€
QUINTA DO CÔTTO	25,40€
<b>DÃO E BEIRAS</b>	
QUINTA DO CARDO	13,50€
CASA DE SANTAR	14,00€
DUQUE DE VISEU	14,50€

## ESTREMADURA, TERRAS DO SADO E RIBATEJO

QUINTA DA ALORNA	9,00€
PEGOS CLAROS	13,00€
CASA CADAVAL/ PADRE PEDRO	15,00€
<b>ALENTEJO</b>	
MONTE VELHO	13,50€
QUINTA DO CARMO/ DOM MARTINHO	14,00€
MARQUÊS DE BORBA	18,45€
VILA SANTA J.P. RAMOS TRINCADEIRA	19,45€
QUINTA DO CARMO	27,50€

**VINHO VERDE . GREEN WINE**

ÁDEGA COOPERATIVA DE MONÇÃO/ MURALHAS	13,50€
QUINTA DA AVELEDA	15,00€

**VINHO BRANCO . WHITE WINE**

<b>DOURO</b>	
PLANALTO	15,00€

**DÃO E BEIRAS**

DUQUE DE VISEU	13,50€
QUINTA CARVALHAIS ENCRUZADO	25,50€

**ESTREMADURA**

PROVA RÉGIA ARINTO	13,00€
QUINTA DE PANCAS CHARDONNAY & ARINTO	13,00€

**RIBATEJO**

QUINTA DA ALORNA	9,00€
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**ALENTEJO**

MONTE VELHO	13,50€
MARQUÊS DE BORBA	14,00€
QUINTA DO CARMO	20,00€

**ROSÉ**

QUINTA DA ALORNA	9,00€
CONDE DE VIMIOSO	12,00€

**CHAMPAGNE E ESPUMANTE . CHAMPAGNE AND SPARKLING WINE**

BORLIDO RESERVA BRUTO	13,00€
MOET & CHANDON	46,00€

**SOBREMESAS**

PETIT GATEAU COM GELADO . PETIT GATEAU W/ ICE CREAM	5,00€
<i>Pequeno bolo de chocolate fondant acompanhado por uma bola de gelado de baunilha . Small chocolate fondant cake with vanilla ice cream</i>	

TARTE DE MAÇÃ COM GELADO . APPLE PIE W/ ICE CREAM	5,00€
<i>Uma bola de gelado de baunilha acompanhado por uma tarte de maçã tradicional . Traditional apple pie with ice cream</i>	

TARTE DE LIMÃO AU CHOCOLAT . LEMON PIE W/ CHOCOLATE	5,00€
<i>Tarte de limão caseira coberta por raspas de chocolate . Homemade lemon tart topped with chocolate shavings</i>	

BROWNIE MENINOS DO RIO	4,50€
<i>Brownie de Chocolate com nozes, uma bola de gelado de baunilha, chantilly gelado, regado com chocolate quente . Chocolate brownie with walnuts, vanilla ice cream, whipped cream, drizzled with hot chocolate</i>	

PROFITEROLES	3,00€
<i>Profiteroles regados em molho de chocolate . Profiteroles drizzled in chocolate</i>	

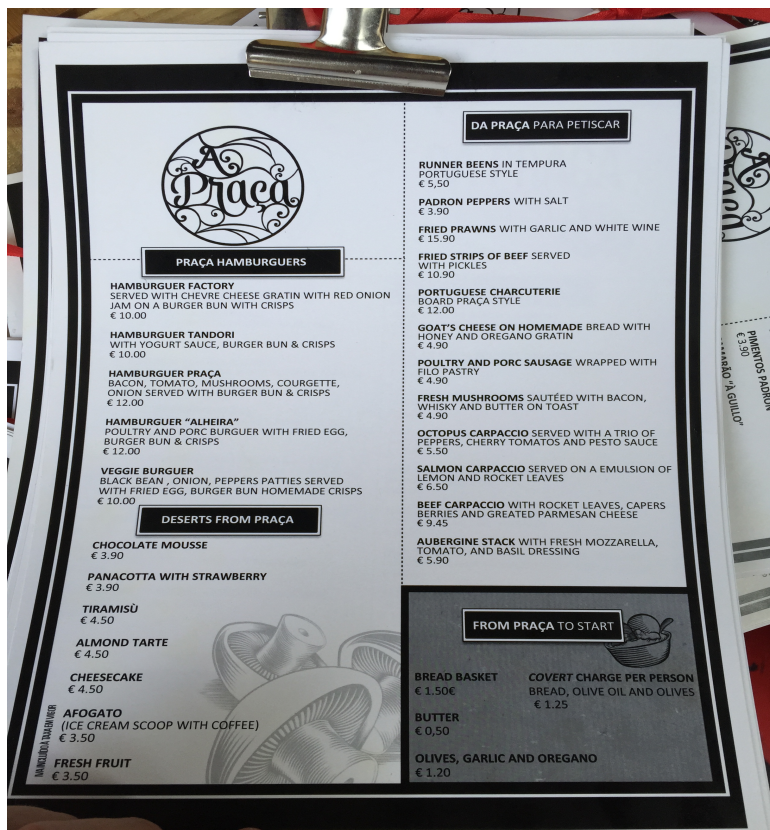
FRUTA . FRUIT	4,00€
<i>Fruta da época à escolha . In-season fruit</i>	

## 4.1.3 – LX FACTORY

### 4.1.3.1 - Photos



4.1.3.2 – Menu examples



4.1.4 – OTHER PLACES

4.1.4.1 – Martini Terrazza



4.1.4.2 – Park Bar



#### 4.1.5 – Lisbon’s Viewpoints



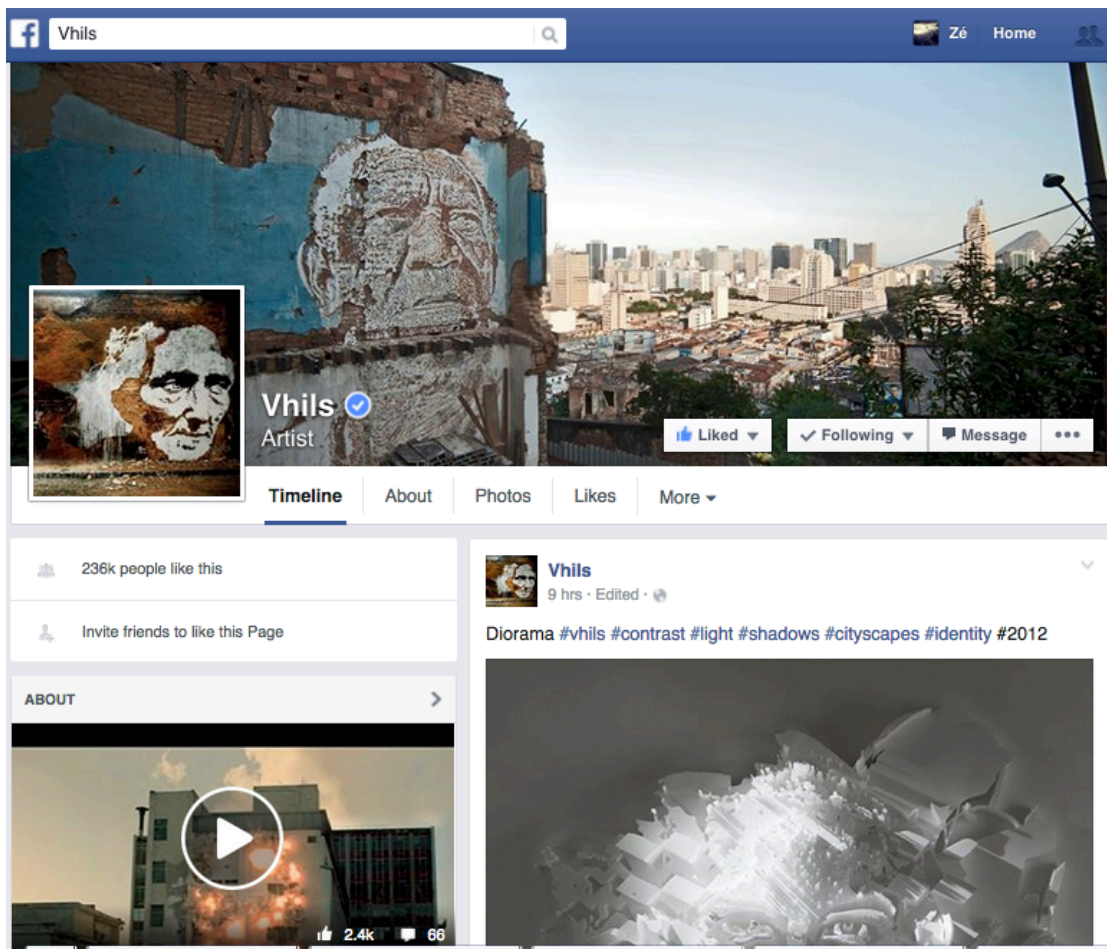
*Miradouro São Pedro de Alcântara*



*Miradouro do Museu de Arte contemporânea*

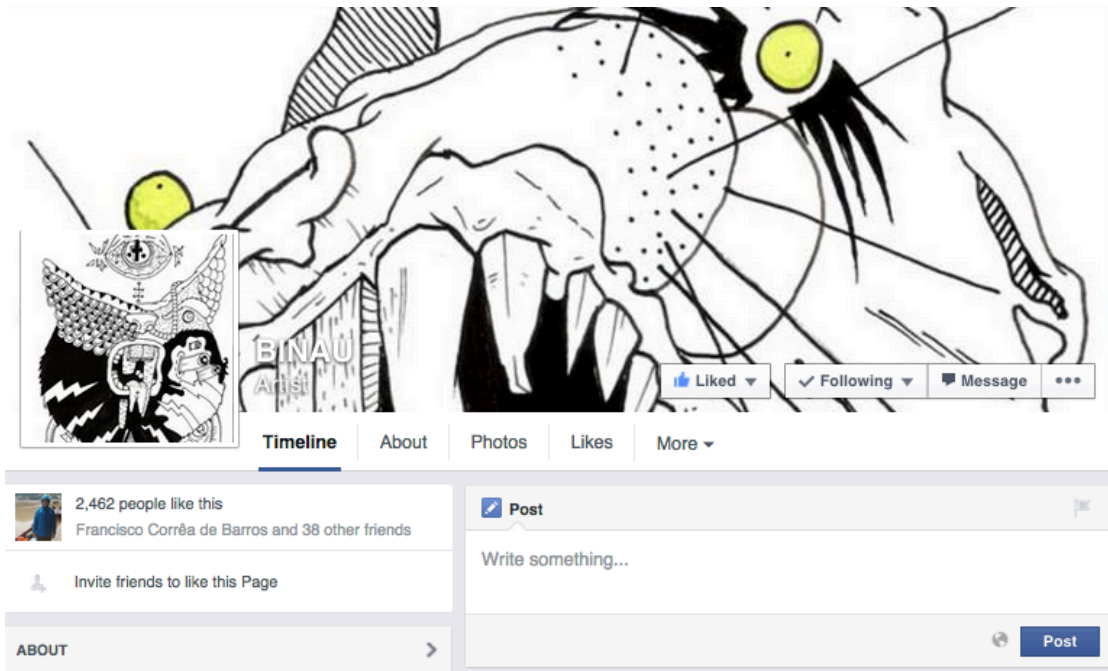
## 4.2 – ITS PEOPLE

### 4.2.1 – VHILS (ALEXANDRE FARTO)





### 4.2.2 – BINAU





### 4.2.3 – JESSICA ATHAYDE

The image shows a screenshot of a Facebook profile for Jessica Athayde. The profile picture is a black and white photo of her smiling, with a "Cover Photo" label. Below the main profile picture is a smaller profile picture of her sitting on a field wearing a jersey with "JESSY 09" on the back. The name "Jessica Athayde" is displayed with a blue verification checkmark, and her bio reads "Actor/Director". Interaction buttons for "Like", "Follow", "Message", and a menu icon are visible. The navigation tabs include "Timeline", "About", "Photos", "Likes", and "Videos". On the left sidebar, it shows "227k people like this" and "Daniela Neto and 190 other friends". Below that is an "Invite friends to like this Page" button. The "ABOUT" section lists the website "WWW.JESSYJAMES.PT" and a link "http://www.lanence.nf/". The main content area shows a "Post" section with a text input field "Write something..." and a "Post" button. Below the input field is a notification: "Jessica Athayde changed their profile picture. Yesterday at 18:17 · 🌐".

## APPENDIX 5 – EXCEL DATA

### 5.1 – MENU

#### 5.1.1 – FOOD

Category	Name	Selling Price
Starters	Starter 1 - Ameijoas	14.00 €
	Starter 2 - Canja de Bacalhau	5.00 €
	Starter 3 - Croquettes	5.00 €
	Starter 4 - Peixinhos	4.00 €
	Starter 5 - Ostras	8.00 €
	Starter 6 - Tourricado	4.00 €
Main Dish	Main Dish 1 - Bacalhau	8.50 €
	Main Dish 2 - Salmão	11.50 €
	Main Dish 3 - Naco de Atum	13.50 €
	Main Dish 4 - Polvo Grelhado	16.50 €
	Main Dish 5 - Hamburger	6.50 €
	Main Dish 6 - Lombinho	9.50 €
	Main Dish 7 - Croquettes	7.50 €
	Main Dish 8 - Linguini	6.50 €
Desert	Desert 1 - Toucinho	2.00 €
	Desert 2 - Brownie	2.50 €
	Desert 3 - Farofias	1.50 €
	Desert 4 - Pastel de Nata	0.50 €
	Desert 5 - Pudim de Abade	2.50 €

## 5.1.2 – DRINKS

Category	Sub-Category	Name	Selling Price	Category	Sub-Category	Name	Selling Price
Water	Water	Luso 0,25	0.50 €	Wine	Red Wine	Casar de Reserva	8.00 €
		Luso 0,5	1.00 €			Esporão 4 Caixas	6.00 €
		Pedras 0.,25	1.00 €			Quinta dos Arciprestes	5.00 €
		Pedras 0,75	2.00 €			Fagote	5.00 €
Non-Alcoholic Beverages	Juices	Tomato Juice	2.00 €			Fuiza Cabernet	5.00 €
		Strawberry Juice	3.00 €			Duas Quintas	12.00 €
		Orange Juice	2.00 €			Rubrica	8.00 €
		Pineapple Juice	2.00 €			Herdade dos Grous	6.00 €
		Carrot Juice	2.00 €			Esporão Reserva	14.00 €
	Apple Juice	3.00 €	Assobio			5.00 €	
	Sodas	Lemon Nestea	1.50 €		Carm	6.00 €	
		Peach Nestea	1.50 €		Titular	7.00 €	
		Coca Cola	1.50 €		Esporão Verde	6.50 €	
		Coca Cola Zero	1.50 €		Fuiza Sauvignon	6.00 €	
Fanta		1.50 €	Rubrica		6.50 €		
Ginger Ale		1.50 €	Catarina		4.00 €		
Beer	Beer	Sprite	1.50 €		Herdade dos Grous	8.00 €	
		Imperial 0,25	1.00 €		Esporão duas Castas	6.50 €	
		Imperial 0,5	2.00 €		Aveleda Douro	4.00 €	
		Heineken	2.00 €		Carm	5.00 €	
		Sagres	2.00 €	Ramos Pinto Reserva	12.00 €		
Other Alcoholic Beverages - Frequently Asked	Cocktails	Alexander	5.00 €	Titular	6.00 €		
		Bellini	€ 7.50	Rosé Wine	Thyro	5.00 €	
		Caipirinha	€ 6.00	Assobio	5.00 €		
		Caipirosvka	€ 4.00	Green Wine	Soalheiro Alverinho	6.00 €	
		Cosmopolitan	€ 5.00		Aveleda Alvarinho	4.00 €	
		Cuba Libre	€ 5.00	Thyro	4.00 €		
		Daiquiri	€ 5.00	Digestives	Abstint	2.00 €	
		Dry Martini	€ 5.00		Bacardi 8Y	6.00 €	
		Irish Coffee	€ 6.50		Bacardi Superior	5.00 €	
		Kir Royal	€ 10.00		Baileys	4.00 €	
	Margarita	€ 5.00	Jagermeister		4.00 €		
	Martini Millers	€ 9.00	Limoncello		4.00 €		
	Mojito	€ 9.00	Malibu		4.00 €		
	Morangoska	€ 5.00	Campari		4.00 €		
	Pina Colada	€ 7.50	Grappa Chellini		4.00 €		
	Gin	Gin Mare	8.00 €		Leblon	6.50 €	
		Bombay	4.00 €	Pernot	4.00 €		
		Saphire		Ricard	4.00 €		
		G Vine	11.00 €	Midori	2.00 €		
		Floraison		Patron Silver	14.00 €		
G Vine		11.00 €	Patron Reposado	14.00 €			
Nouaison			Martini Bianco	3.00 €			
NB		10.00 €	Martini Dry	3.00 €			
Tanqueray NB		7.00 €	Martini Rossato	3.00 €			
Oxley		12.00 €	Martini Rosso	3.00 €			
Vodka	Hendricks	8.00 €	Champagne	Martini Brut Flute	5.00 €		
	Grey Goose	9.00 €		Martini Pro Seco	6.00 €		
	Eristoff Black	5.00 €					
	Belvedere	9.00 €					
	Ciroc	8.00 €					
		Stolichnaya	4.00 €				



## 5.2 – INVESTMENT COSTS

### 5.2.1 – CONSTRUCTION WORKS

Area	Unitary Relation	Total number of m <sup>2</sup>	Construction price
Restaurant Service Area	1.8m <sup>2</sup> /customer	180	€ 216,000
Bar Service Area	1m <sup>2</sup> /customer	200	€ 240,000
Kitchen	20% /Service Area	76	€ 91,200
Storage room	10%/Service Area	38	€ 45,600
Refrigerated Storage room	15%/Service Area	57	€ 68,400
Artist space	20% Service Area	76	€ 91,200
<b>Total</b>		<b>627</b>	<b>€ 752,400</b>

### 5.2.2 – KITCHEN MATERIALS AND EQUIPMENT

#### 5.2.2.1 – Kitchen Materials

Brand	Item Name	Item Specification and Reference	Cost per 1 Item	N° of Items Needed	Total Items Cost
Vulcan	Oven	Commercial Electric Range 60"W, 10 Burners, 2 Ovens	7,990.00 €	2	15,980.00 €
Larkin Industries	Range Hood	Commercial Range Hood - Exhaust Hood 48"Wx12 ft. Long, Stainless Steel	2,047.50 €	2	4,095.00 €
Panasonic	Microwaves	Panasonic Commercial Heavy Duty Microwave - 1200 Watts - NE12523	929.00 €	1	929.00 €
Groen	Steamer	Convection Steamer - Dual Compartment Electric, 31000 Watts, 64-3/8"H	15,959.50 €	1	15,959.50 €
Magikitchn	Grill	Commercial Indoor Gas Grill - Standard, 8 Burners, 60"W	4,078.80 €	1	4,078.80 €
Kolpak	Walk-In Freezer	Kolpak Polar-Pak Walk-in Indoor Freezer	9,869.00 €	1	9,869.00 €
Imperial Manufacturing	Walk-in Cooler	Special Order Cooler_LT - 7'9" x 7'9" Indoor Walk-in Cooler	10,500.00 €	1	10,500.00 €
Turbo Air	Refrigerator	Turbo Air TSR-49SD Reach In Refrigerator - 2 Solid Doors, 49 Cu. Ft.	3,244.03 €	1	3,244.03 €
Turbo Air	Undercounter & Refrigerator	Side Mount Undercounter Refrigerator - 3 Doors, 19 Cu. Ft., 70-7/8"W	2,191.07 €	3	6,573.21 €
Tablecraft	Strainers	Stainless Steel China Cap Strainer Coarse Perforations, 6 Qt.	29.90 €	3	89.70 €
Value Series	Tongs	Steel Tongs - Spring Utility 12" Long	1.79 €	6	10.74 €
Dexter Russell	Spatulas	Sani-Safe Utensil Combo Deal	67.99 €	3	203.97 €
Value Series	Ladels	Food Portioner - Color Coded 4 oz. Solid, Green Handle	1.79 €	5	8.95 €
Vollrath	Whisks	Stainless Steel Whisk - Heavy Duty 16" Piano	10.89 €	3	32.67 €
Tablecraft	Peeler	Y-Peeler Straight Edge Ergonomic Kitchen Tool	6.59 €	3	19.77 €
Browne	Grater	Square Grater	7.79 €	2	15.58 €
H A Sparke Company	Hangers	Kitchen Utensil Rack 48" Long, 16 Hangers	69.89 €	1	69.89 €

Focus Foodservice	Pots and Pans	Focus K0351 - 7 Pc Pot and Pan Set	143.00 €	6	858.00 €
Vollrath	Frying Pans	Fry Pan - Nonstick CeramiGuard II Finish 10"Diam.	43.69 €	15	655.35 €
BergHOFF	Kitchen Cutlery	Professional Cutlery Set - 32 Piece, Stamped Knives	112.00 €	8	896.00 €
Waring Commercial	Blender	Waring CB15S Commercial Blender - Heavy Duty Standard Unit	1,069.00 €	1	1,069.00 €
Edlund	Can Opener	Edlund 1 Commercial Standard Medium Height Can Opener, Cans Up To 11"H	109.00 €	1	109.00 €
Vollrath	Mixing Bowls	Vollrath 68750 - Mixing Bowl - 1/2 Quart	98.79 €	2	197.58 €
Globe Food Equipment	Scale	Digital Portion Control Scale, 11 lbs. x 0.01lbs Capacity - Case of Four	476.00 €	1	476.00 €
Central Exclusive	Work Table	Stainless Work Table With Galvanized Undershelf - 96"Wx30"D	229.00 €	2	458.00 €
Rubbermaid	Containers	Space Saving Square Containers - 2 Quart	5.10 €	35	178.50 €
Hobart	Rack Dishwasher	Hobart AM15-6 - High Temperature Single Rack Dishwasher	11,602.00 €	1	11,602.00 €
Hobart	Rack Glass & Cups washer	Hobart AM15-6 - High Temperature Single Rack Glass & Cups washer	871.50 €	1	871.50 €
Vollrath	Kitchen and Stewarding Shelves	Space Saving Rectangular Shelves	87.90 €	4	351.60 €
<b>Total Cost</b>					<b>89,402.34 €</b>

### 5.2.2.2 – Restaurant, bar and Terrace Materials

Brand	Item Name	Item Specification and Reference	Cost per 1 Item	Nº of Items Needed	Total Items Cost
Turbo Air	Undercounter & Refrigerator	Side Mount Undercounter Refrigerator - 3 Doors, 19 Cu. Ft., 70-7/8"W	2,191.07 €	3	6,573.21 €
Value Series	Tongs	Steel Tongs - Spring Utility 12" Long	1.79 €	2	3.58 €
Tablecraft	Peeler	Y-Peeler Straight Edge Ergonomic Kitchen Tool	6.59 €	2	13.18 €
Browne	Grater	Square Grater	7.79 €	1	7.79 €
Waring Commercial	Blender	Waring CB15S Commercial Blender - Heavy Duty Standard Unit	1,069.00 €	1	1,069.00 €
Focus Foodservice	Juicer	Commercial Citrus Juicer Manual Juice Press	154.00 €	1	154.00 €
Advance Tabco	Work Table	Beverage Table 96"W	3,399.00 €	1	3,399.00 €
Eurodib	Wine Fridge	Eurodib MH-168DZ - Dual Temperature Wine Cellar, 71-1/2"H	1,599.00 €	2	3,198.00 €
Turbo Air	Beer Dispenser and Fridge	Direct Draw Draft Beer Dispenser - 4 Keg Capacity	2,986.63 €	2	5,973.26 €
Manitowoc	Ice Machine	Indigo Ice Machine - Full Dice, Air Cooled, 874 lbs. Production, 30"W	3,890.00 €	1	3,890.00 €
Ikea	Glasses Set	Cups & Glasses Set (wineglass; ontherocks; tube; martini; shot; pint; beer; port; waterglass)	29.50 €	400	11,800.00 €
Ikea	Cutlery Set	Restaurant Cutlery Set (Fish & Meat cutlery; Starter & desert Cutlery; Coffe and Tea Cutlery)	44.00 €	400	17,600.00 €
Ikea	Crockery Set	Restaurant Ckokery Set (Soup; starter&desert; maincourse; coffee and tea crockery)	52.50 €	400	21,000.00 €
Ikea	Tables	Restaurant wooden tables 35 + Outdoor plastic tables 85	4,590.00 €	-	4,590.00 €
Ikea	Chairs	Restaurant wooden chairs 110 + Outdoor plastic chairs 240	9,025.00 €	-	9,025.00 €
Vollrath	Restaurant Shelves	Space Saving Rectangular Wooden Shelves	97.90 €	4	391.60 €
<b>Total</b>					<b>88,687.62 €</b>

### 5.2.3 – OTHER INVESTMENT COSTS

Other Investment Costs	Cost Incurred
Patent	€ 264
EPOS	€ 1,760
Printers for receipts	€ 356
Office Material (Computers, printer)	€ 10,500
Sound System	€ 34,500
<b>Total</b>	<b>€ 47,380</b>

## 5.3 – PROFIT PER CLIENT

### 5.3.1 – PROFIT PER CLIENT RESTAURANT

#### 5.3.1.1 – Lunch

Lunch Meal		Ranking of Choice	Probability of consumption	Selling price €	Net receiving per product	Average price per Section	Probability of Ordering	Number of item ordered	Weighted Average price paid by client per section	Average price paid by Client	Cost	Net cost per product	Average Cost per Client per Section	Average Cost per Client	Profit per Client per Section	Average Price Paid by Client Meal	Average Cost by Meal	Profit By Meal		
Food	Starters	Starter 1 - Ameljas	3	15.00%	14.00 €	€ 2.10					€ 6.75	€ 1.01								
		Starter 2 - Canja de Bacalhau	1	25.00%	5.00 €	€ 1.25					€ 1.23	€ 0.31								
		Starter 3 - Croquettes	2	20.00%	5.00 €	€ 1.00	6.35 €	50%	1	€ 3.18	€ 1.05	€ 0.21	1.97 €							
		Starter 4 - Peixinhos	2	20.00%	4.00 €	€ 0.80					€ 0.57	€ 0.11								
		Starter 5 - Ostras	4	10.00%	8.00 €	€ 0.80					€ 2.70	€ 0.27								
	Main Dish	Starter 6 - Tourricado	4	10.00%	4.00 €	€ 0.40					€ 0.51	€ 0.05								
		Main Dish 1 - Bacalhau	1	25.00%	8.50 €	€ 2.13					€ 2.33	€ 0.58								
		Main Dish 2 - Salmão	2	17.50%	11.50 €	€ 2.01					€ 4.72	€ 0.83								
		Main Dish 3 - Naco de Atum	2	17.50%	13.50 €	€ 2.36					€ 5.27	€ 0.92								
		Main Dish 4 - Polvo Grelhado	3	12.50%	16.50 €	€ 2.06	10.55 €	100%	1	€ 10.55	€ 7.85	€ 0.98	4.00 €		5.33 €	9.11 €				
		Main Dish 5 - Hamburger	3	12.50%	6.50 €	€ 0.81					€ 1.90	€ 0.24								
		Main Dish 6 - Lombrinho	4	5.00%	9.50 €	€ 0.48					€ 3.73	€ 0.19								
		Main Dish 7 - Croquettes	4	5.00%	7.50 €	€ 0.38					€ 2.96	€ 0.15								
	Desert	Main Dish 8 - Linguini	4	5.00%	6.50 €	€ 0.33					€ 2.34	€ 0.12								
		Desert 1 - Toucinho	-	20.00%	2.00 €	€ 0.40					€ 0.71	€ 0.14								
		Desert 2 - Brownie	-	20.00%	2.50 €	€ 0.50					€ 0.94	€ 0.19								
		Desert 3 - Farofas	-	20.00%	1.50 €	€ 0.30	1.80 €	40%	1	€ 0.72	€ 1.14	€ 0.23	0.87 €				€ 17.96	€ 3.73	€ 12.23	
		Desert 4 - Pastel de Nata	-	20.00%	0.50 €	€ 0.10					€ 0.21	€ 0.04								
	Drinks	Water	Desert 5 - Pudim de Abade	-	20.00%	2.50 €	€ 0.50				€ 1.33	€ 0.27								
Water			1	100.00%	0.90 €	€ 0.98	0.98 €	20%	1	€ 0.20	€ 0.37	€ 0.37	€ 0.37							
Non Alcoholic Beverages		Juices	2	35.00%	2.35 €	€ 0.82	1.80 €	20%	1	€ 0.36	€ 0.78	€ 0.27	0.54 €							
		Sodas	1	65.00%	1.50 €	€ 0.98					€ 0.41	€ 0.27								
Beer		Beer	1	100.00%	1.60 €	€ 1.60	1.60 €	20%	1	€ 0.32	€ 0.61	€ 0.61	0.61 €							
		Red Wine	1	35.00%	7.25 €	€ 2.54					€ 2.03	€ 0.71								
Wine		White Wine	1	35.00%	5.97 €	€ 2.09	6.10 €	20%	1	€ 1.22	€ 1.67	€ 0.58	1.66 €							
		Rosé Wine	2	15.00%	5.00 €	€ 0.75					€ 1.13	€ 0.17								
		Green Wine	2	15.00%	4.80 €	€ 0.72					€ 1.31	€ 0.20								
Other alcoholic beverages (Frequently Asked)		Gin	1	40.00%	8.68 €	€ 3.47					€ 2.21	€ 0.88								
		Vodka	3	10.00%	7.28 €	€ 0.73					€ 1.64	€ 0.16								
		Whisky	3	10.00%	6.85 €	€ 0.69	7.09 €	15%	1	€ 1.06	€ 1.52	€ 0.15	1.85 €							
		Digestives	3	10.00%	5.76 €	€ 0.58					€ 1.43	€ 0.14								
		Cocktails	2	30.00%	5.43 €	€ 1.63					€ 1.68	€ 0.50								
	Portuguese Digestives	1	30.00%	5.90 €	€ 1.77					€ 1.46	€ 0.44									
Other alcoholic beverages (Not Frequently Asked)	Champagne	1	30.00%	11.90 €	€ 3.57	7.14 €	5%	1	€ 0.36	€ 3.99	€ 1.20	2.05 €								
	Cognac	2	20.00%	9.00 €	€ 1.80					€ 2.06	€ 0.41									

### 5.3.1.2 – Diner

Dinner Meal			Ranking of Choice	Probability of consumption	Selling price €	Net receiving per product	Average price per Section	Probability of Ordering	Number of items ordered	Weighted Average price paid by client per section	Average price paid by Client	Cost	Net cost per product	Average Cost per Section	Average Cost per Client	Profit per Client per Section	Average Price Paid by Client Meal	Average Cost by Meal	Profit By Meal	
Food	Starters	Starter 1 - Ameijoas	3	15.00%	14.00 €	€ 2.10						€ 6.75	€ 1.01							
		Starter 2 - Canja de Bacalhau	1	25.00%	5.00 €	€ 1.25						€ 1.23	€ 0.31							
		Starter 3 - Croquettes	2	20.00%	5.00 €	€ 1.00	6.35 €	80%	1	€ 5.08		€ 1.05	€ 0.21	1.97 €						
		Starter 4 - Peixinhos	2	20.00%	4.00 €	€ 0.80						€ 0.57	€ 0.11							
		Starter 5 - Ostras	4	10.00%	8.00 €	€ 0.80						€ 2.70	€ 0.27							
		Starter 6 - Tourcado	4	10.00%	4.00 €	€ 0.40						€ 0.51	€ 0.05							
	Main Dish	Main Dish 1 - Bacalhau	1	25.00%	8.50 €	€ 2.13						€ 2.33	€ 0.58							
		Main Dish 2 - Salmão	2	17.50%	11.50 €	€ 2.01						€ 4.72	€ 0.83							
		Main Dish 3 - Naco de Atum	2	17.50%	13.50 €	€ 2.36						€ 5.27	€ 0.92							
		Main Dish 4 - Polvo Grelhado	3	12.50%	16.50 €	€ 2.06	10.55 €	100%	1	€ 10.55		€ 7.85	€ 0.98	4.00 €	6.27 €	10.80 €				
		Main Dish 5 - Hamburguer	3	12.50%	6.50 €	€ 0.81						€ 1.90	€ 0.24							
		Main Dish 6 - Lombrinho	4	5.00%	9.50 €	€ 0.48						€ 3.73	€ 0.19							
		Main Dish 7 - Croquettes	4	5.00%	7.50 €	€ 0.38						€ 2.98	€ 0.15							
		Main Dish 8 - Linguini	4	5.00%	6.50 €	€ 0.33						€ 2.34	€ 0.12							
	Desert	Desert 1 - Toucinho	-	20.00%	2.00 €	€ 0.40						€ 0.71	€ 0.14							
		Desert 2 - Brownie	-	20.00%	2.50 €	€ 0.50						€ 0.94	€ 0.19							
		Desert 3 - Farofas	-	20.00%	1.50 €	€ 0.30	1.80 €	80%	1	€ 1.44		€ 1.14	€ 0.23	0.87 €						
		Desert 4 - Pastel de Nata	-	20.00%	0.50 €	€ 0.10						€ 0.21	€ 0.04					€ 26.10	€ 8.20	€ 17.90
		Desert 5 - Pudim de Abade	-	20.00%	2.50 €	€ 0.50						€ 1.33	€ 0.27							
	Drinks	Water	Water	1	100.00%	0.98 €	€ 0.98	0.98 €	18%	2	€ 0.34		€ 0.37	€ 0.37	€ 0.37					
Non Alcoholic Beverages		Juices	2	35.00%	2.35 €	€ 0.82	1.80 €	18%	2	€ 0.63		€ 0.78	€ 0.27	0.54 €						
		Sodas	1	65.00%	1.50 €	€ 0.98						€ 0.41	€ 0.27							
		Beer	Beer	1	100.00%	1.60 €	€ 1.60	1.60 €	20%	2	€ 0.64		€ 0.61	€ 0.61	0.61 €					
Wine		Red Wine	1	35.00%	7.25 €	€ 2.54						€ 2.03	€ 0.71							
		White Wine	1	35.00%	5.97 €	€ 2.09	6.10 €	20%	2	€ 2.44		€ 1.67	€ 0.58	1.66 €						
		Rosé Wine	2	15.00%	5.00 €	€ 0.75						€ 1.13	€ 0.17							
		Green Wine	2	15.00%	4.80 €	€ 0.72						€ 1.31	€ 0.20							
Other alcoholic beverages (Frequently Asked)		Gin	3	40.00%	8.68 €	€ 3.47						€ 2.21	€ 0.88							
		Vodka	3	10.00%	7.28 €	€ 0.73	7.09 €	18%	2	€ 2.48		€ 1.64	€ 0.16	1.85 €						
		Whisky	1	10.00%	6.85 €	€ 0.69						€ 1.52	€ 0.15							
		Spirits	3	10.00%	5.76 €	€ 0.58						€ 1.43	€ 0.14							
		Cocktail	2	30.00%	5.43 €	€ 1.63						€ 1.68	€ 0.50							
Other alcoholic beverages (Not-Frequently Asked)		Portuguese	1	30.00%	5.90 €	€ 1.77	7.14 €	18%	2	€ 2.50		€ 1.46	€ 0.44	2.05 €						
	Champanhe	1	30.00%	11.90 €	€ 3.57						€ 3.99	€ 1.20								
	Cognac	2	20.00%	9.00 €	€ 1.80						€ 2.06	€ 0.41								

### 5.3.2 – PROFIT PER CLIENT BAR

#### 5.3.2.1 – 3pm-7pm

3pm-7pm		Ranking of Choice	Probability of consumption	Selling price €	Net receiving per product	Average price per Section	Probability of ordering	Number of items ordered	Weighted Average price paid by client per section	Average price paid by Client	Cost	Net cost per product	Average Cost per Section	Weighted Average cost by client per section	Average Cost per Client	Profit per Client time zone
Water	Water	1	100.00%	0.98 €	€ 0.98	0.98 €	5.0%	1.5	€ 0.07		€ 0.37	€ 0.37	€ 0.37	€ 0.03		
	Non Alcoholic Beverages	Juices	2	35.00%	2.35 €	€ 0.82	1.80 €	27.5%	1.5	€ 0.74		€ 0.78	€ 0.27	0.54 €	€ 0.22	
Sodas		1	65.00%	1.50 €	€ 0.98						€ 0.41	€ 0.27				
Beer		Beer	1	100.00%	1.60 €	€ 1.60	1.60 €	25.0%	1.5	€ 0.60		€ 0.61	€ 0.61	0.61 €	€ 0.23	
Wine	Red Wine	1	35.00%	7.25 €	€ 2.54						€ 2.03	€ 0.71				
	White Wine	1	35.00%	5.97 €	€ 2.09	6.10 €	20.0%	1.5	€ 1.83		€ 1.67	€ 0.58	1.66 €	€ 0.50		
	Rosé Wine	2	15.00%	5.00 €	€ 0.75						€ 1.13	€ 0.17				
	Green Wine	2	15.00%	4.80 €	€ 0.72						€ 1.31	€ 0.20				
Other alcoholic beverages (Frequently Asked)	Gin	2	40.00%	8.68 €	€ 3.47						€ 2.21	€ 0.88				
	Vodka	2	10.00%	7.28 €	€ 0.73	7.09 €	20.0%	1.5	€ 2.13		€ 1.64	€ 0.16	1.85 €	€ 0.55		
	Whisky	2	10.00%	6.85 €	€ 0.69						€ 1.52	€ 0.15				
	Spirits	3	10.00%	5.76 €	€ 0.58						€ 1.43	€ 0.14				
	Cocktail	1	30.00%	5.43 €	€ 1.63						€ 1.68	€ 0.50				
Other alcoholic beverages (Not-Frequently Asked)	Portuguese	1	30.00%	5.90 €	€ 1.77	7.14 €	2.5%	1.5	€ 0.27		€ 1.46	€ 0.44	2.05 €	€ 0.08		
	Champanhe	1	30.00%	11.90 €	€ 3.57						€ 3.99	€ 1.20				
	Cognac	2	20.00%	9.00 €	€ 1.80						€ 2.06	€ 0.41				

## 5.3.2.2 – 7pm-10pm

7pm-10pm		Ranking of Choice	Probability of consumption	Selling price €	Net receiving per product	Average price per Section	Probability of ordering	Number of items ordered	Wighted Average price paid by client per section	Average price paid by Client	Cost	Net cost per product	Average Cost per Section	Wighted Average cost by client per section	Average Cost per Client	Profit per Client time zone
Water	Water	1	100.00%	0.98 €	€ 0.98	0.98 €	5.0%	2.0	€ 0.10	8.53	€ 0.37	€ 0.37	€ 0.37	€ 0.04	€ 2.41	€ 6.12
	Non Alcoholic Beverages	Juices	2	35.00%	2.35 €	€ 0.82	1.80 €	17.5%	2.0		€ 0.63	€ 0.78	€ 0.27	0.54 €		
Sodas		1	65.00%	1.50 €	€ 0.98						€ 0.41	€ 0.27				
Beer		Beer	1	100.00%	1.60 €	€ 1.60	1.60 €	25.0%	2.0		€ 0.80	€ 0.61	€ 0.61	0.61 €		
Wine	Red Wine	1	35.00%	7.25 €	€ 2.54						€ 2.03	€ 0.71				
	White Wine	1	35.00%	5.97 €	€ 2.09	6.10 €	22.5%	2.0	€ 2.74		€ 1.67	€ 0.58	1.66 €	€ 0.75		
	Rosé Wine	2	15.00%	5.00 €	€ 0.75						€ 1.13	€ 0.17				
	Green Wine	2	15.00%	4.80 €	€ 0.72						€ 1.31	€ 0.20				
Other alcoholic beverages (Frequently Asked)	Gin	3	40.00%	8.68 €	€ 3.47						€ 2.21	€ 0.88				
	Vodka	3	10.00%	7.28 €	€ 0.73	7.09 €	25.0%	2.0	€ 3.55		€ 1.64	€ 0.16	1.85 €	€ 0.92		
	Whisky	1	10.00%	6.85 €	€ 0.69						€ 1.52	€ 0.15				
	Spirits	3	10.00%	5.76 €	€ 0.58						€ 1.43	€ 0.14				
	Cocktail	2	30.00%	5.43 €	€ 1.63						€ 1.68	€ 0.50				
Other alcoholic beverages (Not-Frequently Asked)	Portuguese	1	30.00%	5.90 €	€ 1.77	7.14 €	5.0%	2.0	€ 0.71		€ 1.46	€ 0.44	2.05 €	€ 0.20		
	Champanhe	1	30.00%	11.90 €	€ 3.57						€ 3.99	€ 1.20				
	Cognac	2	20.00%	9.00 €	€ 1.80						€ 2.06	€ 0.41				

## 5.3.2.3 – 10pm-2am

10pm-2am		Ranking of Choice	Probability of consumption	Selling price €	Net receiving per product	Average price per Section	Probability of ordering	Number of items ordered	Wighted Average price paid by client per section	Average price paid by Client	Cost	Net cost per product	Average Cost per Section	Wighted Average cost by client per section	Average Cost per Client	Profit per Client time zone
Water	Water	1	100.00%	0.98 €	€ 0.98	0.98 €	5.0%	3.0	€ 0.15	12.80	€ 0.37	€ 0.37	€ 0.37	€ 0.06	€ 3.61	€ 9.19
	Non Alcoholic Beverages	Juices	2	35.00%	2.35 €	€ 0.82	1.80 €	17.5%	3.0		€ 0.94	€ 0.78	€ 0.27	0.54 €		
Sodas		1	65.00%	1.50 €	€ 0.98						€ 0.41	€ 0.27				
Beer		Beer	1	100.00%	1.60 €	€ 1.60	1.60 €	25.0%	3.0		€ 1.20	€ 0.61	€ 0.61	0.61 €		
Wine	Red Wine	1	35.00%	7.25 €	€ 2.54						€ 2.03	€ 0.71				
	White Wine	1	35.00%	5.97 €	€ 2.09	6.10 €	22.5%	3.0	€ 4.11		€ 1.67	€ 0.58	1.66 €	€ 1.12		
	Rosé Wine	2	15.00%	5.00 €	€ 0.75						€ 1.13	€ 0.17				
	Green Wine	2	15.00%	4.80 €	€ 0.72						€ 1.31	€ 0.20				
Other alcoholic beverages (Frequently Asked)	Gin	3	40.00%	8.68 €	€ 3.47						€ 2.21	€ 0.88				
	Vodka	3	10.00%	7.28 €	€ 0.73	7.09 €	25.0%	3.0	€ 5.32		€ 1.64	€ 0.16	1.85 €	€ 1.39		
	Whisky	1	10.00%	6.85 €	€ 0.69						€ 1.52	€ 0.15				
	Spirits	3	10.00%	5.76 €	€ 0.58						€ 1.43	€ 0.14				
	Cocktail	2	30.00%	5.43 €	€ 1.63						€ 1.68	€ 0.50				
Other alcoholic beverages (Not-Frequently Asked)	Portuguese	1	30.00%	5.90 €	€ 1.77	7.14 €	5.0%	3.0	€ 1.07		€ 1.46	€ 0.44	2.05 €	€ 0.31		
	Champanhe	1	30.00%	11.90 €	€ 3.57						€ 3.99	€ 1.20				
	Cognac	2	20.00%	9.00 €	€ 1.80						€ 2.06	€ 0.41				

## 5.4 – SELLING ESTIMATIONS

### 5.4.1 – SELLING ESTIMATIONS RESTAURANT

#### 5.4.1.1 – Bad Week

Bad Week		Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Average N° Clients per Day
Lunch	Average %Completion	15.0%	15.0%	15.0%	25.0%	40.0%	30.0%	65
	Average number of clients/ Shift	15	15	15	25	40	30	
	Total Number of clients served	15	15	15	25	40	30	
Diner	Average %Completion	15.0%	15.0%	20.0%	35.0%	50.0%	30.0%	
	Average number of clients/Shift	15	15	20	35	50	30	
	Total Number of clients served	23	23	30	53	75	45	

#### 5.4.1.2 – Average Week

Average Week		Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Average N° Clients per Day
Lunch	Average %Completion	30.0%	30.0%	30.0%	40.0%	60.0%	45.0%	105
	Average number of clients/Shift	30	30	30	40	60	45	
	Total Number of clients served	30	30	30	40	60	45	
Diner	Average %Completion	20.0%	30.0%	35.0%	70.0%	70.0%	40.0%	
	Average number of clients/Shift	20	30	35	70	70	40	
	Total Number of clients served	30	45	53	105	105	60	

#### 5.4.1.3 – Good Week

Good Week		Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Average N° Clients per Day
Lunch	Average %Completion	50.0%	50.0%	50.0%	60.0%	80.0%	65.0%	160
	Average number of clients/Shift	50	50	50	60	80	65	
	Total Number of clients served	50	50	50	60	80	65	
Diner	Average %Completion	40.0%	50.0%	55.0%	100.0%	100.0%	60.0%	
	Average number of clients/Shift	40	50	55	100	100	60	
	Total Number of clients served	60	75	83	150	150	90	

## 5.4.2 – SELLING ESTIMATIONS BAR

### 5.4.2.1 – Bad Week

Bad Week		Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Average N° Clients per day
3pm-7pm	Average %Completion	10.0%	10.0%	10.0%	25.0%	35.0%	20.0%	135
	Average number of clients/Hour	5	5	5	13	18	10	
	Total Number of clients served	20	20	20	50	70	40	
7pm-10pm	Average %Completion	5.0%	5.0%	5.0%	20.0%	20.0%	10.0%	
	Average number of clients/Hour	3	3	3	10	10	5	
	Total Number of clients served	10	10	10	40	40	20	
10pm-2am	Average %Completion	10.0%	10.0%	15.0%	25.0%	45.0%	10.0%	
	Average number of clients/Hour	10	10	15	25	45	10	
	Total Number of clients served	40	40	60	100	180	40	

### 5.4.2.2 – Average Week

Average Week		Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Average N° Clients per day
3pm-7pm	Average %Completion	30%	30%	30%	50%	60%	45%	263
	Average number of clients/Hour	15	15	15	25	30	23	
	Total Number of clients served	60	60	60	100	120	90	
7pm-10pm	Average %Completion	10%	20%	20%	30%	30%	15%	
	Average number of clients/Hour	5	10	10	15	15	8	
	Total Number of clients served	20	40	40	60	60	30	
10pm-2am	Average %Completion	20%	20%	30%	40%	60%	40%	
	Average number of clients/Hour	20	20	30	40	60	40	
	Total Number of clients served	80	80	120	160	240	160	

### 5.4.2.3 – Good Week

Good Week		Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Average N° Clients per day
3pm-7pm	Average %Completion	40%	40%	40%	60%	70%	55%	413
	Average number of clients/Hour	20	20	20	30	35	28	
	Total Number of clients served	80	80	80	120	140	110	
7pm-10pm	Average %Completion	20%	30%	30%	40%	40%	25%	
	Average number of clients/Hour	10	15	15	20	20	13	
	Total Number of clients served	40	60	60	80	80	50	
10pm-2am	Average %Completion	50%	50%	60%	70%	100%	45%	
	Average number of clients/Hour	50	50	60	70	100	45	
	Total Number of clients served	200	200	240	280	400	180	

### 5.4.3 – SELLING ESTIMATIONS FULL MOON PARTY

Full Moon Party		Number of clients	Revenues	Cost	Total revenue	Total Cost	Profit
Good Party	Client Consumption	600	€ 12.80	€ 3.61	€ 7,677	€ 2,165	€ 5,512
	Client entry	600	€ 10.00	€ 0.00	€ 6,000	€ 0	€ 6,000
	Total		€ 22.80	€ 3.61	€ 13,677	€ 2,165	€ 11,512
Average Party	Client Consumption	400	€ 12.80	€ 3.61	€ 5,118	€ 1,443	€ 3,675
	Client entry	400	€ 10.00	€ 0.00	€ 4,000	€ 0	€ 4,000
	Total		€ 22.80	€ 3.61	€ 9,118	€ 1,443	€ 7,675
Bad Party	Client Consumption	200	€ 12.80	€ 3.61	€ 2,559	€ 722	€ 1,837
	Client entry	200	€ 10.00	€ 0.00	€ 2,000	€ 0	€ 2,000
	Total		€ 22.80	€ 3.61	€ 4,559	€ 722	€ 3,837

#### 5.4.4 – ANNUAL SELLING ESTIMATIONS

##### 5.4.4.1 – Realistic Scenario

Realistic Scenario		Income	Cost	Profit
Year 1	Resaurant	€ 915,537.78	€ 299,371.77	€ 616,166.01
	Bar	€ 1,041,222.40	€ 294,076.57	€ 747,145.83
	Full Moon Party	€ 141,329.77	€ 22,369.75	€ 118,960.02
	<b>Total</b>	<b>€ 2,098,089.95</b>	<b>€ 615,818.09</b>	<b>€ 1,482,271.87</b>
Year 2-5	Resaurant	€ 818,617.56	€ 267,678.88	€ 550,938.69
	Bar	€ 911,535.77	€ 257,469.89	€ 654,065.89
	Full Moon Party	€ 123,002.62	€ 18,761.73	€ 104,240.90
	<b>Total</b>	<b>€ 1,853,155.96</b>	<b>€ 543,910.49</b>	<b>€ 1,309,245.47</b>

##### 5.4.4.2 – Benchmark Scenarios

Year 1-5		Income	Cost	Profit
Absolute Success Scenario	Resaurant	€ 1,110,926.56	€ 363,259.91	€ 747,666.64
	Bar	€ 1,302,371.24	€ 367,800.54	€ 934,570.70
	Full Moon Party	€ 164,124.90	€ 25,977.78	€ 138,147.12
	<b>Total</b>	<b>€ 2,577,422.69</b>	<b>€ 757,038.23</b>	<b>€ 1,820,384.46</b>
Average Scenario	Resaurant	€ 729,439.07	€ 238,497.82	€ 490,941.26
	Bar	€ 791,826.66	€ 223,726.33	€ 568,100.33
	Full Moon Party	€ 109,416.60	€ 17,318.52	€ 92,098.08
	<b>Total</b>	<b>€ 1,630,682.33</b>	<b>€ 479,542.66</b>	<b>€ 1,151,139.67</b>
Worst Case Scenario	Resaurant	€ 448,276.11	€ 146,615.40	€ 301,660.70
	Bar	€ 428,231.70	€ 120,953.80	€ 307,277.89
	Full Moon Party	€ 54,708.30	€ 8,659.26	€ 46,049.04
	<b>Total</b>	<b>€ 931,216.10</b>	<b>€ 276,228.47</b>	<b>€ 654,987.64</b>

## 5.5 – WAGE DISTRIBUTION

### 5.5.1 – SCHEDULE DESCRIPTION

Schedule Description	
Split shift	12:00 - 16:00 19:30 - 00:30
Morning 1	10:00 - 19:00
Morning 2	11:00 - 20:00
Morning 3	11:30 - 20:30
Evening 1	17:00 - 02:00
Evening 2	17:30 - 02:30
Evening 3	18:30 - 03:30
Evening 4	19:30 - 04:30

### 5.5.2 – RESTAURANT SERVICE DEPARTMENT

Service RESTAURANT Department		
Job category	Salary	Schedule
Head Waiter/Waitress	1.500,00 €	Split shift
Chef de Rang 1	860.00 €	Morning 1
Chef de Rang 2	860.00 €	Split shift
Chef de Rang 3	860.00 €	Split shift
Chef de Rang 4	860.00 €	Split shift
Runner 1	720.00 €	Morning 2
Runner 2	720.00 €	Split shift
Runner 3	720.00 €	Split shift
Runner 4	720.00 €	Evening 1

### 5.5.3 – BAR&TERRACE SERVICE DEPARTMENT

Service Bar & Terrace Department		
Job category	Salary	Schedule
Head Waiter/Waitress	1.200,00 €	Split shift
Chef de Rang	820.00 €	Morning 1
Chef de Rang	820.00 €	Evening 2
Chef de Rang	820.00 €	Evening 3
Runner 1	680.00 €	Morning 1
Runner 2	680.00 €	Morning 1
Runner 3	224.40 €	Morning 2
Runner 4	680.00 €	Morning 3
Runner 5	680.00 €	Evening 1
Runner 8	224.40 €	Evening 2
Head Barman/Barmaid	1,200.00 €	Morning 1
Barman/Barmaid 1	900.00 €	Split shift
Barman/Barmaid 2	900.00 €	Evening 3
Barman/Barmaid 3	900.00 €	Evening 3
Barman/Barmaid 4	900.00 €	Evening 4

### 5.5.4 – KITCHEN DEPARTMENT

Kitchen Department		
Job category	Salary	Schedule
Executive Chef	2,300.00 €	Split shift
Executive Sous-Chef	1,700.00 €	Split shift
Chef de Partie	1,000.00 €	Morning 1
Chef de Partie	1,000.00 €	Evening 2
Line cook 1	820.00 €	Morning 1
Line cook 2	820.00 €	Morning 2
Line cook 3	820.00 €	Evening 1
Line cook 4	820.00 €	Evening 2
Comi 1	680.00 €	Morning 1
Comi 2	680.00 €	Morning 2
Comi 3	680.00 €	Morning 3
Comi 4	680.00 €	Evening 1

### 5.5.5 – STEWARDING DEPARTMENT

Stewarding Department		
Job category	Salary	Schedule
Head Steward	720.00 €	Split shift
Steward 1	505.00 €	Morning 1
Steward 2	505.00 €	Morning 2
Steward 3	505.00 €	Evening 2

### 5.5.6 – BACK OFFICE DEPARTMENT

Back office Department		
Job category	Salary	Schedule
Storehouse Manager	1,000.00 €	Morning 1
Cost Control Manager	1,350.00 €	Morning 1
Cleaning Manager	720.00 €	Split shift
Cleaning Gentleman/Lady	505.00 €	Morning 1
Cleaning Gentleman/Lady	505.00 €	Morning 1
Cleaning Gentleman/Lady	505.00 €	Morning 2
Maintenance Manager	1,000.00 €	Morning 1
Maintenance Gentleman/Lady	720.00 €	Evening 3

## 5.6 – STOCK VALUE (REALISTIC SCENARIO)

Stock Value ( Year 1)	Year 1			
	Dairy Product	Fruits & Vég.	Grocery	Total
Annual Cost of Merchandise	2,289 €	20,144 €	31,622 €	54,055 €
Daily cost of Merchandise	7 €	65 €	101 €	173 €
<b>Stock Turnover</b>	<u>5</u>	<u>5</u>	<u>20</u>	-
Stock Value	22 €	194 €	1,014 €	1,229 €
Security Margin in terms of days to sell	2	2	10	
<b>"Safety stock" value</b>	<b>15 €</b>	<b>129 €</b>	<b>1,014 €</b>	<b>1,157 €</b>

Stock Value (Year 2-5)	Year 2			
	Dairy Product	Fruits & Vég.	Grocery	Total
Annual Cost of Merchandise	2,046 €	18,012 €	28,274 €	48,333 €
Daily cost of Merchandise	7 €	58 €	91 €	155 €
<b>Stock Turnover</b>	<u>5</u>	<u>5</u>	<u>20</u>	-
Stock Value	20 €	173 €	906 €	1,099 €
Security Margin in terms of days to sell	2	2	10	
<b>"Safety stock" value</b>	<b>13 €</b>	<b>115 €</b>	<b>906 €</b>	<b>1,035 €</b>

## 5.7 – CASH-FLOW STATEMENT, PNL AND BS

## 5.7.1 – REALISTIC SCENARIO

## 5.7.1.1 – Cash Flow Statement

Cash flow Statement	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sales</b>	2,135,275 €	1,886,400 €	1,886,400 €	1,886,400 €	1,886,400 €
– Direct Cost on Sales	617,120 €	545,074 €	545,074 €	545,074 €	545,074 €
<b>Margin</b>	<b>1,518,155 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>
– Fixed Costs	893,290 €	893,290 €	893,290 €	893,290 €	893,290 €
+ Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
<b>Operational Margin</b>	<b>646,865 €</b>	<b>540,035 €</b>	<b>540,035 €</b>	<b>540,035 €</b>	<b>540,035 €</b>
Investment	1,075,322 €				
– Taxes on sales	427,055 €	377,280 €	377,280 €	377,280 €	377,280 €
<b>Need for financing</b>	<b>-855,512 €</b>	<b>162,755 €</b>	<b>162,755 €</b>	<b>162,755 €</b>	<b>162,755 €</b>
<b>Cumul</b>	<b>-855,512 €</b>	<b>-692,757 €</b>	<b>-530,001 €</b>	<b>-367,246 €</b>	<b>-204,491 €</b>
+ Capital	500,000 €				
+ Banking loan	400,000 €				
+ Subsidies	100,000 €	0 €	0 €	0 €	0 €
– Debt payment	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €
– Interest	18,000 €	17,100 €	16,200 €	15,300 €	14,400 €
<b>Free-cash-flow</b>	<b>106,488 €</b>	<b>125,655 €</b>	<b>126,555 €</b>	<b>127,455 €</b>	<b>128,355 €</b>
<b>Cumul</b>	<b>106,488 €</b>	<b>232,143 €</b>	<b>358,699 €</b>	<b>486,154 €</b>	<b>614,509 €</b>

## 5.7.1.2 – PNL

<b>Scenario 1</b>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
00-709 Sales revenue	2,135,275 €	1,886,400 €	1,886,400 €	1,886,400 €	1,886,400 €
600-608 – Supply and goods	617,120 €	545,074 €	545,074 €	545,074 €	545,074 €
710-719 + Stock variation					
710-609 – Stock variation					
710-720 + Immobilised production	0 €	0 €	0 €	0 €	0 €
<b>Sales Margin</b>	<b>1,518,155 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>	<b>1,341,325 €</b>
740-749 + Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
610-619 – Services produced	13,230 €	13,230 €	13,230 €	13,230 €	13,230 €
620-629 – Wages	751,095 €	751,095 €	751,095 €	751,095 €	751,095 €
710-630 – Depreciation	48,018 €	48,018 €	48,018 €	48,018 €	48,018 €
631-634 – Value reductions	0 €	0 €	0 €	0 €	0 €
635-637 – Provisions					
640-649 – Other charges	128,965 €	128,965 €	128,965 €	128,965 €	128,965 €
<b>Operational result</b>	<b>598,847 €</b>	<b>492,017 €</b>	<b>492,017 €</b>	<b>492,017 €</b>	<b>492,017 €</b>
750-759 Financial revenues	100,000 €	0 €	0 €	0 €	0 €
650-659 – Financial Charges	38,000 €	37,100 €	36,200 €	35,300 €	34,400 €
<b>Financial result</b>	<b>62,000 €</b>	<b>-37,100 €</b>	<b>-36,200 €</b>	<b>-35,300 €</b>	<b>-34,400 €</b>
<b>PNL</b>	<b>660,847 €</b>	<b>454,917 €</b>	<b>455,817 €</b>	<b>456,717 €</b>	<b>457,617 €</b>
670-679 – IVA	427,055 €	377,280 €	377,280 €	377,280 €	377,280 €
Taxes from previous years					
Taxes to pay	427,055 €	377,280 €	377,280 €	377,280 €	377,280 €
<b>Reportable Profit/Loss</b>	<b>233,792 €</b>	<b>77,637 €</b>	<b>78,537 €</b>	<b>79,437 €</b>	<b>80,337 €</b>

## 5.7.1.3 – BS

ASSETS	Year 1	Year 2	Year 3	Year 4	Year 5
I. Administration Fees	€ 277	€ 249	€ 222	€ 194	€ 166
II. Tangible Assets					
III. Intangible Assets	€ 1,029,341	€ 983,637	€ 937,933	€ 892,230	€ 846,526
IV. Financial Assets					
V. Receivables for plus than one year					
VI. Stock and running commands					
VII. Receivables within one year					
VIII. Investment treasuries	€ 156,488	€ 232,143	€ 358,699	€ 486,154	€ 614,509
IX. Available values	€ 50,000	€ 100,000	€ 100,000	€ 100,000	€ 100,000
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,236,106</b>	<b>€ 1,316,030</b>	<b>€ 1,396,854</b>	<b>€ 1,478,578</b>	<b>€ 1,561,202</b>

LIABILITIES	Year 1	Year 2	Year 3	Year 4	Year 5
I. Capital	€ 500,000	€ 500,000	€ 500,000	€ 500,000	€ 500,000
II. Issuance Premiums					
III. Revaluation gains					
IV. Reserves	€ 42,314	€ 398,393	€ 498,316	€ 599,140	€ 700,865
V. Reportable Profit/Loss	€ 233,792	€ 77,637	€ 78,537	€ 79,437	€ 80,337
VI. Subsidies	€ 100,000				
VII. Provisions					
VIII. Payable after one year	€ 360,000	€ 340,000	€ 320,000	€ 300,000	€ 280,000
IX. Payable to one year					
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,236,106</b>	<b>€ 1,316,030</b>	<b>€ 1,396,853</b>	<b>€ 1,478,578</b>	<b>€ 1,561,202</b>

## 5.7.2 – ABSOLUTE SUCCESS SCENARIO

## 5.7.2.1 – Cash-Flow Statement

Cash flow Statement	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Sales</i>	2,622,533 €	2,622,533 €	2,622,533 €	2,622,533 €	2,622,533 €
<i>Direct Cost on Sales</i>	758,618 €	758,618 €	758,618 €	758,618 €	758,618 €
<b>Margin</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>
– <i>Fixed Costs</i>	893,290 €	893,290 €	893,290 €	893,290 €	893,290 €
+ <i>Other revenues</i>	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
<b>Operational Margin</b>	<b>992,625 €</b>	<b>1,062,625 €</b>	<b>1,062,625 €</b>	<b>1,062,625 €</b>	<b>1,062,625 €</b>
– <i>Investment</i>	1,075,322 €				
– <i>Tax on sales</i>	524,507 €	524,507 €	524,507 €	524,507 €	524,507 €
<b>Need for financing</b>	<b>-607,203 €</b>	<b>538,119 €</b>	<b>538,119 €</b>	<b>538,119 €</b>	<b>538,119 €</b>
<b>Cumul</b>	<b>-607,203 €</b>	<b>-69,084 €</b>	<b>469,035 €</b>	<b>1,007,153 €</b>	<b>1,545,272 €</b>
+ <i>Capital</i>	500,000 €				
+ <i>Banking loan</i>	400,000 €				
+ <i>Subsidies</i>	100,000 €	0 €	0 €	0 €	0 €
– <i>Debt Payment</i>	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €
– <i>Interest</i>	18,000 €	17,100 €	16,200 €	15,300 €	14,400 €
<b>Free-cash-flow</b>	<b>354,797 €</b>	<b>501,019 €</b>	<b>501,919 €</b>	<b>502,819 €</b>	<b>503,719 €</b>
<b>Cumul</b>	<b>354,797 €</b>	<b>855,816 €</b>	<b>1,357,735 €</b>	<b>1,860,553 €</b>	<b>2,364,272 €</b>

## 5.7.2.2 – PNL

Scenario 2	Year 1	Year 2	Year 3	Year 4	Year 5
00-709 Sales revenue	2,622,533 €	2,622,533 €	2,622,533 €	2,622,533 €	2,622,533 €
600-608 – Supply and goods	758,618 €	758,618 €	758,618 €	758,618 €	758,618 €
710-719 + Stock variation					
710-609 – Stock variation					
710-720 + Immobilised production	0 €	0 €	0 €	0 €	0 €
<b>Sales Margin</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>	<b>1,863,915 €</b>
740-749 + Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
610-619 – Services produced	13,230 €	13,230 €	13,230 €	13,230 €	13,230 €
620-629 – Wages	751,095 €	751,095 €	751,095 €	751,095 €	751,095 €
710-630 – Depreciation	45,731 €	45,731 €	45,731 €	45,731 €	45,731 €
631-634 – Value reductions		0 €	0 €	0 €	0 €
635-637 – Provisions					
640-649 – Other charges	128,965 €	128,965 €	128,965 €	128,965 €	128,965 €
<b>Operational result</b>	<b>946,894 €</b>	<b>1,016,894 €</b>	<b>1,016,894 €</b>	<b>1,016,894 €</b>	<b>1,016,894 €</b>
750-759 Financial revenues	100,000 €	0 €	0 €	0 €	0 €
650-659 – Financial Charges	38,000 €	37,100 €	36,200 €	35,300 €	34,400 €
<b>Financial result</b>	<b>62,000 €</b>	<b>-37,100 €</b>	<b>-36,200 €</b>	<b>-35,300 €</b>	<b>-34,400 €</b>
<b>PNL</b>	<b>1,008,894 €</b>	<b>979,794 €</b>	<b>980,694 €</b>	<b>981,594 €</b>	<b>982,494 €</b>
670-679 – IVA	524,507 €	524,507 €	524,507 €	524,507 €	524,507 €
Taxes from previous years					
Taxes to pay	524,507 €	524,507 €	524,507 €	524,507 €	524,507 €
<b>Reportable Profit/Loss</b>	<b>484,387 €</b>	<b>455,287 €</b>	<b>456,187 €</b>	<b>457,087 €</b>	<b>457,987 €</b>

## 5.7.2.3 – BS

ASSETS	Year 1	Year 2	Year 3	Year 4	Year 5
I. Administration Fees	€ 277	€ 249	€ 222	€ 194	€ 166
II. Tangible Assets					
III. Intangible Assets	€ 1,029,341	€ 983,637	€ 937,934	€ 892,230	€ 846,526
IV. Financial Assets					
V. Receivables for plus than one year					
VI. Stock and running commands					
VII. Receivables within one year					
VIII. Investment treasuries	€ 404,797	€ 855,815	€ 1,357,735	€ 1,860,553	€ 2,364,272
IX. Available values	€ 50,000	€ 100,000	€ 100,000	€ 100,000	€ 100,000
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,484,415</b>	<b>€ 1,939,702</b>	<b>€ 2,395,890</b>	<b>€ 2,852,977</b>	<b>€ 3,310,964</b>

LIABILITIES	Year 1	Year 2	Year 3	Year 4	Year 5
I. Capital	€ 500,000	€ 500,000	€ 500,000	€ 500,000	€ 500,000
II. Issuance Premiums					
III. Revaluation gains					
IV. Reserves	€ 40,028	€ 644,415	€ 1,119,702	€ 1,595,890	€ 2,072,977
V. Reportable Profit/Loss	€ 484,387	€ 455,287	€ 456,187	€ 457,087	€ 457,987
VI. Subsidies	€ 100,000				
VII. Provisions					
VIII. Payable after one year	€ 360,000	€ 340,000	€ 320,000	€ 300,000	€ 280,000
IX. Payable to one year					
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,484,415</b>	<b>€ 1,939,702</b>	<b>€ 2,395,890</b>	<b>€ 2,852,977</b>	<b>€ 3,310,964</b>

## 5.7.3 – AVERAGE SUCCESS SCENARIO

## 5.7.3.1 – Cash Flow Statement

Cash flow Statement	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sales</b>	1,660,199 €	1,660,199 €	1,660,199 €	1,660,199 €	1,660,199 €
– Direct Cost on Sales	480,576 €	480,576 €	480,576 €	480,576 €	480,576 €
<b>Margin</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>
– Fixed Costs	893,290 €	893,290 €	893,290 €	893,290 €	893,290 €
+ Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
<b>Operational Margin</b>	<b>308,333 €</b>	<b>378,333 €</b>	<b>378,333 €</b>	<b>378,333 €</b>	<b>378,333 €</b>
– Investment	1,075,322 €				
– Tax on sales	332,040 €	332,040 €	332,040 €	332,040 €	332,040 €
<b>Need for financing</b>	<b>-1,099,029 €</b>	<b>46,293 €</b>	<b>46,293 €</b>	<b>46,293 €</b>	<b>46,293 €</b>
<b>Cumul</b>	<b>-1,099,029 €</b>	<b>-1,052,736 €</b>	<b>-1,006,443 €</b>	<b>-960,150 €</b>	<b>-913,857 €</b>
+ Capital	500,000 €				
+ Banking loan	400,000 €				
+ Subsidies	300,000 €	0 €	0 €	0 €	0 €
– Debt Payment	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €
– Interest	18,000 €	17,100 €	16,200 €	15,300 €	14,400 €
<b>Free-cash-flow</b>	<b>62,971 €</b>	<b>9,193 €</b>	<b>10,093 €</b>	<b>10,993 €</b>	<b>11,893 €</b>
<b>Cumul</b>	<b>62,971 €</b>	<b>72,164 €</b>	<b>82,257 €</b>	<b>93,250 €</b>	<b>105,143 €</b>

## 5.7.3.2 – PNL

<b>Scenario 3</b>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
00-709 Sales revenue	1,660,199 €	1,660,199 €	1,660,199 €	1,660,199 €	1,660,199 €
600-608 – Supply and goods	480,576 €	480,576 €	480,576 €	480,576 €	480,576 €
710-719 + Stock variation					
710-609 – Stock variation					
710-720 + Immobilised production	0 €	0 €	0 €	0 €	0 €
<b>Sales Margin</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>	<b>1,179,623 €</b>
740-749 + Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
610-619 – Services produced	13,230 €	13,230 €	13,230 €	13,230 €	13,230 €
620-629 – Wages	751,095 €	751,095 €	751,095 €	751,095 €	751,095 €
710-630 – Depreciation	45,731 €	45,731 €	45,731 €	45,731 €	45,731 €
631-634 – Value reductions	0 €	0 €	0 €	0 €	0 €
635-637 – Provisions					
640-649 – Other charges	128,965 €	128,965 €	128,965 €	128,965 €	128,965 €
<b>Operational result</b>	<b>262,601 €</b>	<b>332,601 €</b>	<b>332,601 €</b>	<b>332,601 €</b>	<b>332,601 €</b>
750-759 Financial revenues	300,000 €	0 €	0 €	0 €	0 €
650-659 – Financial Charges	38,000 €	37,100 €	36,200 €	35,300 €	34,400 €
<b>Financial result</b>	<b>262,000 €</b>	<b>-37,100 €</b>	<b>-36,200 €</b>	<b>-35,300 €</b>	<b>-34,400 €</b>
<b>PNL</b>	<b>524,601 €</b>	<b>295,501 €</b>	<b>296,401 €</b>	<b>297,301 €</b>	<b>298,201 €</b>
670-679 – IVA	332,040 €	332,040 €	332,040 €	332,040 €	332,040 €
Taxes from previous years					
Taxes to pay	332,040 €	332,040 €	332,040 €	332,040 €	332,040 €
<b>Reportable Profit/Loss</b>	<b>192,562 €</b>	<b>-36,538 €</b>	<b>-35,638 €</b>	<b>-34,738 €</b>	<b>-33,838 €</b>

## 5.7.3.3 – BS

ASSETS	Year 1	Year 2	Year 3	Year 4	Year 5
I. Administration Fees	€ 277	€ 249	€ 222	€ 194	€ 166
II. Tangible Assets					
III. Intangible Assets	€ 1,029,341	€ 983,637	€ 937,933	€ 892,230	€ 846,526
IV. Financial Assets					
V. Receivables for plus than one year					
VI. Stock and running commands					
VII. Receivables within one year					
VIII. Investment treasuries	€ 312,971	€ 22,164	€ 32,257	€ 43,250	€ 55,143
IX. Available values	€ 50,000	€ 50,000	€ 50,000	€ 50,000	€ 50,000
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,392,589</b>	<b>€ 1,056,051</b>	<b>€ 1,020,413</b>	<b>€ 985,674</b>	<b>€ 951,836</b>

LIABILITIES	Year 1	Year 2	Year 3	Year 4	Year 5
I. Capital	€ 500,000	€ 500,000	€ 500,000	€ 500,000	€ 500,000
II. Issuance Premiums					
III. Revaluation gains					
IV. Reserves	€ 40,028	€ 252,590	€ 216,051	€ 180,413	€ 165,674
V. Reportable Profit/Loss	€ 192,562	-€ 36,538	-€ 35,638	-€ 34,738	-€ 33,838
VI. Subsidies	€ 300,000				
VII. Provisions					
VIII. Payable after one year	€ 360,000	€ 340,000	€ 340,000	€ 340,000	€ 320,000
IX. Payable to one year					
X. Regularization accounts					
<b>TOTAL</b>	<b>€ 1,392,590</b>	<b>€ 1,056,051</b>	<b>€ 1,020,413</b>	<b>€ 985,674</b>	<b>€ 951,836</b>

## 5.7.4 – WORST CASE SUCCESS SCENARIO

## 5.7.4.1 – Cash Flow Statement

Cash flow Statement	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sales</b>	949,594 €	949,594 €	949,594 €	949,594 €	949,594 €
– Direct Cost on Sales	276,872 €	276,872 €	276,872 €	276,872 €	276,872 €
<b>Margin</b>	<b>672,722 €</b>	<b>672,722 €</b>	<b>672,722 €</b>	<b>672,722 €</b>	<b>672,722 €</b>
– Fixed Costs	893,290 €	893,290 €	893,290 €	893,290 €	893,290 €
+ Other revenues	22,000 €	92,000 €	92,000 €	92,000 €	92,000 €
<b>Operational Margin</b>	<b>-198,568 €</b>	<b>-128,568 €</b>	<b>-128,568 €</b>	<b>-128,568 €</b>	<b>-128,568 €</b>
– Investment	1,075,322 €				
– Tax on sales	189,919 €	189,919 €	189,919 €	189,919 €	189,919 €
<b>Need for financing</b>	<b>-1,463,808 €</b>	<b>-318,486 €</b>	<b>-318,486 €</b>	<b>-318,486 €</b>	<b>-318,486 €</b>
<b>Cumul</b>	<b>-1,463,808 €</b>	<b>-1,782,295 €</b>	<b>-2,100,781 €</b>	<b>-2,419,268 €</b>	<b>-2,737,754 €</b>
+ Capital	500,000 €				
+ Banking loan	400,000 €				
+ Subsidies	100,000 €	0 €	0 €	0 €	0 €
– Debt Payment	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €
– Interest	18,000 €	17,100 €	16,200 €	15,300 €	14,400 €
<b>Free-cash-flow</b>	<b>-501,808 €</b>	<b>-355,586 €</b>	<b>-354,686 €</b>	<b>-353,786 €</b>	<b>-352,886 €</b>
<b>Cumul</b>	<b>-501,808 €</b>	<b>-857,395 €</b>	<b>-1,212,081 €</b>	<b>-1,565,868 €</b>	<b>-1,918,754 €</b>

## 5.7.4.2 – PNL

Scenario 4	Year 1	Year 2	Year 3	Year 4	Year 5
00-709 Sales revenue	949,594 €	949,594 €	949,594 €	949,594 €	949,594 €
600-608 – Supply and goods	276,872 €	276,872 €	276,872 €	276,872 €	276,872 €
710-719 + Stock variation					
710-609 – Stock variation					
710-720 + Immobilised production	0 €	0 €	0 €	0 €	0 €
<b>Sales Margin</b>	<b>672,722 €</b>	<b>672,722 €</b>	<b>672,722 €</b>	<b>672,722 €</b>	<b>672,722 €</b>
740-749 + Other revenues	22,000 €	0 €	0 €	0 €	0 €
610-619 – Services produced	13,230 €	13,230 €	13,230 €	13,230 €	13,230 €
620-629 – Wages	751,095 €	715,328 €	715,328 €	715,328 €	715,328 €
710-630 – Depreciation	45,731 €	45,731 €	45,731 €	45,731 €	45,731 €
631-634 – Value reductions	0 €	0 €	0 €	0 €	0 €
635-637 – Provisions					
640-649 – Other charges	128,965 €	128,965 €	128,965 €	128,965 €	128,965 €
<b>Operational result</b>	<b>-244,299 €</b>	<b>-230,533 €</b>	<b>-230,533 €</b>	<b>-230,533 €</b>	<b>-230,533 €</b>
750-759 Financial revenues	0 €	0 €	0 €	0 €	0 €
650-659 – Financial Charges	38,000 €	37,100 €	36,200 €	35,300 €	34,400 €
<b>Financial result</b>	<b>-38,000 €</b>	<b>-37,100 €</b>	<b>-36,200 €</b>	<b>-35,300 €</b>	<b>-34,400 €</b>
<b>PNL</b>	<b>-282,299 €</b>	<b>-267,633 €</b>	<b>-266,733 €</b>	<b>-265,833 €</b>	<b>-264,933 €</b>
670-679 – IVA	189,919 €	189,919 €	189,919 €	189,919 €	189,919 €
Taxes from previous years					
Taxes to pay	189,919 €	189,919 €	189,919 €	189,919 €	189,919 €
<b>Reportable Profit/Loss</b>	<b>-472,218 €</b>	<b>-457,551 €</b>	<b>-456,651 €</b>	<b>-455,751 €</b>	<b>-454,851 €</b>

## APPENDIX 6 - SUPPLIERS LIST AND PARTNERS

### **Wines, drinks and spirits**

**Supplier:** Solbel

**Fiscal Name:** Solbel - Sociedade De Bebidas E Produtos Alimentares, S.A

**Vat Number:** 501 709 860

**Address:** Av. Mal. Gomes da Costa 23

**Phone number:** +351 21 799 1050

**Supplier:** Viborel

**Fiscal Name:** Viborel – Distribuição, S.A.

**Vat Number:** 501439994

**Address:** Rua Manuel Antonio Rodrigues, nº6 Armazem B, 2790-099 Carnaxide

**Phone number:** +351 214398310

**Supplier:** Unicer

**Fiscal Name:** Unicer Bebidas, S.A.

**Vat Number:** 505266202

**Address:** Via Norte, Leça do Bailo, Matosinhos, Apartado 1044, 4466-955 São Mamede de Infesta

**Supplier:** Decante Vinhos

**Fiscal Name:** Viborel – Distribuição, S.A.

**Vat Number:** 5053119847

**Address:** Rua Faustino da Fonseca nº2/2ª, 2610-070 Alfragide

**Phone number:** +351 214990149

**Supplier:** Primedrinks

**Fiscal Name:** Primedrinks - Comercialização Bebidas Alcoolicas Produt.alimentares,S.A

**Vat Number:** 503543179

**Address:** Parque das Nações, Rua do Polo Sul, nº2 4º Andar B 1990-273 Lisboa

**Phone number:** +351 218 505 600

**Supplier:** Bacardi Martini, SA

**Fiscal Name:** Bacardi Martini, SA

**Vat Number:** 500186260

**Address:** Estrada Nacional 1, S/N, Quinta Da Barrada, Castanheira Do Ribatejo, Lisboa, Portugal

**Phone number:** [+351 263 856 600](tel:+351263856600)

**Supplier:** Novadis

**Fiscal Name:** Novadis, Unipessoal Lda - Comercialização e Distribuição de Bebidas

**Vat Number:** 504350900

**Address:** Rua Mártires da Pátria, N° 5, Leiria Gare

## **Proteins**

**Supplier:** Tito Carnes

**Fiscal Name:** Tito Carnes-Comércio e Indústria de Carnes Lda (Lumiar)

**Vat Number:** 507036255

**Address:** Rua Professor Hernâni Cid 1-lj A-r/c, Lisboa 1600-629 Lisboa

**Phone number:** +351 217579719

**Supplier:** Talho do povo

**Fiscal Name:** Ernesto Abrantes Alves & Filhos, Lda

**Vat Number:** 502909420

**Address:** Rua Conselheiro Jose Lobo nº6/a, 3400-094 Oliveira Hospital

**Phone number:** +351 238603427

**Supplier:** O Nosso Talho 269

**Fiscal Name:** Antonio Pinheiro, Lda

**Vat Number:** 500500800

**Address:** Rua José Relvas, 37-B, 1900-281 Lisboa

**Phone number:** +351 218684863

**Supplier:** Pescacerta

**Fiscal Name:** Importação & Exportação de Produtos Congelados, Lda

**Vat Number:** 505295172

**Address:** Rua Major Afonso Paula, nº29-37, 1495-001 Massama  
**Phone number:** +351 214115231

**Supplier:** Viveiros do Guincho

**Fiscal Name:** Viveiros do Guincho, Mariscos, Lda.

**Vat Number:** 504490850

**Address:** Rua das Roseiras, Lote 10 – Alvide, 2755-043 Alcabideche

**Phone number:** +351 919216124

**Supplier:** Açucena Veloso

**Fiscal Name:** Açucena Veloso, Lda

**Vat Number:** 145279693

**Address:** Rua Zeca Afonso nº28, 2820-138 Charneca da Caparica

## **Fruits and Vegetable**

**Supplier:** Adolfo Henriques

**Fiscal Name:** Agro Pecuaria

**Vat Number:** 126813876

**Address:** Rua do Moinho, 3 – 2065-631 Maçussa

**Phone number:** +351 243719620

**Supplier:** Clara Ferreira – Frutas e Hortículas, Lda.

**Fiscal Name:** Clara Ferreira – Frutas e Hortículas, Lda.

**Vat Number:** 504617737

**Address:** Rua Comb. Do Ultramar 77, 2715-000 Almargem do Bispo

**Phone number:** +351 212497787

**Supplier:** Nutrifresco

**Fiscal Name:** Nutrifresco - Comércio e Indústria de Pescado, Lda

**Vat Number:** 504327305

**Address:** Vale para iso, Edif. 6, Fracção D, 8200-559 Ferreiras

**Phone number:** +351 289 589 709

**Supplier:** Frutas Leitão

**Fiscal Name:** Frutas Leitão-Comércio de Frutas Legumes Lda

**Vat Number:** 504 096 320

**Address:** Pavilhão A-6-box 8, Quintanilha 2660-421 SÃO JULIÃO DO TOJAL

**Phone number:** +351 219 929 054

## **Eggs and Dairy Products**

**Supplier:** Sogenave

**Fiscal Name:** Sogenave - Soc.Geral Abastecimentos A Navegação e Ind. Hoteleira, SA

**Vat Number:** 500271518

**Address:** R. da Garagem 10, 2794-022 Lisboa, Portugal

**Phone number:** [+351 21 042 0000](tel:+351210420000)

**Supplier:** M. Garcia & Almeida

**Fiscal Name:** M. Garcia & Almeida, Lda.

**Vat Number:** 503736384

**Address:** Rua Dr. Manuel Rodrigues JR, nº15, 2680-050 Camarate

**Phone number:** 219488950

**Supplier:** Maravilha Fria

**Fiscal Name:** Maravilha Fria, Lda

**Vat Number:** 509046800

**Address:** Rua Dr. Fernando Namora, nº25 A, r/c, 2695-446 S. João da Talha

**Phone number:** 219488950

**Supplier:** Camelo Artesanatos-Produtos Regionais

**Fiscal Name:** Camelo Artesanatos-Produtos Regionais, Lda.

**Vat Number:** 504016059

**Address:** Rua Dr. Fernando Abranches Ferrão, nº29, 6270-476 Seia

**Phone number:** 912211022

## **Crockery, cutlery and glasses**

**Supplier:** Ikea

**Fiscal Name:** Ikea Portugal – moveis e decoração

**Vat Number:** 50541664

**Address:** Estrada nacional 117, Zona Industrial de alfragide

**Phone number:** 229980601

**Supplier:** FCN

**Fiscal Name:** Embalagens e Material Promocional, Lds.

**Vat Number:** 504377108

**Address:** Rua Afonso Vaz de Azambuja, 1-A, 2050-287 Azambuja

**Phone number:** 263401472

## **Other suppliers**

**Supplier:** Makro

**Fiscal Name:** Makro - Auto Serv. Grossista, SA

**Vat Number:** 502 030 712

**Address:** Rua Rua Fisgas Alcabideche 2645-117 Alcoitão

**Phone number:** 214 602 855

## **Legal Partnerships**

**Partner:** Bombeiros Voluntarios de Lisboa

**Address:** Quarel – Lg. Barã de Quintela, nº7, 1200-046 Lisboa

**Phone number:** 213460475

**Partner:** Maria do Carmo Gonçalves Afonso, Lawyer

**Address:** Rua do Loreto, nº10, 1200-242 Lisboa

**Phone number:** 213463344

**Partner:** INPI - Instituto Nacional da Propriedade Industrial – Brand Registration

**Address:** Rua da Alfândega 35, 1149-035, Lisboa

**Phone number:** [21 881 8100](tel:218818100)

**Partner:** Fidelidade Seguros – Companhia de Seguros, S.A. – Insurance company

**Address:** Largo do Calhariz, 30, 1249-001 Lisboa

**Phone number:** 213237809

**Partner:** Endesa Energia, S.A. - Electricity

**Address:** Quinta da Fonte, Ed. D. Manuel I, Piso 0, Ala B, 2770-203 Paço de Arcos

**Phone number:** 226077720

**Partner:** FM Consultores Associados, Lda – Accounting firm

**Address:** Avenida do Atlantico, Lote 1.19.02 Escritorio 11.10

**Phone number:** 218435080

**Partner:** APL - Administração do Porto de Lisboa

**Address:** Rua da Junqueira, 94

**Phone number:** 213611000

**Partner:** VBSS - TECHNOLOGY, SERVICES AND SUPORT, LDA - EPOS

**Address:** Rua Joly Braga Santos, Lote I - Loja, 1600-123 Lisboa – Portugal

**Phone number:** 213806270

**Partner:** Jbl, Unipessoal Lda – Sound System

**Address:** Rua da Igreja, N° 307 , 4990-341 Ponte de Lima

**Partner:** Zanussi, Electro lux, Lda– Sound System

**Address:** Quinta da Fonte, Edifício Gonçalves Zarco, 2774-518 Paço de Arcos

## **Building Materials (Kitchen)**

**Partner:** Central Restaurant Products

**Address:** 7750 Georgetown Rd, Indianapolis, IN 46268

**Phone number/Website:** [www.centralrestaurant.com](http://www.centralrestaurant.com)

**Partner:** Restaurant Solutions

**Address:** 5054 Lafayette Rd, Indianapolis, IN 46254

**Phone number/Website:** [www.restaurantsolutionsin.com](http://www.restaurantsolutionsin.com)